

LS

License Tax Update for FY 2021

Finance & Budget Committee
March 7, 2022

Agenda

- o License Tax Background and Current Status
- o Summary for License Tax Committee Report
 - o Annual Report of Revenue
 - o Permits
 - o Projects
- o License Tax Committee Recommendation
- o F&BC Committee Recommendation

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

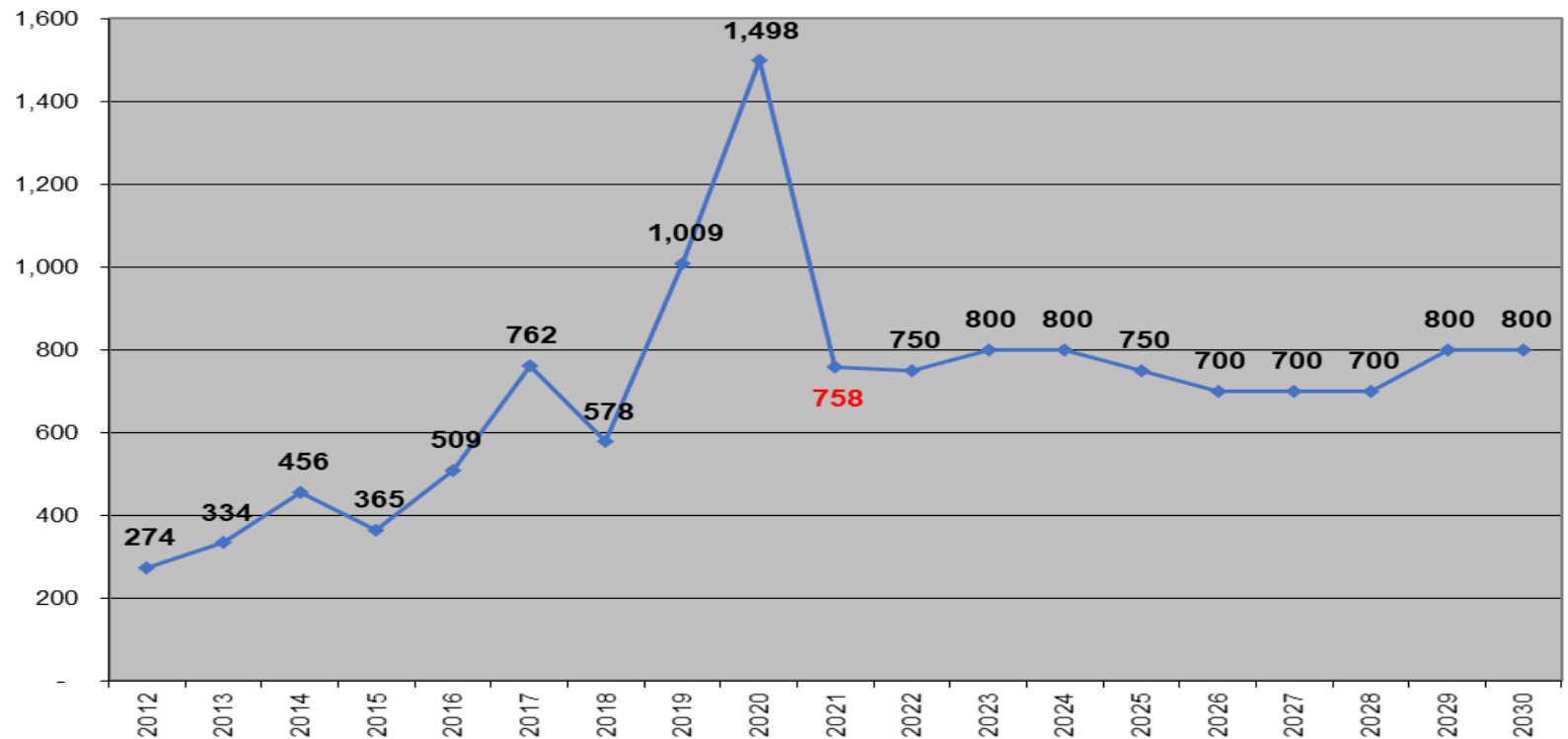
Land Use Category	License Tax Rate
Residential	\$1,088 per residential unit
Manufacturing / Industrial	\$1,000 per new trip
Commercial	\$ 750 per new trip

Notes regarding Rates:

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

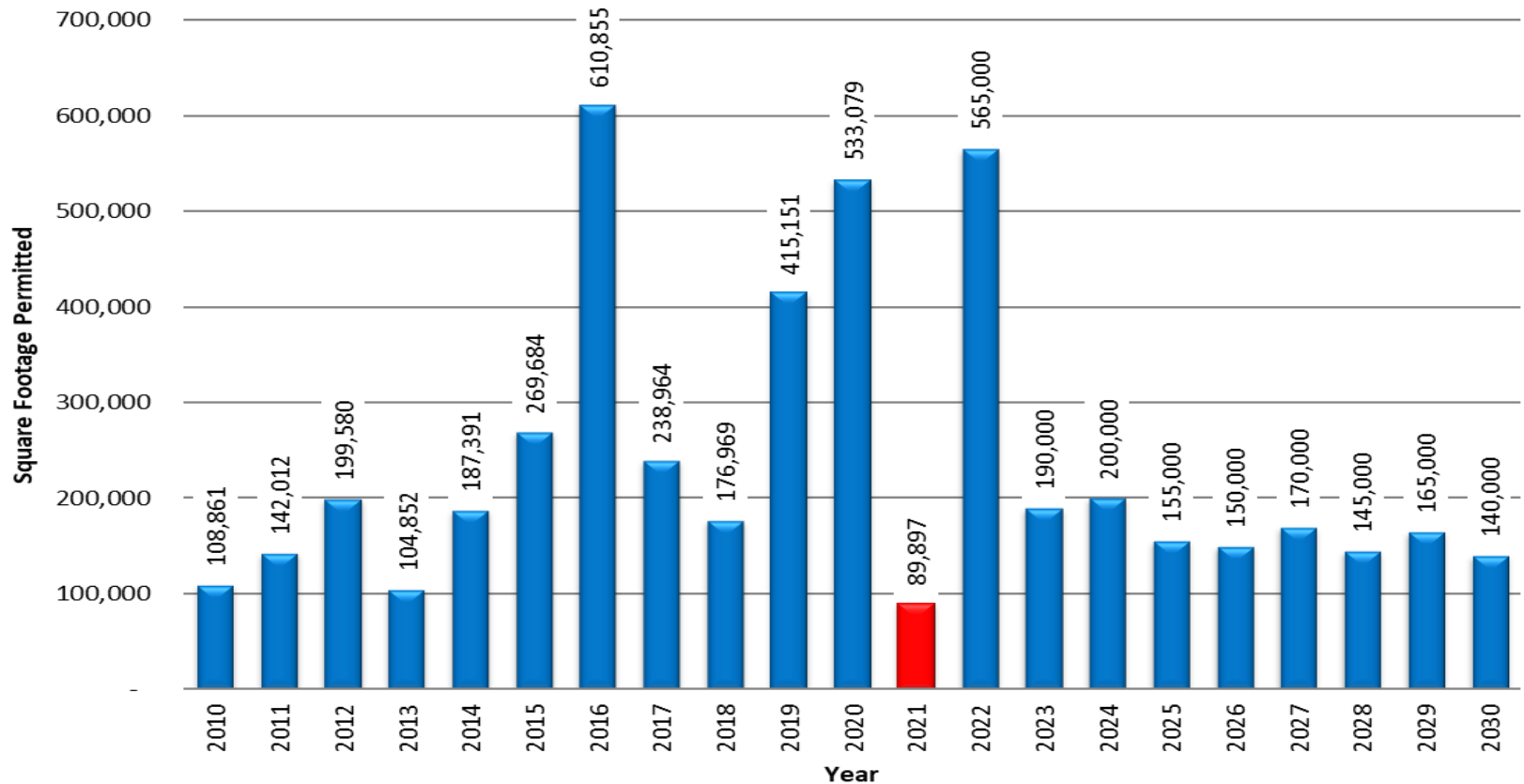
Residential Building Permits

Projected Resd. Units



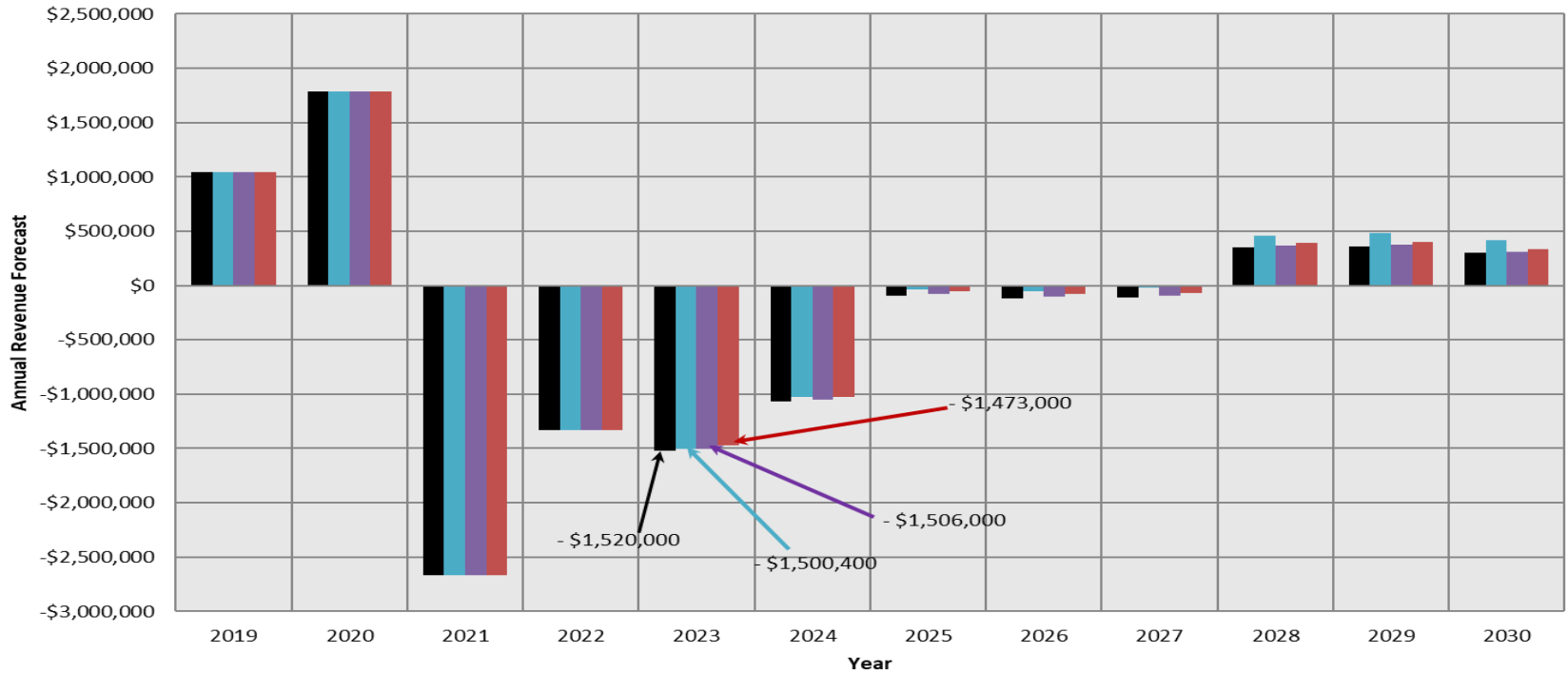
Retail, Office & Industrial Building Permits

Retail, Office and Industrial Permit Projection



License Tax Annual Revenue Estimates

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



- Net Excise Tax (current Rates)
- Net Excise Tax with Annual CCI Adjustments
- Net Excise Tax with Residential 5% Increase
- Net Excise Tax: 10% increase All Categories

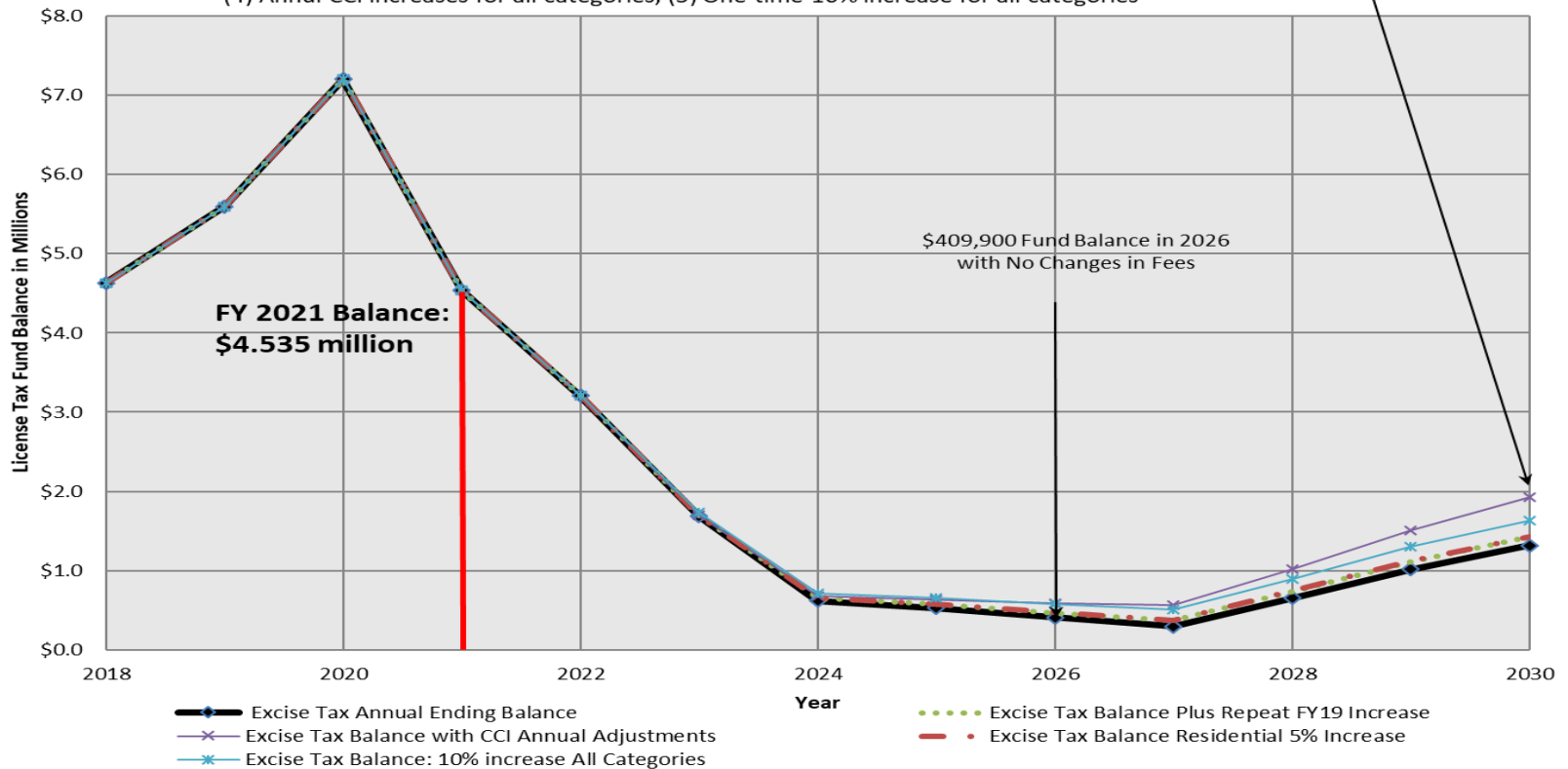
License Tax Fund Balance Projections

Comparison of Total License Tax Fund Balance Scenarios Tax Balance

Fund Balance Ranges from \$410,000 to \$472,000 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 CCI increases for all categories, (5) One-time 10% increase for all categories



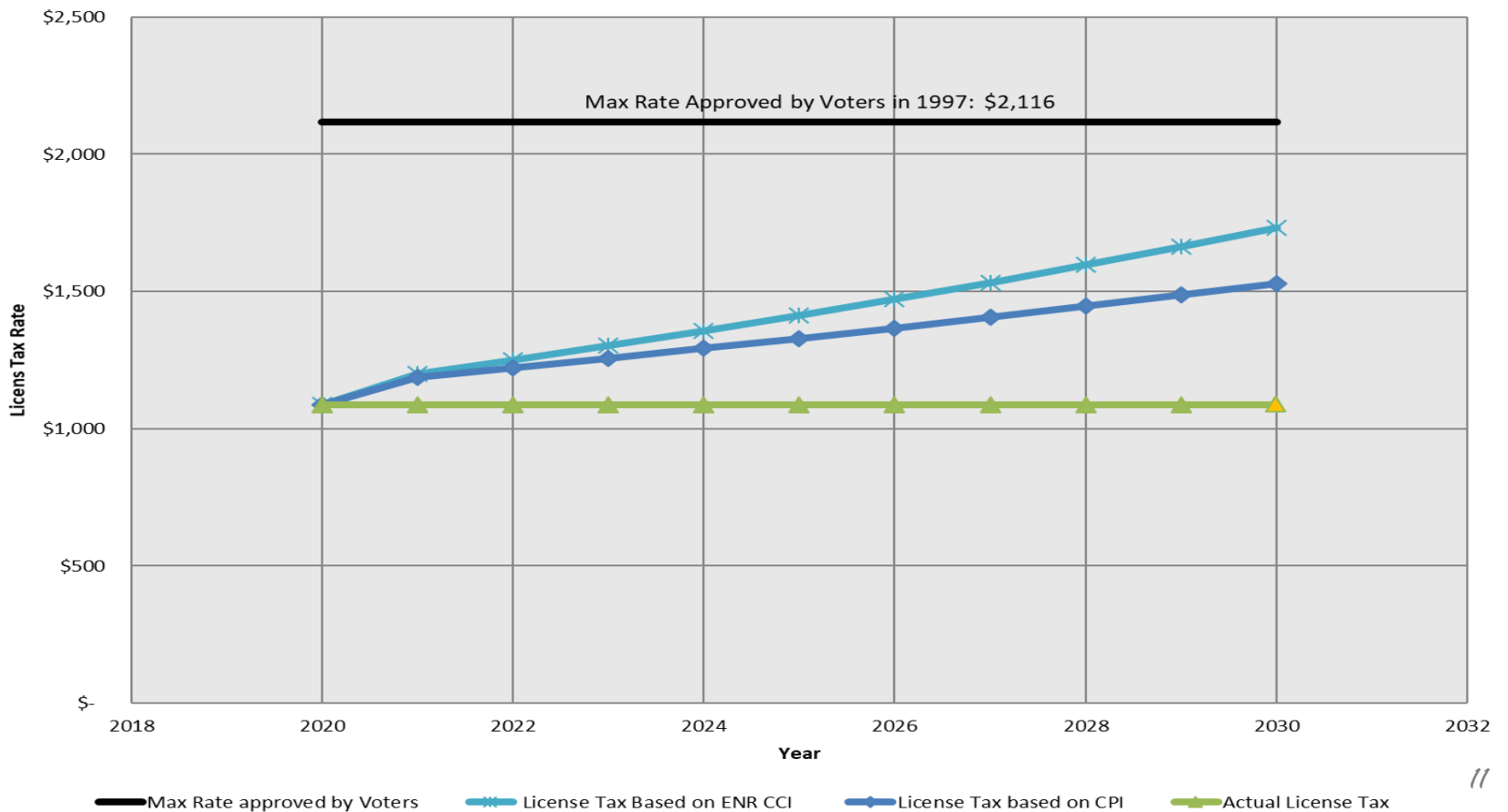
Excise Tax Project Status

Status of Projects Underway

SE Browning Street	<ul style="list-style-type: none">• Right of way acquisition (condemnation/acquisition pending)• Construct 2022
NW Main Street	<ul style="list-style-type: none">• Construction contract awarded• Utility relocations partially complete• Construction start March 2022
US-50 & M-291 North Interchange	<ul style="list-style-type: none">• Received \$9M state funding grant (Cost sharing program)• Funding and interagency agreements complete• Design starts in 2022

Inflation

License Tax Rate 10-year Inflation Model



License Tax Committee Recommendation

Land Use Category	License Tax Rate
Residential	\$1,088 per residential unit
Manufacturing / Industrial	\$1,000 per new trip increase to <u>\$1,100</u> per trip
Commercial	\$ 750 per new trip increase to <u>\$825</u> per trip