

LS

License Tax Update
for FY 2020

January 21, 2021

Agenda

- o License Tax Background (very quick)
- 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 – Fred DeMoro
- 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:
Bob Hartnett, Interim Dir. of Public Works

License Tax Background

- o City Ordinance 4592
 - o Sections 28-175 through 28-123 in Code of Ordinances
 - o Adopted March 17, 1998
 - o Fees Amended 2007, 2015, 2016 and 2018
 - o Administrative cleanup 2019
- o Tax paid by development activity
 - o Building permit, and/or
 - o Creates additional traffic / vehicle trips
- o Tax used for “streets and related improvements”

License Tax Background

- 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”

Current Tax Rates

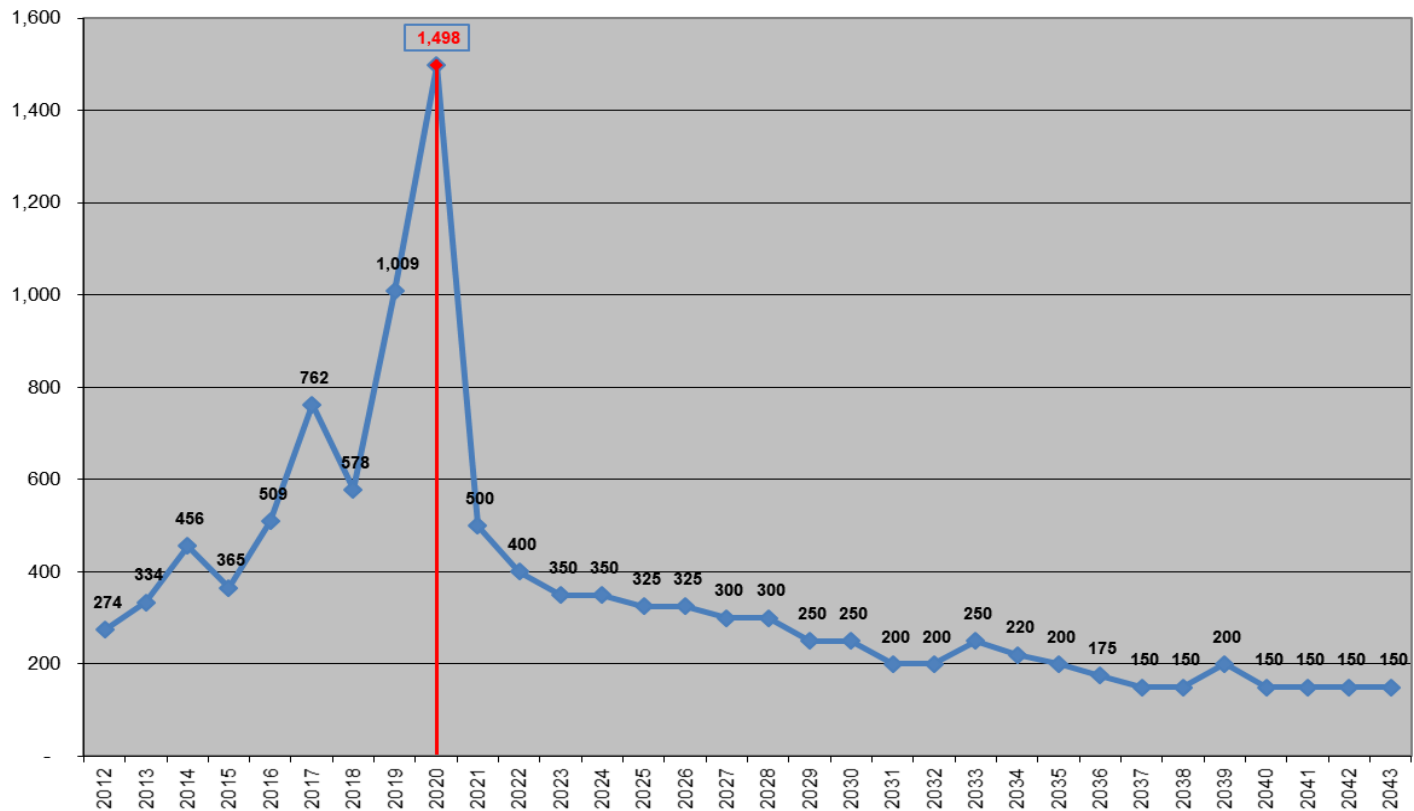
Land Use Category	License Tax Rate
Residential	\$1,088 per residential unit
Manufacturing / Industrial	\$1,000 per new trip
Commercial	\$ 750 per new trip

Notes regarding Rates:

- o Maximum rate \$2,116 approved by voters in 1997
- o Relatively low compared to KC Metro area

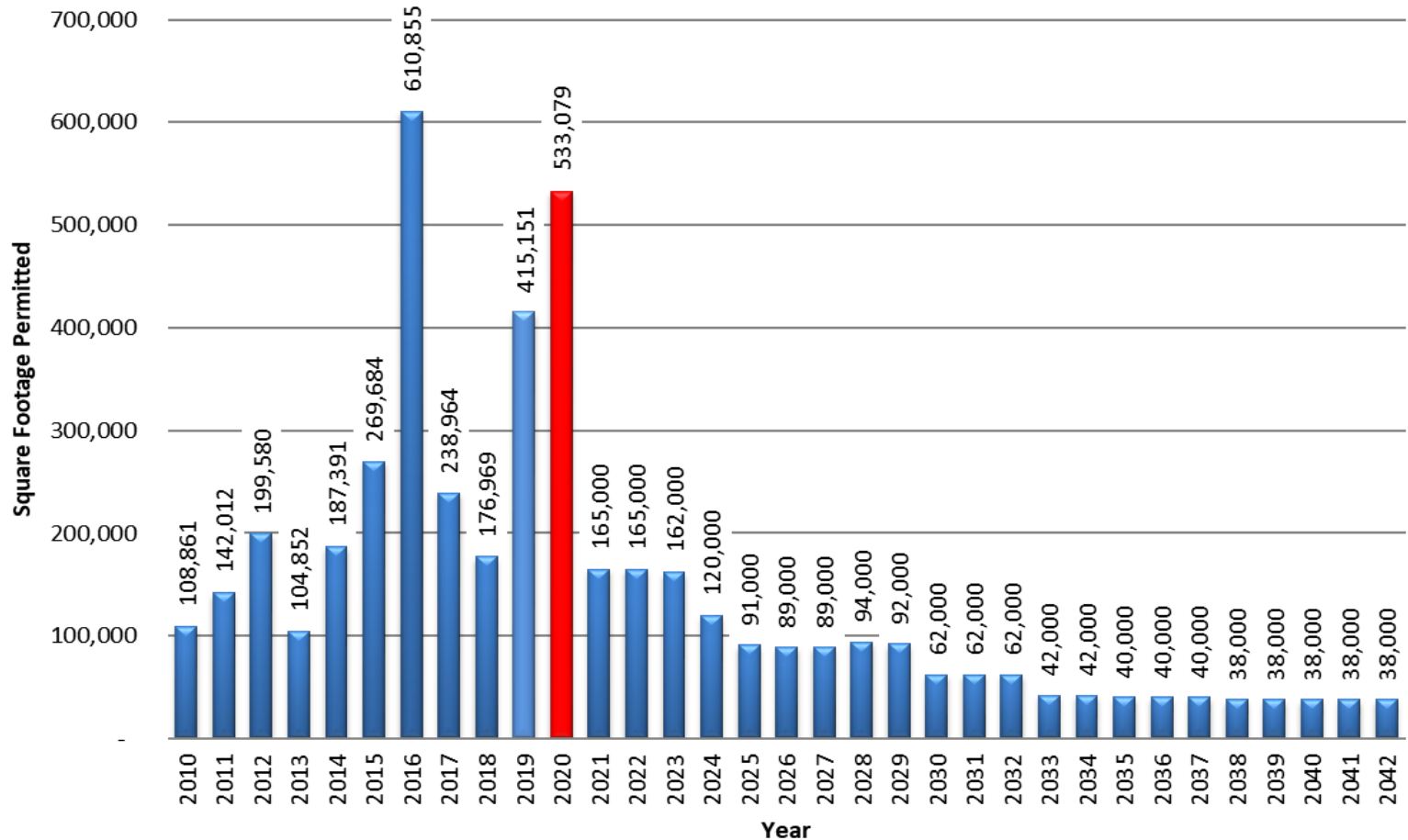
Residential Building Permits

Projected Residential Units



Retail, Office & Industrial Building Permits

Retail, Office and Industrial Permit Projection



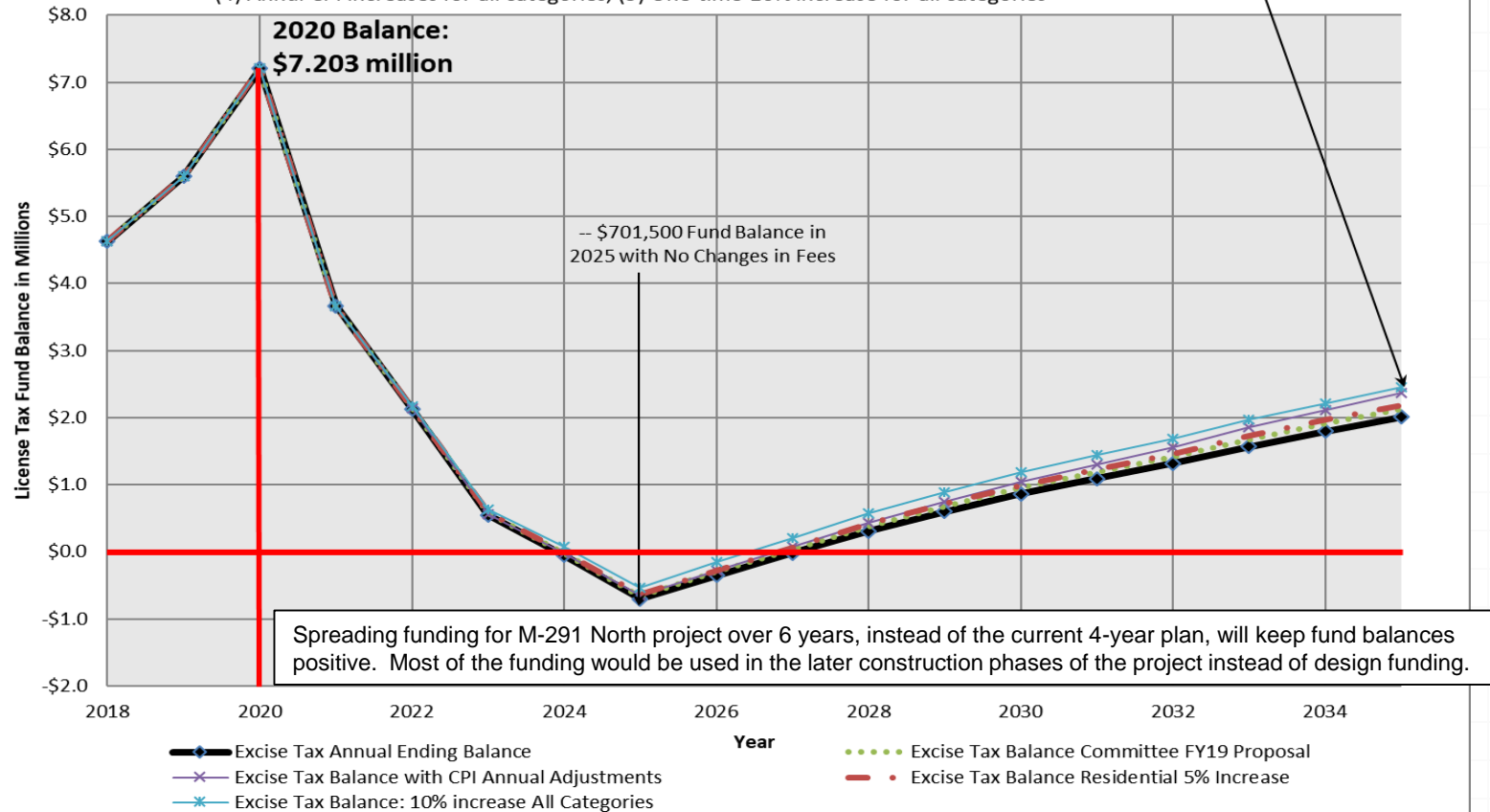
License Tax Fund Balance Projections

Comparison of Total License Tax Fund Balance Scenarios Tax Balance

Fund Balance Ranges from \$2.006M to \$2.448M for various Scenarios:

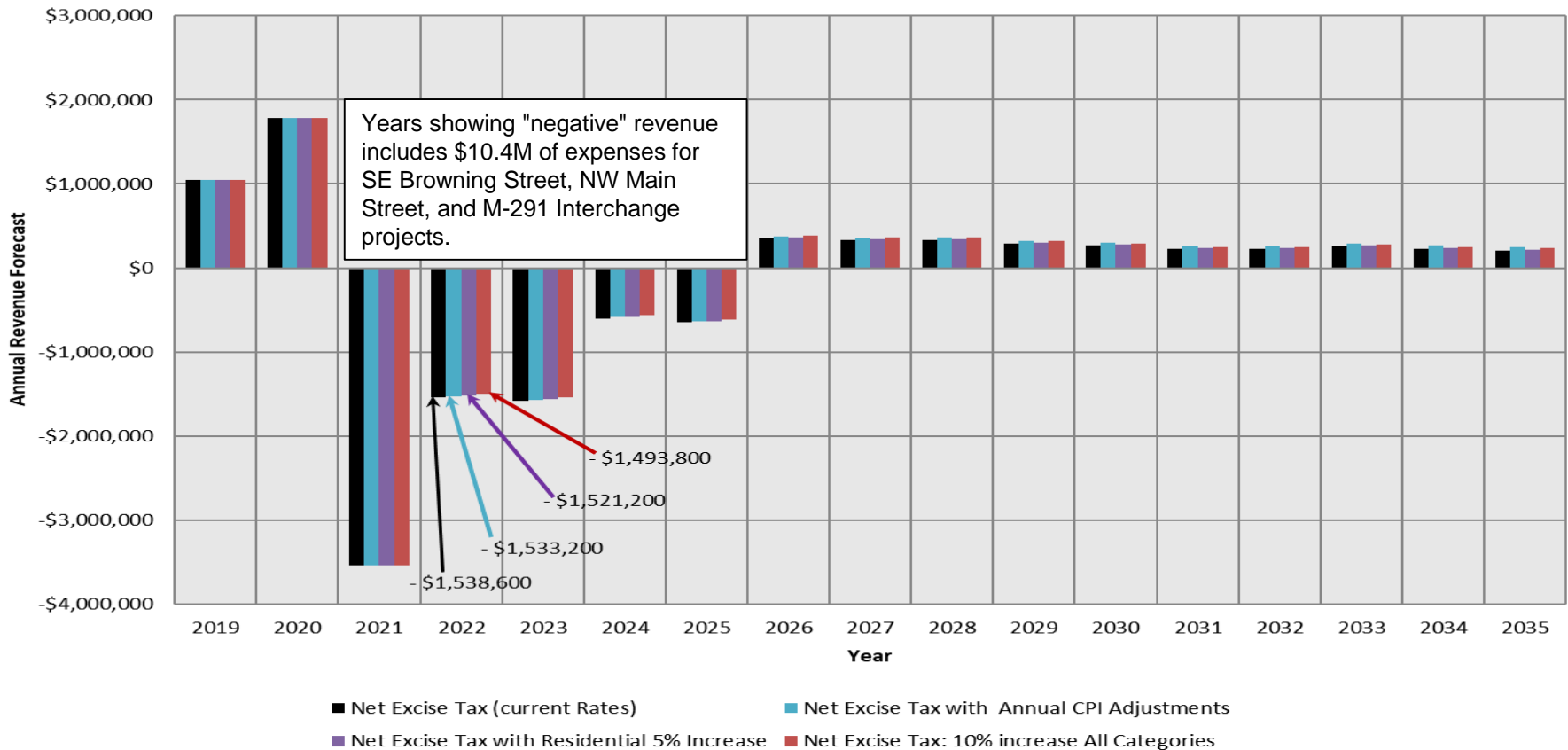
Low to High Order:

- (1) No Change, (2) One-time 13% increase in Non-residential, (3) One-time 5% increase in Residential,
- (4) Annual CPI increases for all categories, (5) One-time 10% increase for all categories



License Tax Annual Revenue Estimates

**Annual License Tax Net Revenue Projections for 4 Scenarios
(Show Revenues Less Expenses)**



Excise Tax Project Status

Status of Projects Underway

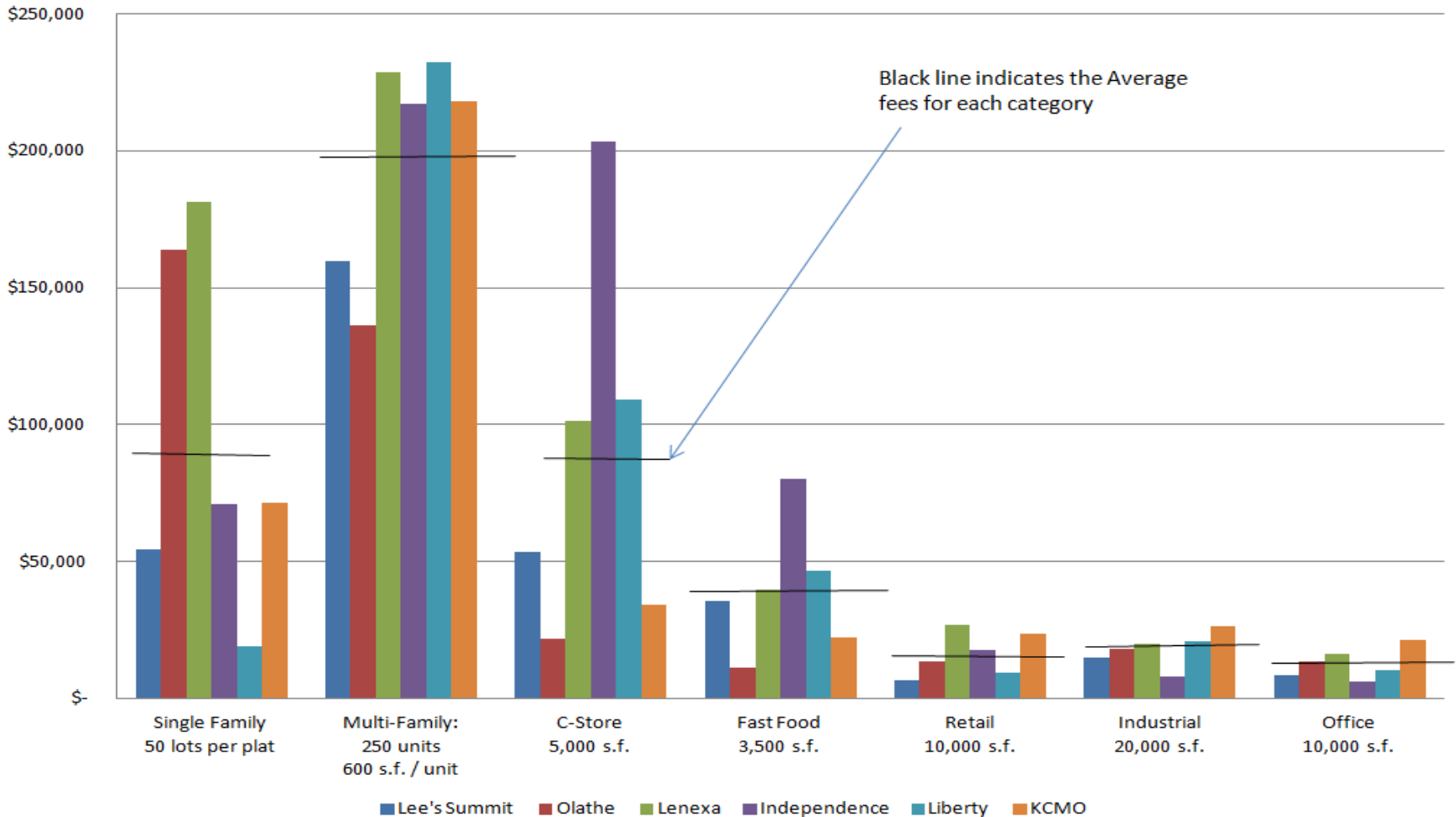
SE Browning Street	<ul style="list-style-type: none"> • Right of way acquisition (condemnation pending) • Construct 2021
NW Main Street	<ul style="list-style-type: none"> • Right of way acquisition and final design • Construct in 2021

Projects Completed from Initial 1997 Program

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)

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. No changes in rates.
2. Program \$6.0 million of license tax funds into CIP for US 50 / M219 North interchange improvements over multiple years.