



License Tax Report
for FY2017

May 3, 2108

Agenda

- o License Tax Background
- o Summary of Report to License Tax Review Committee
- o Committee Comments
- o Committee Recommendations
- o Request for Council Guidance

License Committee Members

Composition of 5-member License Tax Review Committee as Established by Ordinance

- o Chair: Public Works Committee Chairman – Craig Faith
- o Two Citizens of Lee's Summit appointed by Mayor – Cynda Rader and Karl Blumenhorst
- o One local developer appointed by Mayor: Glen Jones
- o One City Staff Member: Dena Mezger, Dir. of Public Works

License Tax Background

- o City Ordinance 4592
 - o Sections 28-123 through 28-175 in Code of Ordinances
 - o Adopted March 17, 1998
 - o Amended in 2000, 2010, 2015 & 2016
- o Tax paid by development activity
 - o Building permit, and/or certificate of occupancy
 - o Creates additional traffic / vehicle trips
- o Tax used for “streets and related improvements”

License Tax Administration

- o License Tax Administrator: Director of Finance, or designee
- o Implementation Team:
 - o City Traffic Engineer, Codes/Plans Examiner
- o Annual Review Required by Ordinance
 - o Finance: Report revenues
 - o Planning: Report building permit activities
 - o Public Works: Report status of road construction projects
 - o Recommendations regarding rates
- o License Tax Committee “shall review Staff’s Annual Report and forward comments to the Council”

Excise Tax Project Status

Projects Completed

Blackwell Pkwy (Langsford to Colbern)	Pryor Rd (Longview to Chipman)
Chipman Rd (US 50 to M-291)	Scruggs Rd (M-291 to Blackwell)
Independence Ave (Tudor to Colbern)	Todd George Pkwy (McKee to Tudor)
Langsford Rd (Todd Geo. to Blackwell)	Ward Rd (M-150 to Scherer)
Longview Pkwy (Longview to 3rd)	5 th Street (Grand to M-291)
Longview Rd (Sampson to Ward)	Woods Chapel Rd (1-470 to East City Limits)

Future Project Recommended by Committee

SE Browning extension to Hamblen Road

Current Tax Rates

Land Use Category	License Tax Rate
Residential	\$1,088 per unit
Manufacturing / Industrial	\$ 953 per trip
Commercial	\$ 715 per trip

Notes regarding Rates:

- o Current rate is approximately 50% of the maximum rate authorized by voters

Fund Balances

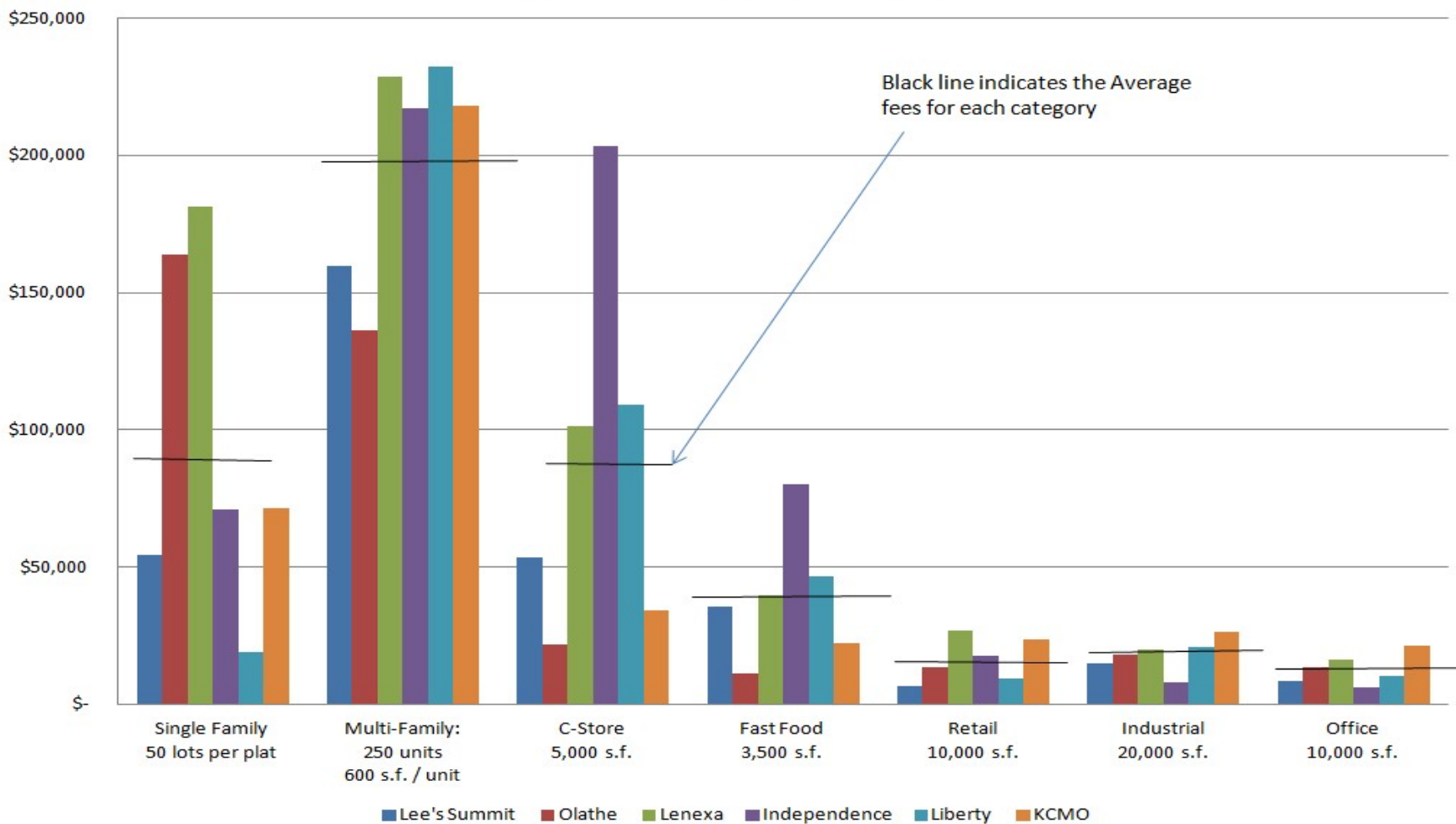
Year	Annual Revenue	Fund Balance
FY 2017	\$1,454,000	\$3.523 million
FY 2018	\$ 900,000	\$4.423 million
FY2019	\$ 861,000	\$5.283 million
FY2020	\$ 684,000	\$5.967 million
FY2021	\$ 593,000	\$6.561 million

Future Activity

- o Building permit activity is projected to peak in 2017-2018
- o Future years will see declining License Tax revenues due to declining development activity
- o \$10.326 million of total revenues is projected over the next 15 years

Current Rates Comparison

Comparison of Typical License Tax Revenues for a Project in the KC Metro Area
Categorized by Type of Land Use



License Tax Review Committee Recommendations

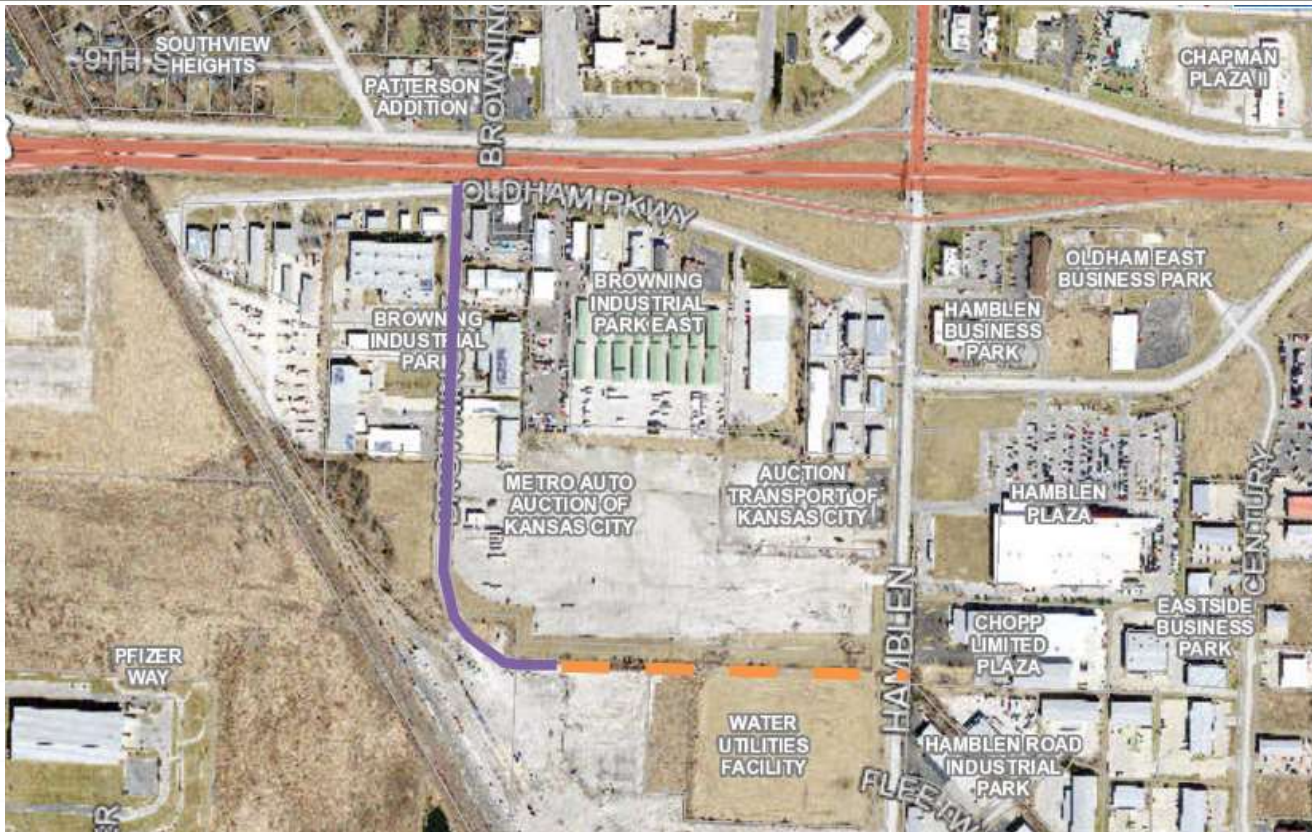
1. Projects eligible for license tax funding should be limited to projects indentified in the City's Thoroughfare Master Plan.
2. Manage fund on cash-flow basis; no debt-financing
3. Committee moved and voted to increase Commercial and Manufacturing/Industrial rates by 5%, with no change in residential rates
4. Committee moved and voted to add the construction of SE Browning extension to the FY19 CIP

Recommended Fee Increase

Comparison of Existing License Tax Rates to Recommended 5% Increase for Commercial and Manufacturing / Industrial Developments

Year	Residential Rate	Manufacturing / Industrial Rate	Commercial Rate
FY 2017 (current rates)	\$1,088.00	\$ 953.00	\$ 715.00
FY 2019 (proposed)	\$1,088.00	\$ 1,000.00	\$ 750.00

Recommended Project: SE Browning



Approx. 1,300 feet; Industrial Collector; \$1.43 million

Action Requested

Council to act on the Committee's recommendation, by directing staff to:

- o Present an ordinance to Amend Section 28-179 of the Code of Ordinances, to increase the license tax rates as recommended by the License Tax Committee, starting in FY2019
- o Add SE Browning extension to the FY2019 CIP as recommended by the License Tax Committee