

FY 2024 License Tax Committee Annual Report

February 3, 2025

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Deputy Director of Public Works / City Engineer

Agenda

- License Tax Background and Current Status
- Annual Report of Revenue, Permits and Projects
- Staff Recommendations
- Committee Discussion and Guidance

License Tax Background

- City Ordinance 4592
 - Sections 28-175 through 28-123 in Code of Ordinances
 - Adopted March 17, 1998
 - Fees Amended 2007, 2015, 2018, 2020 and 2022
 - Administrative cleanup 2019; Term limits and appointment rules updated 2023
- Tax paid by development activity
 - Building permit, and/or
 - Creates additional traffic / vehicle trips
- Tax used for “streets and related improvements... including but not limited to...”
 - Design - Construction
 - Reconstruction - Repair and maintenance

License Tax Background

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

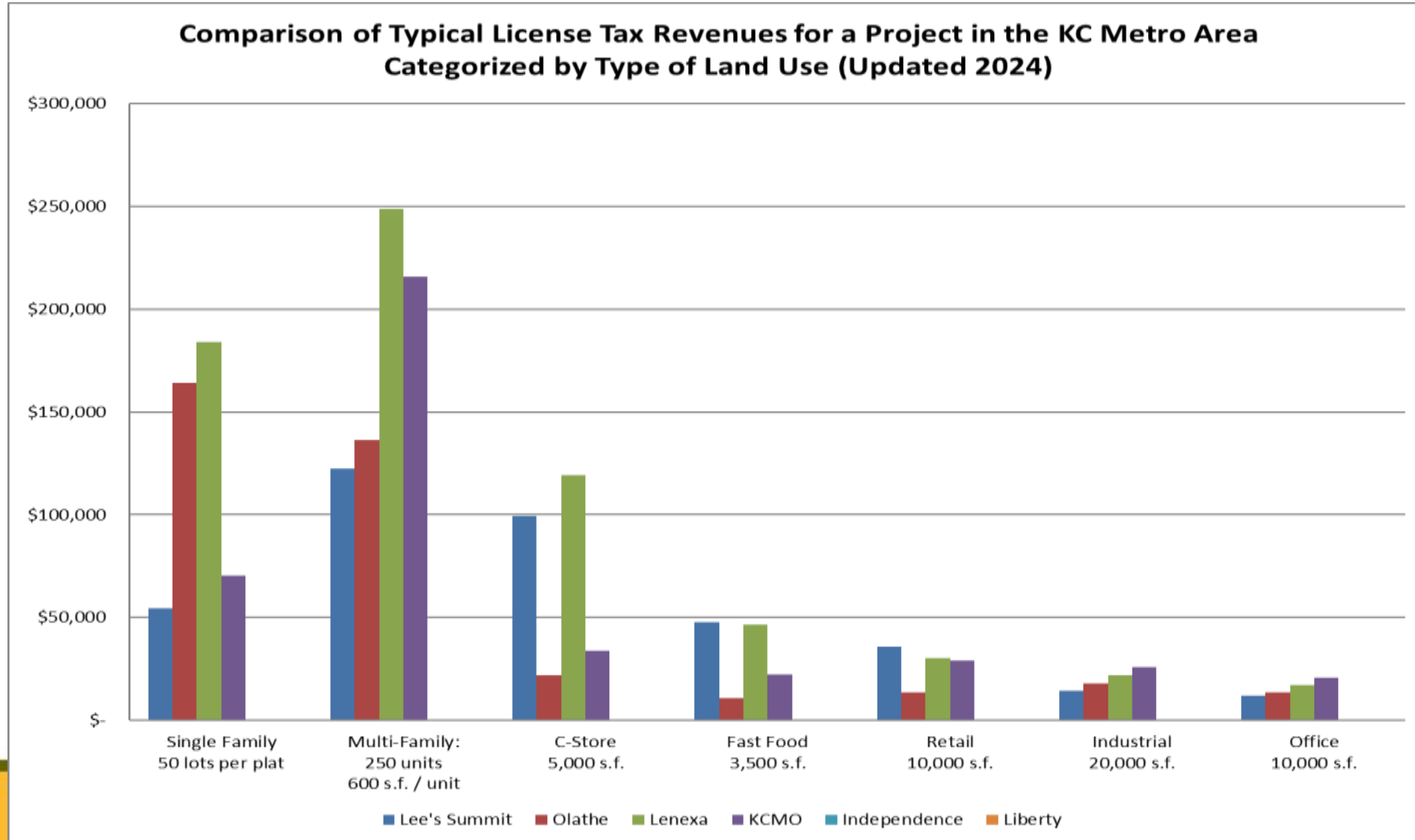
Current Tax Rates

Land Use Category	License Tax Rate (as of July 1, 2022)
Residential	\$1,088 per residential unit
Manufacturing / Industrial	\$1,100 per new trip
Commercial	\$ 825 per new trip

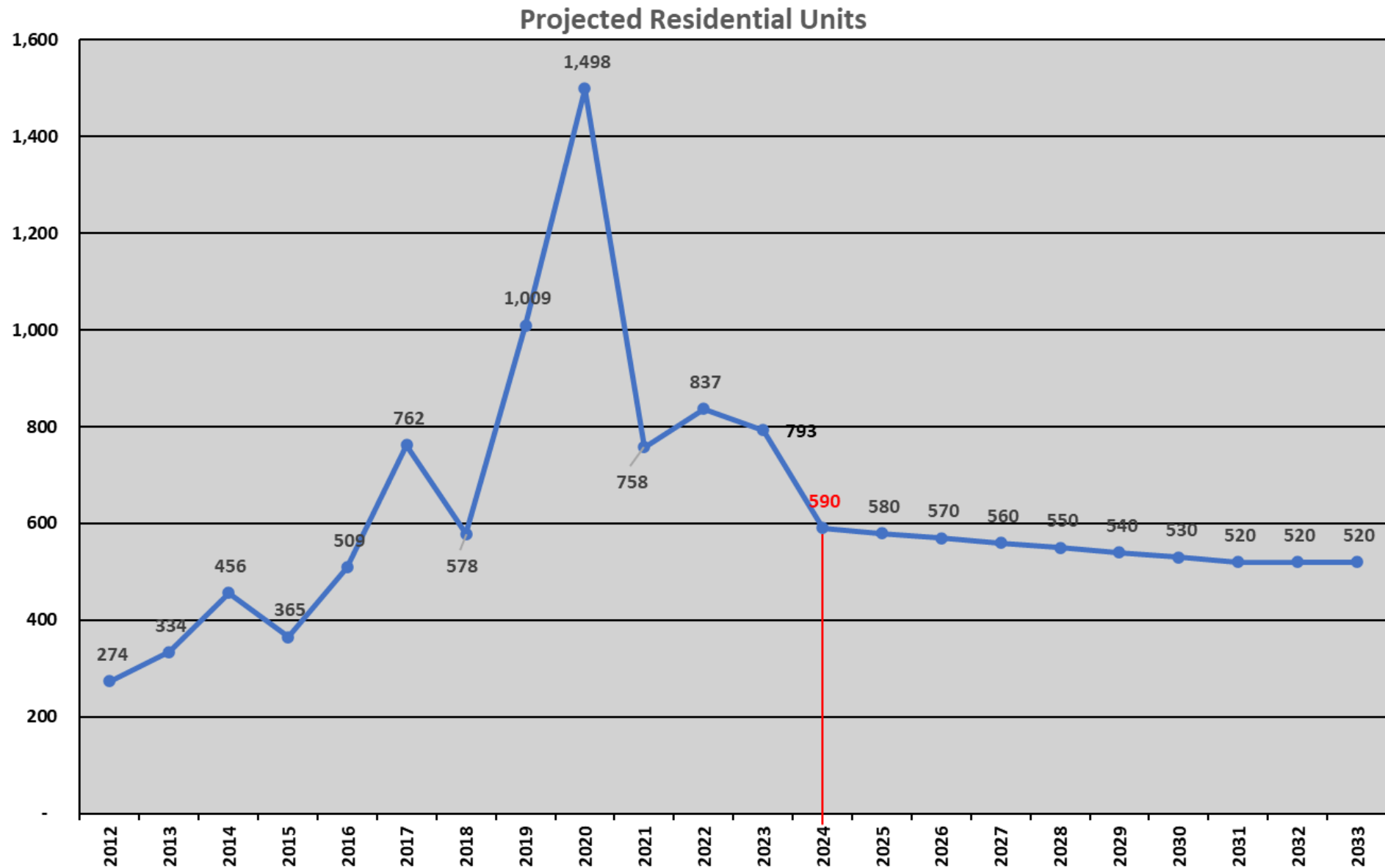
Notes regarding Rates:

- o Maximum rate \$2,116 approved by voters in 1997
- o Residential fees relatively low compared to KC Metro area
- o Commercial fee above average compared to KC Metro area
- o Industrial fee about near average

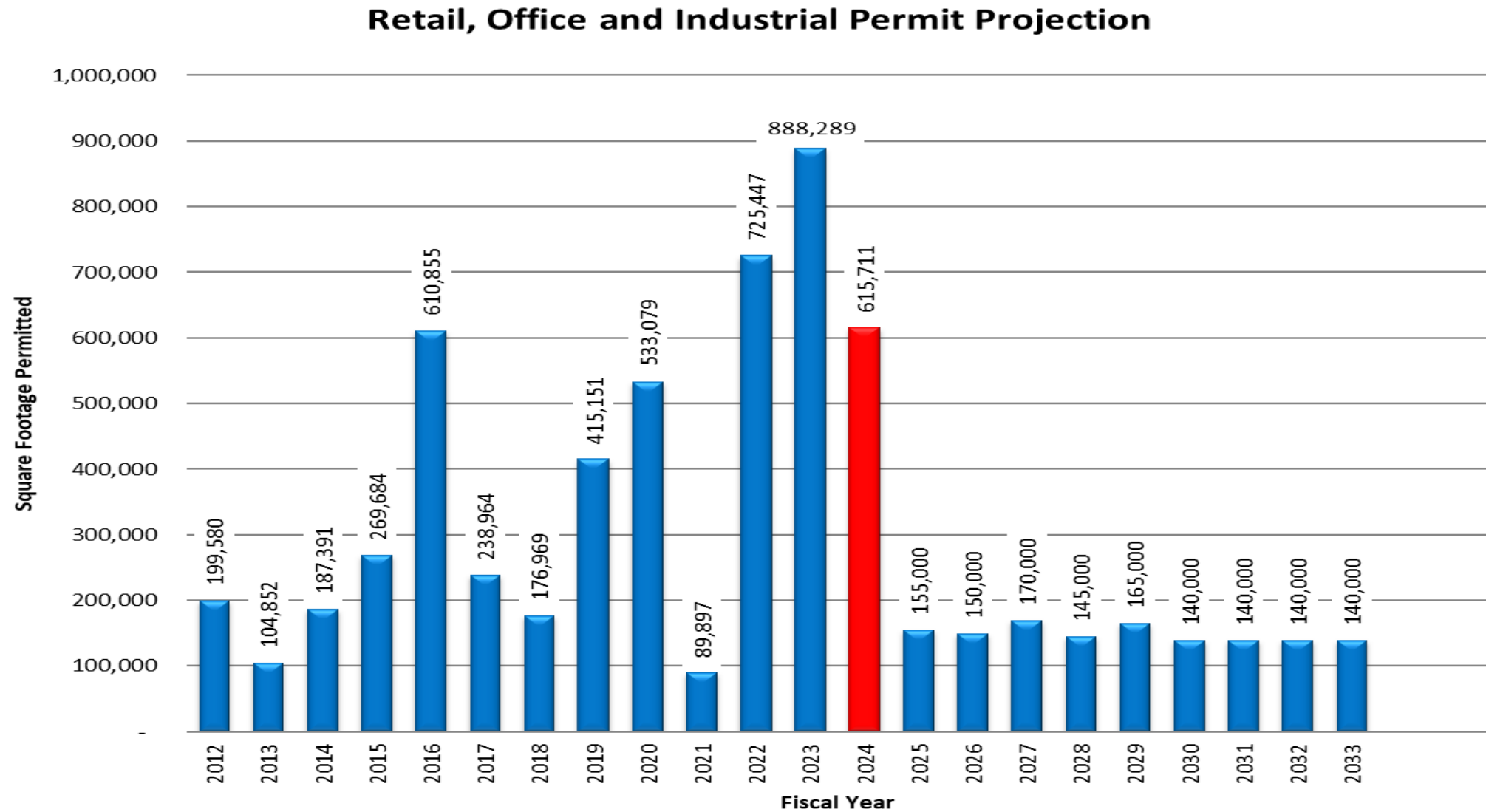
Community Fee Comparisons (typical project)



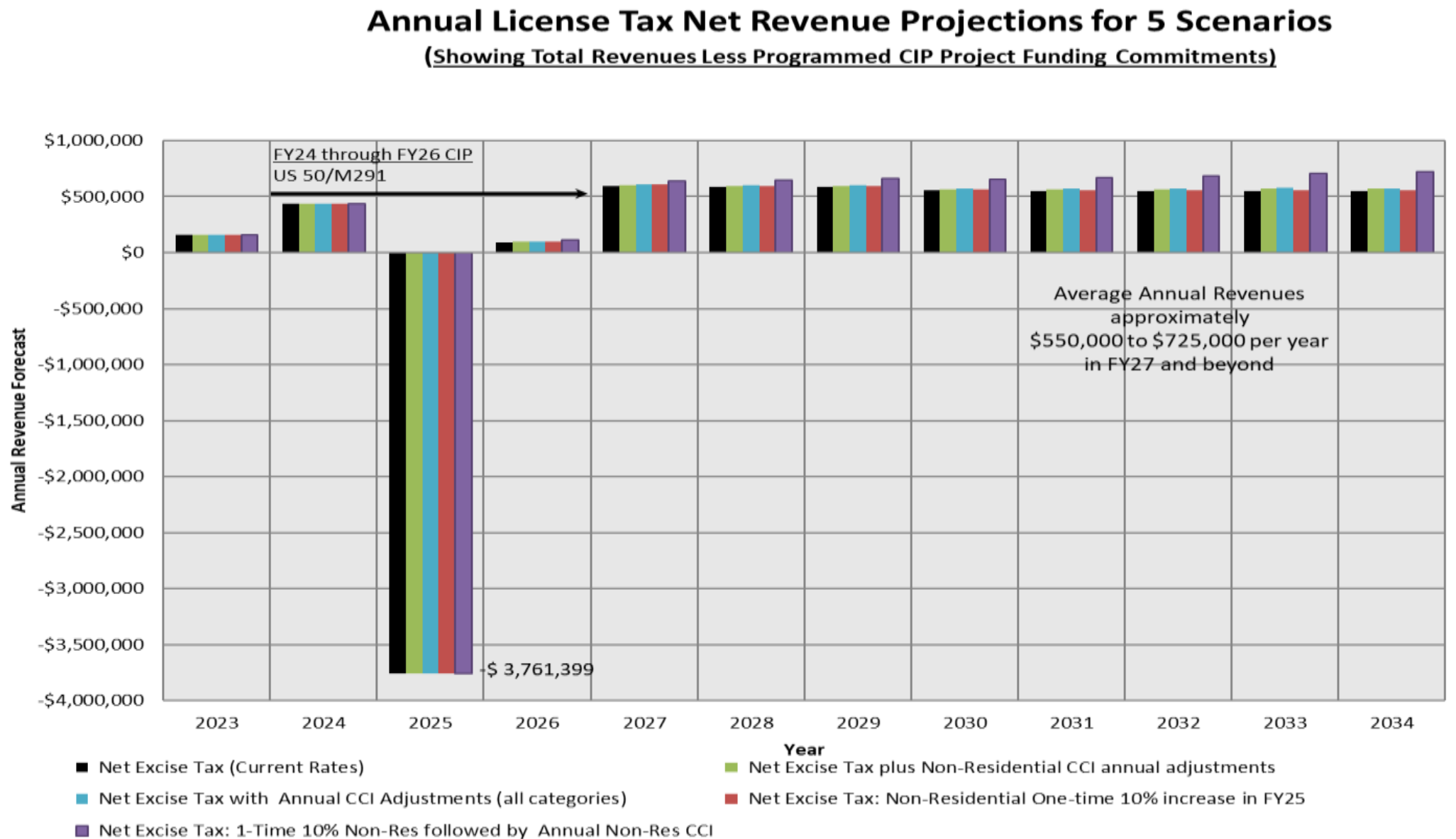
FY24 Residential Building Permits



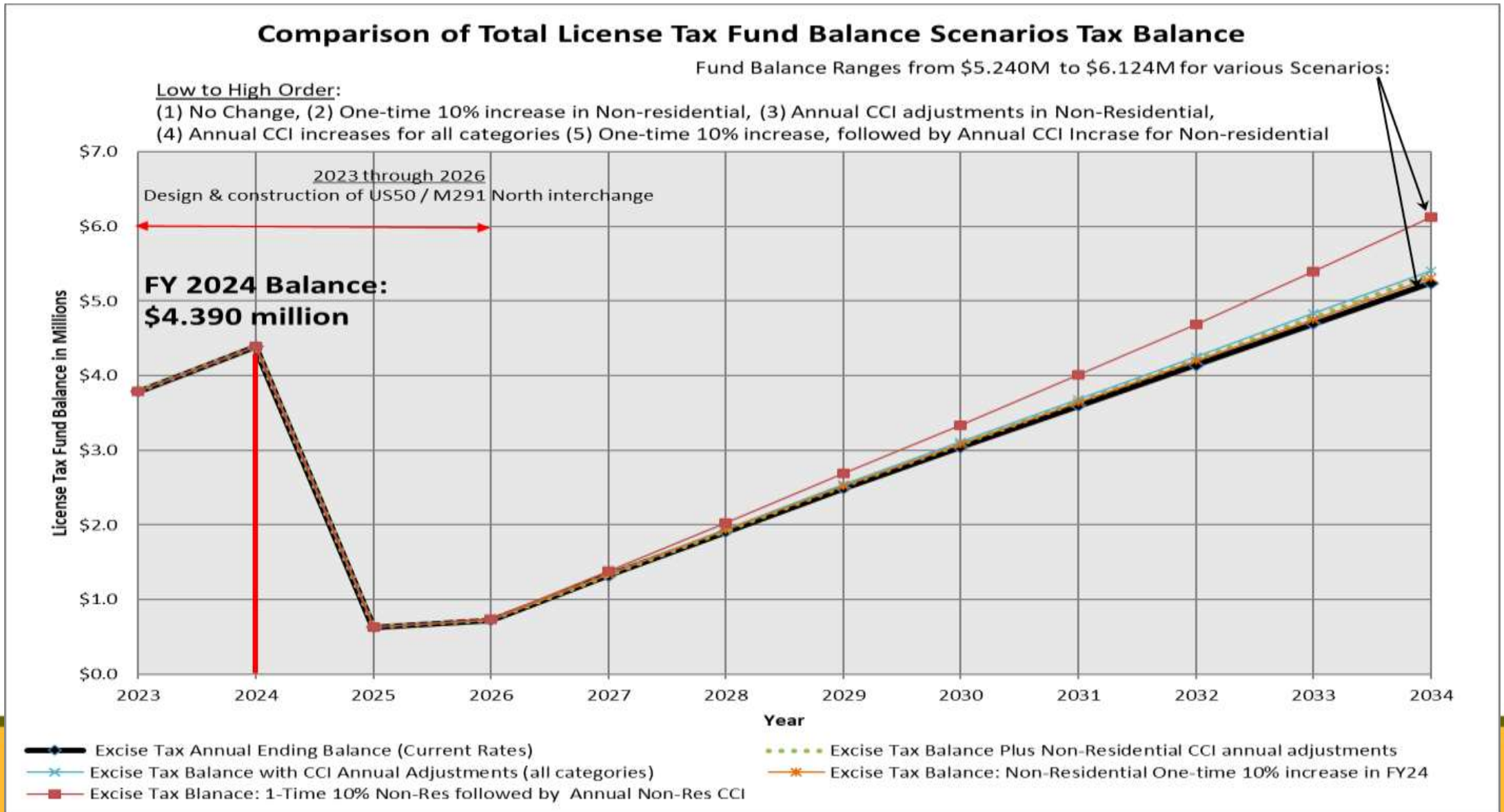
FY 24 Retail, Office & Industrial Building Permits



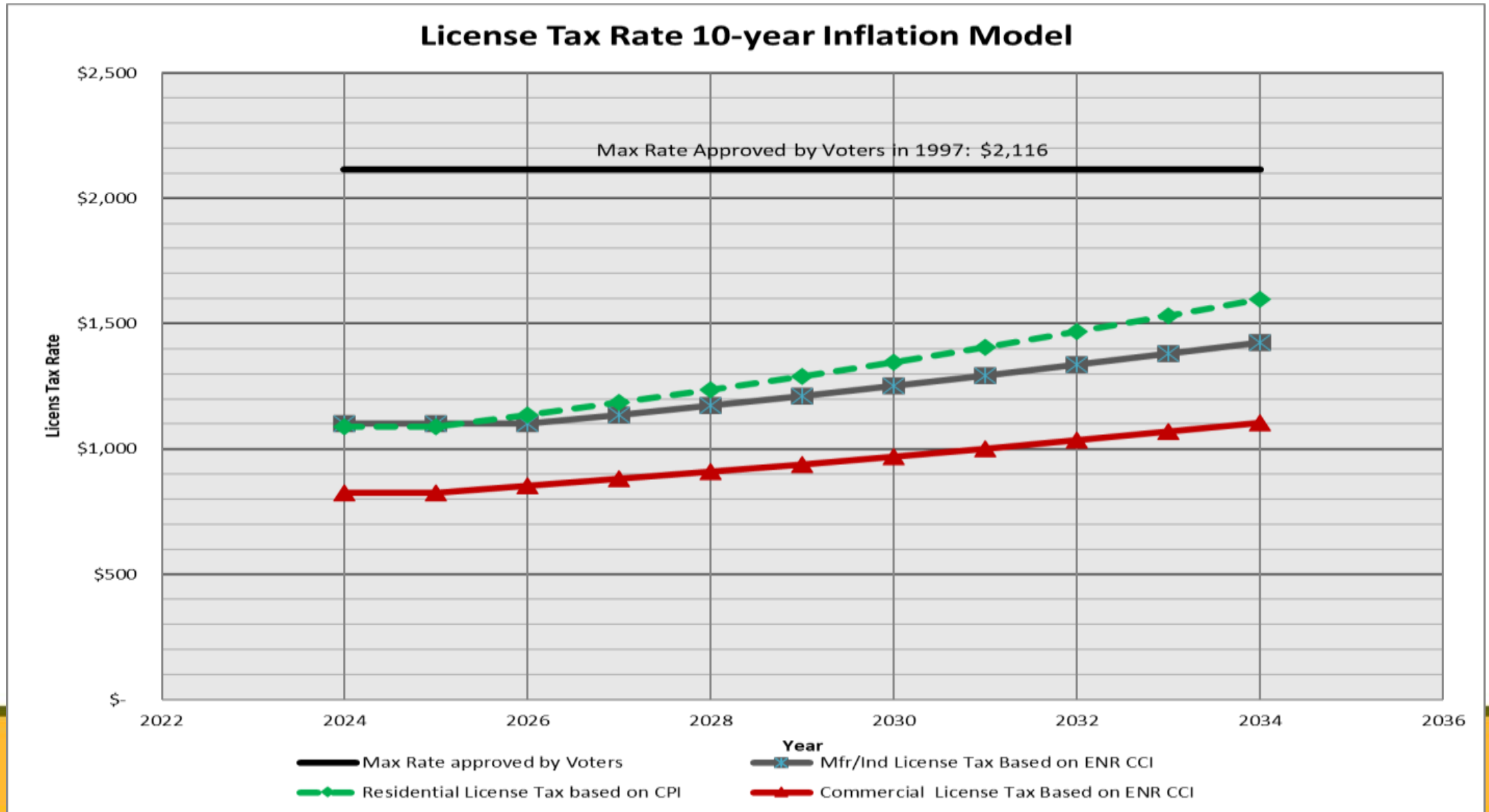
License Tax Net Revenue Estimates



License Tax Fund Balance Projections



Model of Annually Adjusting Rates for Inflation



Excise Tax Project Status

Status of Projects Underway

US-50 & M-291 North Interchange

- MoDOT granted “A-Date”: authority to acquire right of way
- Plans 90% complete
- CIP total project funding = \$29.5 million
- Excise tax amount = \$6.0 million
- Received 2 Grants
 - Federal STBG Grant for \$6.4 million
 - Governor’s Cost Share Grant of \$9.0 million
- Highway Patrol Relocation underway; moving to Colbern Road location
- Interchange Construction estimated to occur in 2025-2026

Current Roadway Projects

Recent License Tax Projects:

NW Main Street

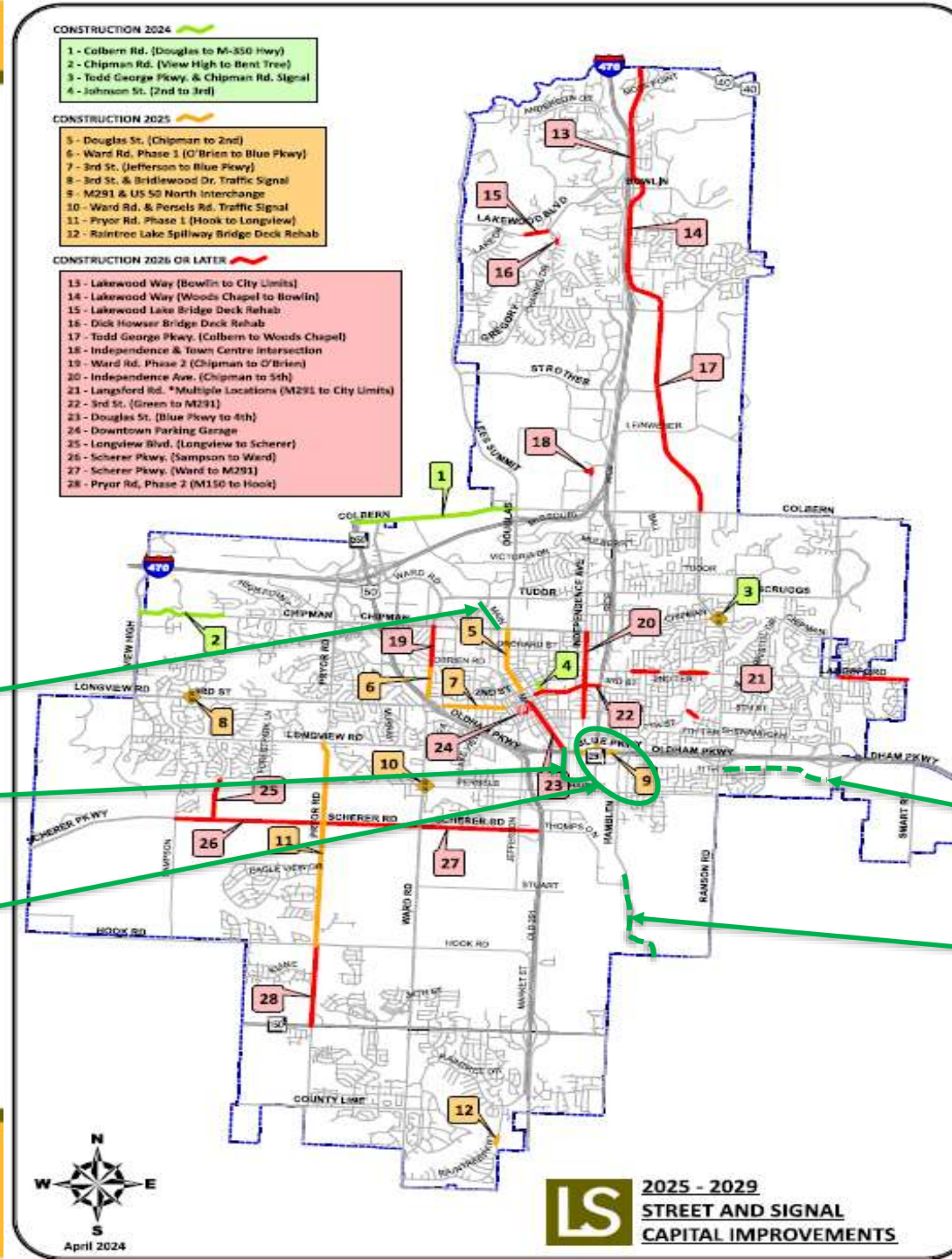
SE Browning Street

M-129 North & US 50 Interchange

Potential Roadway Projects for Future Consideration:

US 50 Outer Rd

SE Hamblen Rd



Staff Discussion for 2023 Meeting

- US 50 and M-291 North Interchange project underway
- Inflation a significant factor; using 4-year average, inflation adds approximately 4.2 percent to project budgets annually
- Re-iterate previous policy guidance
 - Projects eligible for license tax funding should be limited to projects identified in the City's Thoroughfare Master Plan (TFMP)
 - Support economic activity among several sites; not sole benefit for single development
 - Cash flow projects

Committee Discussion, Guidance or Recommendations

- Adjust Rate?
 - One time
 - Annually increase rate based on Construction Cost Index to adjust for inflation
 - Combine one-time catch-up rate increase followed by annual increases for inflation
 - All categories or selected categories
- Future Projects to consider ?
 - US 50 south outer road from Todd George to Blackwell
 - SE Hamblen Road from Thompson Road to south city limits
- Other Considerations ?
- *Note: Committee voted to make no changes to current rates; did not recommend new projects;*

Next Steps

- Submit License Tax Review Committee Report to Council
 - Submit written report
 - Ordinance if changing fees
- FY 2026-2030 Capital Improvement Plan
 - Public comment period, April 1 to April 30
 - April Public Works Committee
 - City Council in April
 - Planning Commission in May
 - City Council FY26 budget approval and adoption of CIP along with FY26 annual budget
- Schedule FY25 License tax report