

## Cities would benefit from AT&T settlement

By Margaret Gillerman

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ST. LOUIS — Nearly 300 Missouri cities, including most in St. Louis County, are cautiously counting on a nearly \$50 million windfall they hope will soon help them buy firetrucks, add police and otherwise balance budgets.

St. Louis Circuit Judge Edward Sweeney is expected to rule any day on a proposed settlement in the cities' five-year-old class action suit against AT&T over gross receipts taxes on land-line phone services.

He gave preliminary approval June 26, and held a follow-up hearing on Monday. Money would be distributed 50 days after his order.

John Adams, the Kirkwood finance director, is among the officials eager for the news. "It is very important to us, especially during these economic times," he said Tuesday. "I can guarantee you that every city will give you the same answer."

If the judge approves, 270 cities would share in \$48.75 million, with \$16.25 million going to lawyers.

Chesterfield would get just over \$1 million, and Clayton just under \$1 million. St. Charles would get about \$1.33 million. Others locally include University City, about \$874,000; Creve Coeur, almost \$862,000; Maryland Heights, over \$793,000; Kirkwood, about \$648,000; and Florissant, over \$627,000.

Kansas City, the largest recipient, would get \$10.7 million. St. Louis, with a separate arrangement, was not a party to the suit.

Beyond the initial awards, the cities would share an estimated \$10 million annually from AT&T.

They sued in 2004, arguing that AT&T was under-paying telephone business taxes by excluding services. AT&T insisted the ordinances did not cover certain

revenue categories.

During Monday's hearing, Stephen Higgins, one of the attorneys representing AT&T, told the judge, "The settlement is fair." Higgins, a member of the Thompson Coburn firm and a former U.S. attorney here, said the issues had been "hard fought through two mediations and two national mediators.

John W. Hoffman of the Korein Tillery firm, part of the plaintiffs' team, said the cities approved of the settlement "in its entirety," which he called "a ringing endorsement."

Hoffman said that the \$16.25 million in fees was within "the benchmark" for Missouri class action cases. Moreover, he said the attorneys agreed not to charge fees against the anticipated annual \$10 million in future payments.

The judge rejected on Monday an attempt by six University City taxpayers to challenge the attorney fees. They immediately filed an appeal, which officials said would not delay an order on the settlement with the cities.

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