

LS

License Tax Update for FY 2018

November 29, 2018

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 Amended 2007, 2015, 2016 and 2018
- 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”

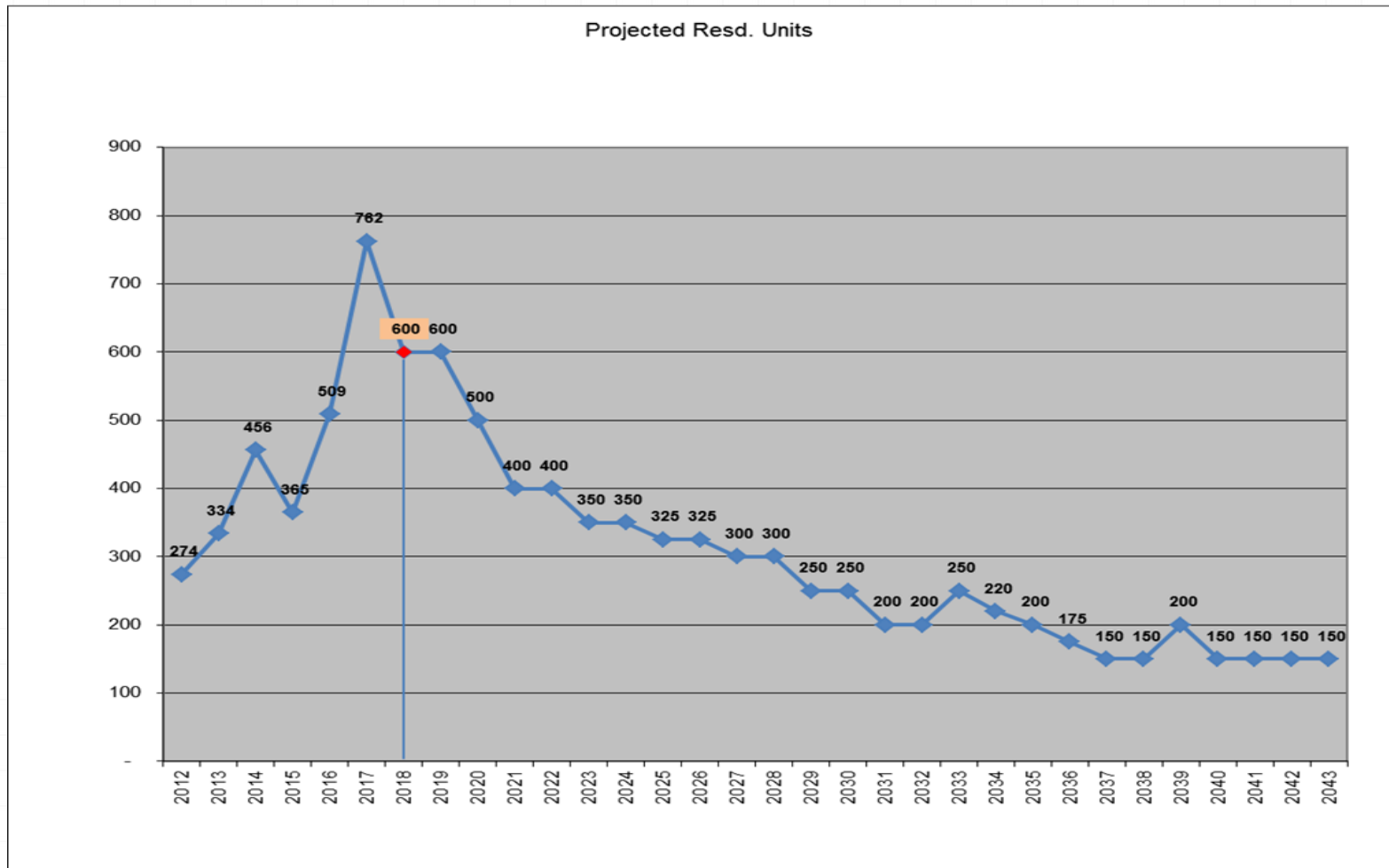
Current Tax Rates

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

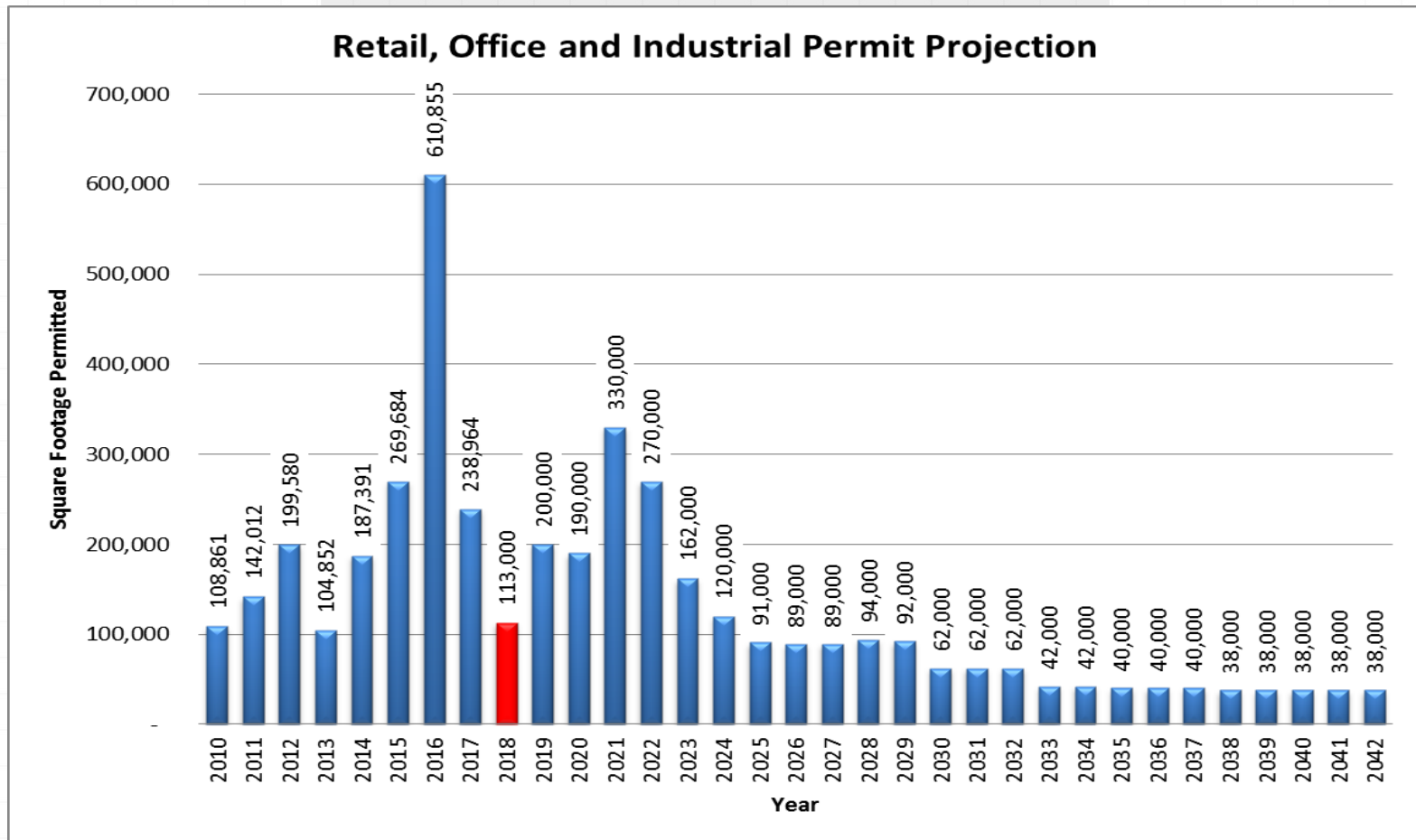
Notes regarding Rates:

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

Residential Building Permits

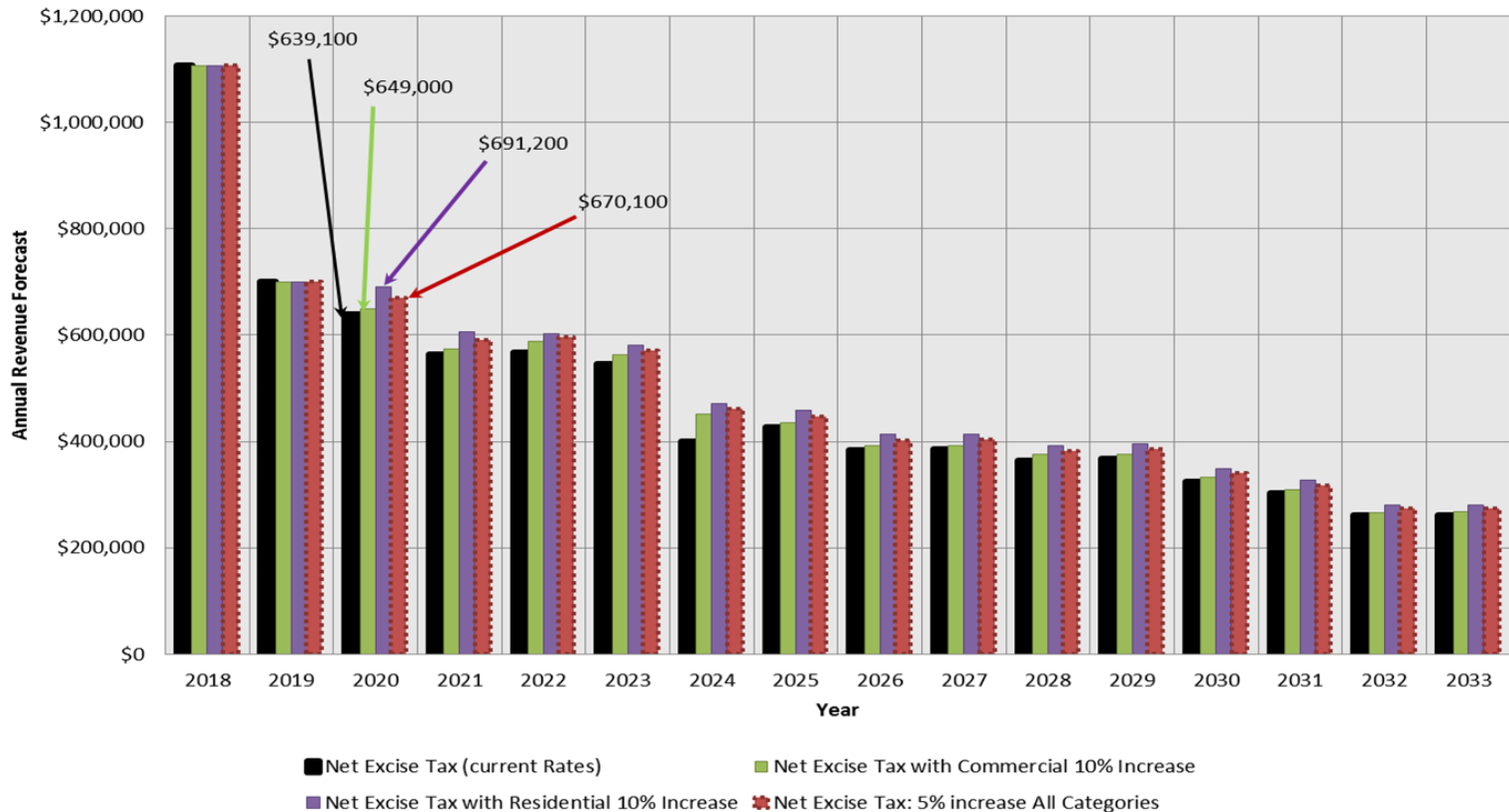


Retail, Office & Industrial Building Permits



License Tax Annual Revenue Estimates

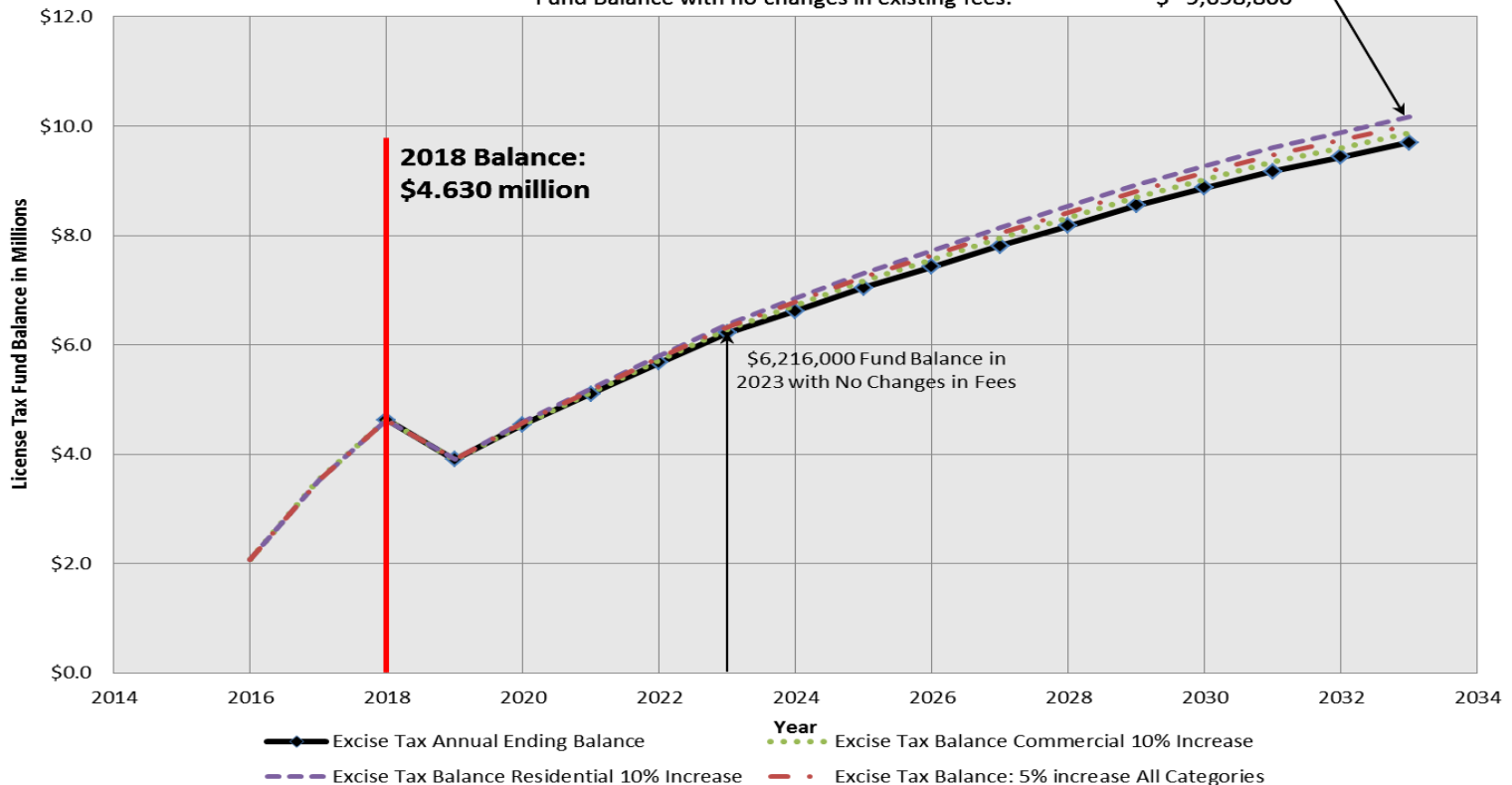
Annual License Tax Revenue Projections Comparing Existing Rate to :
 One-time , across the Board, 5% Rate Increase
 One-time, 10% Increase in Commercial Fees
 One-time, 10% increase in Residential Fees



License Tax Fund Balance Projections

Comparison of Total License Tax Fund Balance Scenarios Tax Balance

Fund Balance with 10% Residential Fee Increase in FY2020: \$10,162,200
 Fund Balance with 5% Across the Board Increase in FY2020: \$10,015,300
 Fund Balance with 10% Commercial Fee Increase in FY2020: \$ 9,871,700
 Fund Balance with no changes in existing fees: \$ 9,698,800



Excise Tax Project Status

Status of Projects Underway

SE Browning Street	<ul style="list-style-type: none"> • Funded in FY19 CIP; Consultant Selection Underway • Design and right of way acquisition in 2019 • Construct in 2020
--------------------	---

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)

Staff Recommendations for 2018

- o Administrative cleanup of ordinance
- o No Change to 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 Review and Discuss Potential incremental increases in the license tax rate annually
- o Program project(s) for construction

Administrative Examples

- o “... requests a building permit for which a plat application was approved ... on or before December 31, 1997...”
- o “From April 1, 2010 through April 1, 2011, any building contractor that requests ...”

Examples of Projects

Potential Future Projects for Consideration

Project	TFMP	Multiple Developments	Budget Estimate
Main Street: Chipman Rd to Commerce Dr	Yes	8 Commercial plus undeveloped	\$1.1 M
SE Hamblen and Bailey Road Signal and Intersection	Yes	17 Commercial 6 residential	\$0.85 M
SW Longview Blvd: Longview Rd to Scherer Rd	Yes	11 residential plus undeveloped	\$2.8 M
NE Chipman Road: Todd George Pkwy to Bristol Dr	Yes	7 residential plus undeveloped	\$3.1 M
NW Pryor Road from I-470 north to City Limits (interim road standard)	Yes	undeveloped	\$1.2 M
SW Pryor Road: South of M-150 to County Line Rd (interim road standard)	Yes	3 residential plus undeveloped	\$3.0 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

- Comments on FY 2018 Recommendations
- Re-affirm project selection criteria
- Program projects to build
- Proceed with administrative updates to ordinance
- Rates for next year