

LS

License Tax Update  
for FY 2019

January 27, 2020

# Agenda

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

# 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

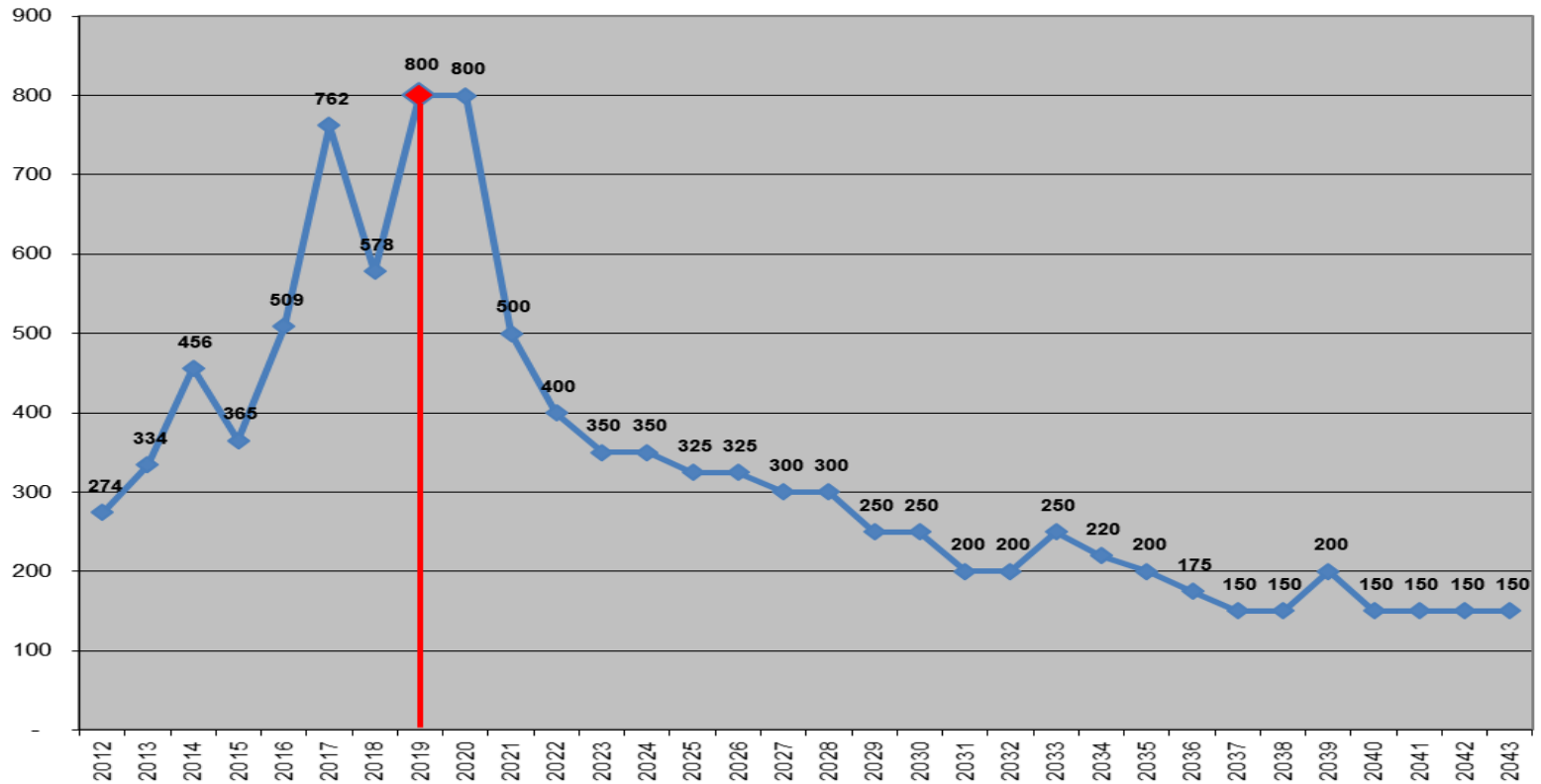
Land Use Category	License Tax Rate
Residential	\$1,088 per residential unit
Manufacturing / Industrial	\$1,000 per new trip
Commercial	\$ 750 per new trip

## Notes regarding Rates:

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

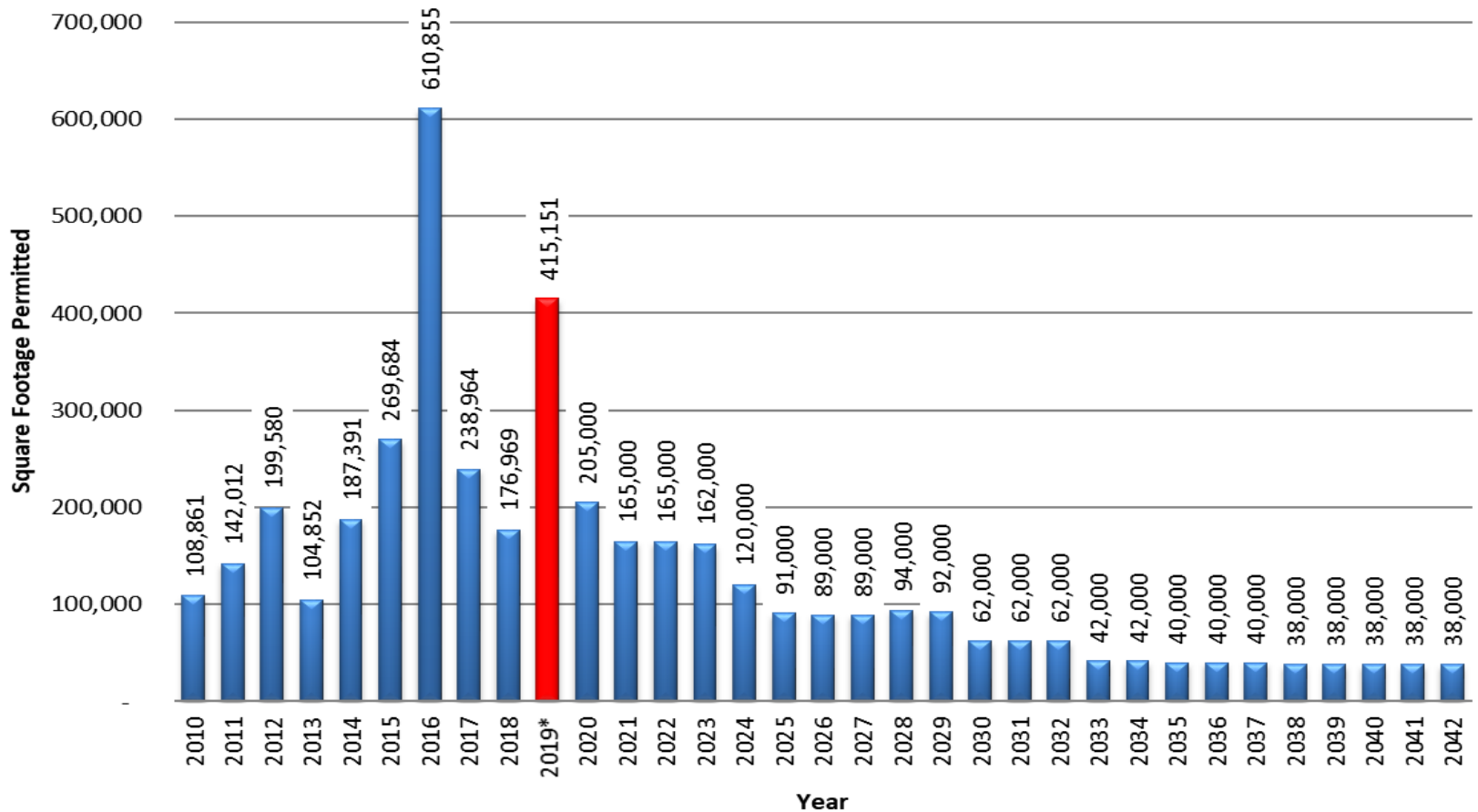
# Residential Building Permits

## Projected Residential Units



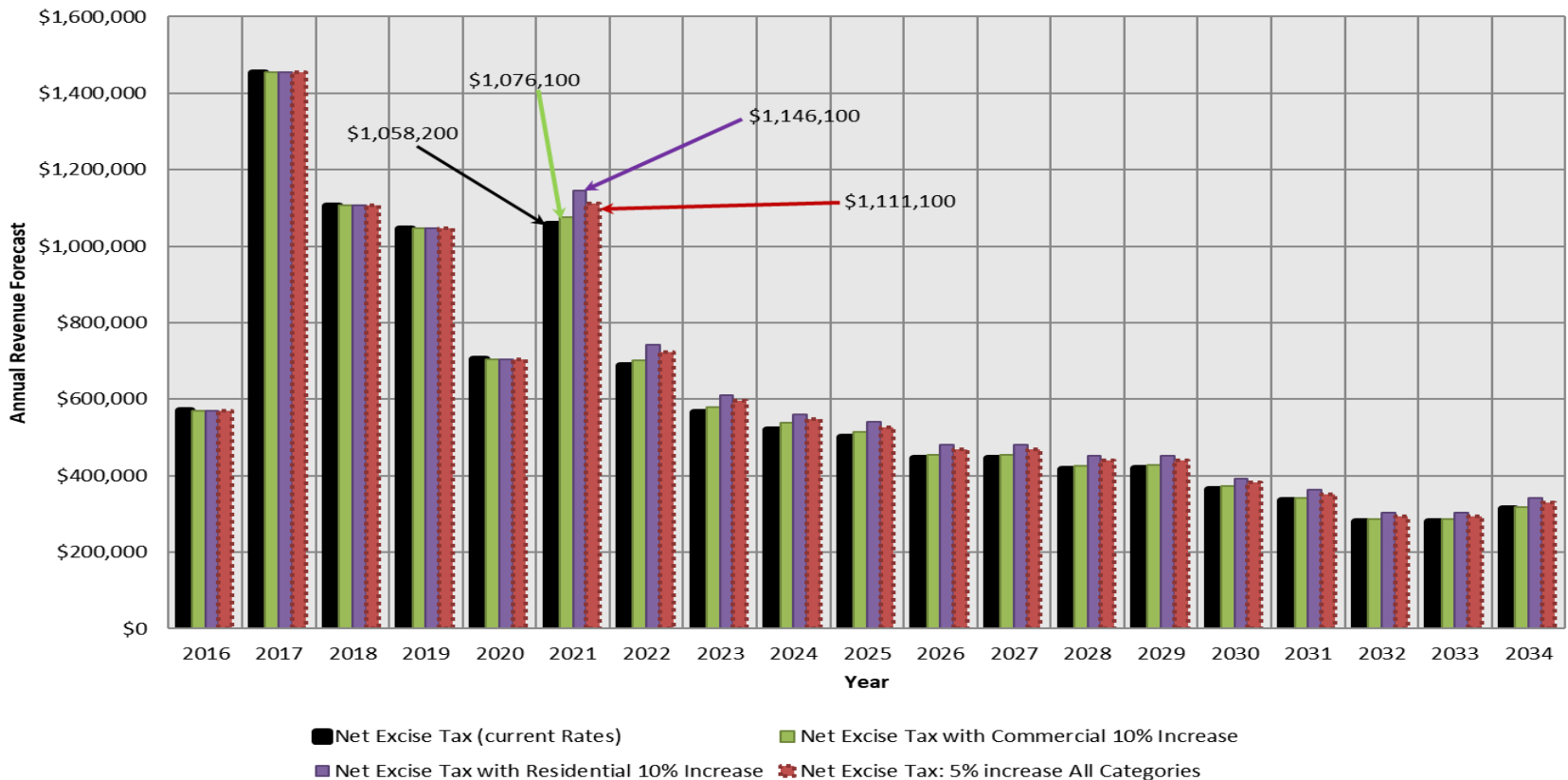
# Retail, Office & Industrial Building Permits

## Retail, Office and Industrial Permit Projection



# License Tax Annual Revenue Estimates

**Annual License Tax Revenue Projections Comparing Existing Rate to :**  
 One-time , across the Board, 5% Rate Increase  
 One-time, 10% Increase in Commercial Fees  
 One-time, 10% increase in Residential Fees

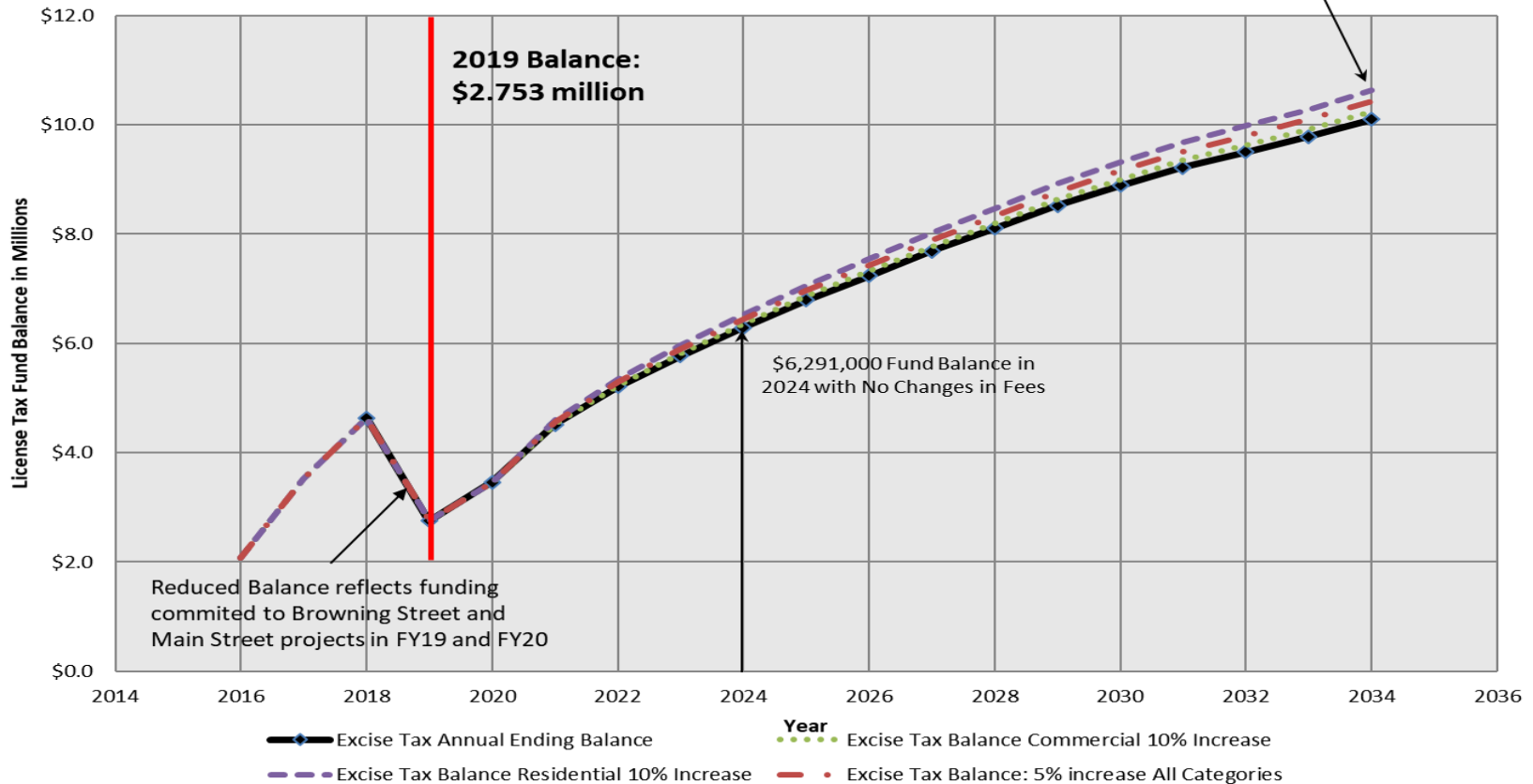




# License Tax Fund Balance Projections

## Comparison of Total License Tax Fund Balance Scenarios Tax Balance

Fund Balance with 10% Residential Fee Increase in FY2020: \$10,624,000  
 Fund Balance with 5% Across the Board Increase in FY2020: \$10,428,500  
 Fund Balance with 10% Commercial Fee Increase in FY2020: \$10,236,000  
 Fund Balance with no changes in existing fees: \$10,096,500



# Excise Tax Project Status

## Status of Projects Underway

SE Browning Street	<ul style="list-style-type: none"> <li>• Design and right of way acquisition underway</li> <li>• Construction 2020 Or 2021</li> <li>• UPRR right of way issues</li> </ul>
NW Main Street	<ul style="list-style-type: none"> <li>• Design startup / kickoff underway</li> <li>• Construct in 2021</li> </ul>

## 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 <sup>th</sup> Street (Grand to M-291)
Longview Rd (Sampson to Ward)	Woods Chapel Rd (1-470 to East City Limits)

# Staff Discussion for 2019-20

- o Discuss fee structure in context of PRI land
  - o Demands on infrastructure
  - o How could cost / fees mirror future demands
  - o Tiered residential rates based on home/unit price (?)
- o Discuss connection between work-force housing and attracting commercial / industrial growth
- o Re-evaluate previous policy guidance
  - o Projects eligible for license tax funding should be limited to projects identified in the City's Thoroughfare Master Plan (TFMP)
  - o Support economic activity among several sites; not sole benefit for single development
  - o Cash flow projects
- o Program project(s) for construction 3 to 5 years out

# Examples of Projects

## Potential Future Projects for Consideration

Project	TFMP	Multiple Developments	Budget Estimate
US 50 and M291 North Interchange	Yes	Redevelop north side of Interchange	\$21 M
NW Orchard and Olive: Connect Douglas signal and Chipman Road (infill / neighborhood connectivity)	No	3 residential	\$2.5 M
SW Longview Blvd: Longview Rd to Scherer Rd	Yes	11 residential plus undeveloped	\$2.8 M
NW Pryor Road from I-470 north to City Limits (interim road standard)	Yes	undeveloped	\$1.2 M
SW Hook Road from City Limits to Ward Road (Can be phased; possible CIP Sales Tax candidate)	Yes	4 residential plus undeveloped	\$10.3 M

# Request for Guidance

- Consideration of License Tax for work force housing
- Fee structure related to PRI growth and impacts
- Re-affirm project selection criteria
- Program projects to build
- Proceed with administrative updates to ordinance
- Rates for next year