

FY 2025 License Tax Committee Annual Report

February 19, 2026

George Binger III, P.E., CFM

Deputy Director of Public Works / City Engineer



LEE'S SUMMIT
MISSOURI

Yours Truly



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
 - Fees are paid when building permits are issued
 - Fees are based on the amount of new traffic / vehicle trips created by the project
- Tax used for “streets and related improvements... including but not limited to...”
 - Design
 - Construction
 - Repair and maintenance
 - Reconstruction
 - Traffic Operations improvements (such as such as signals, access management, etc.)

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”

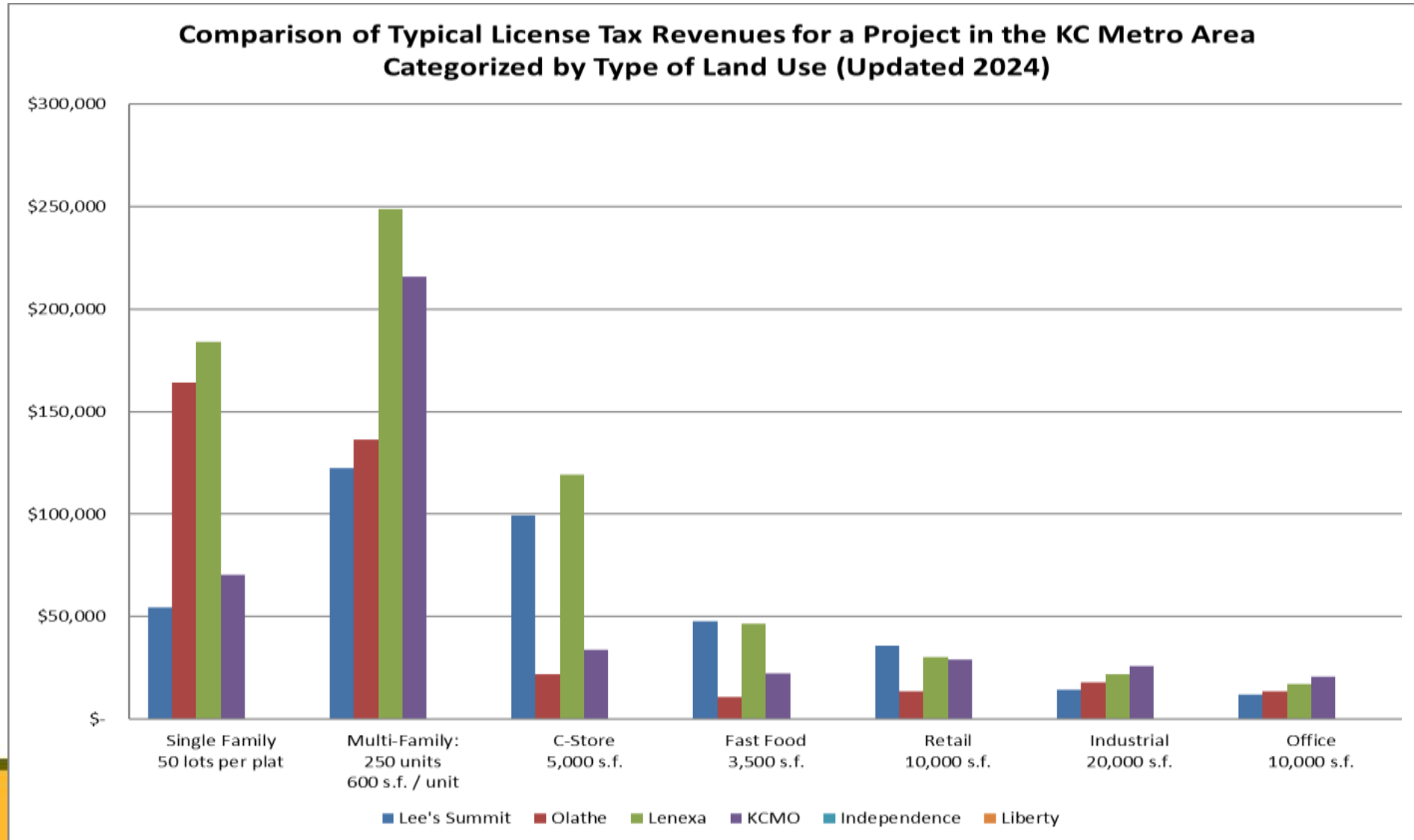
Current Tax Rates

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

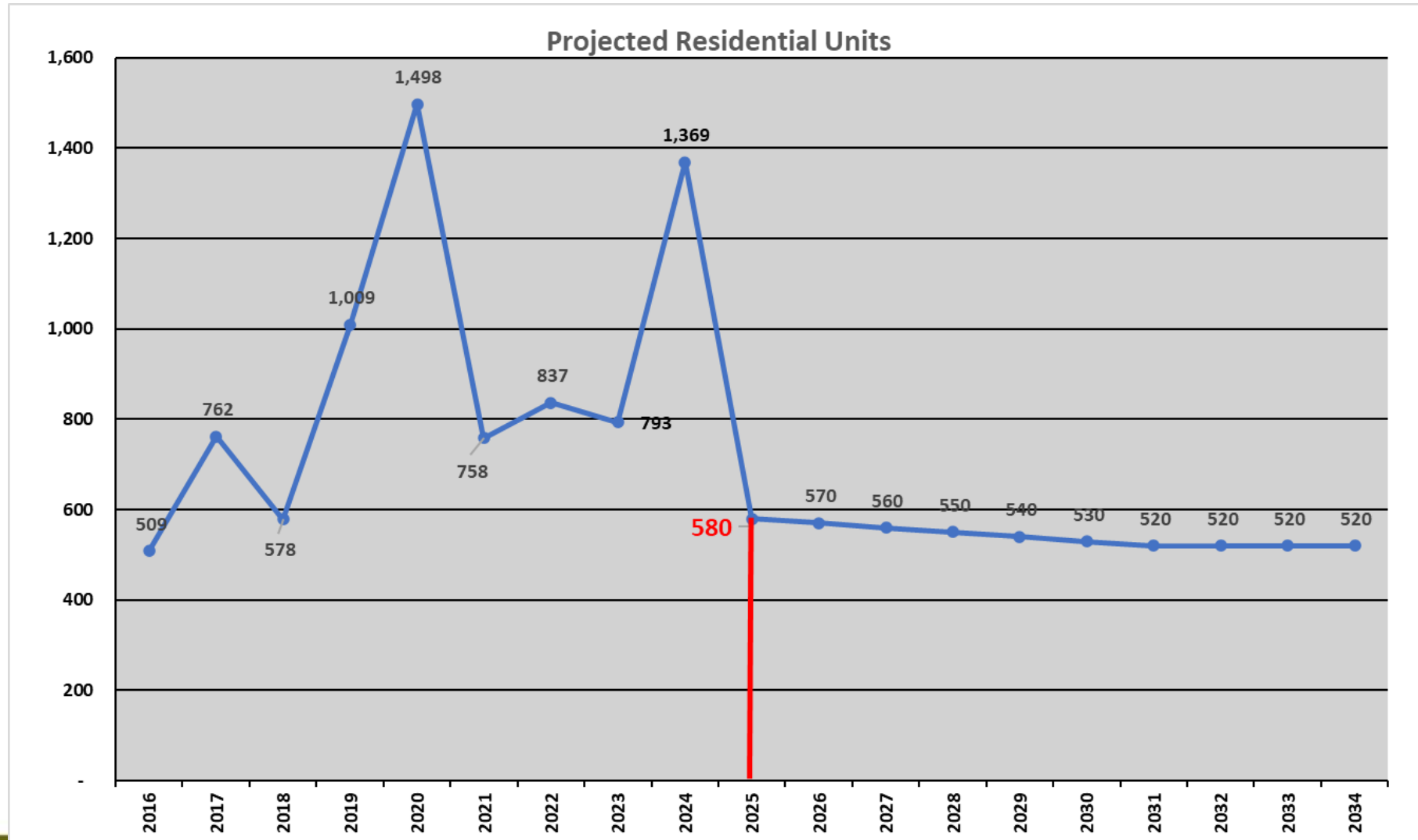
Notes regarding Rates:

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

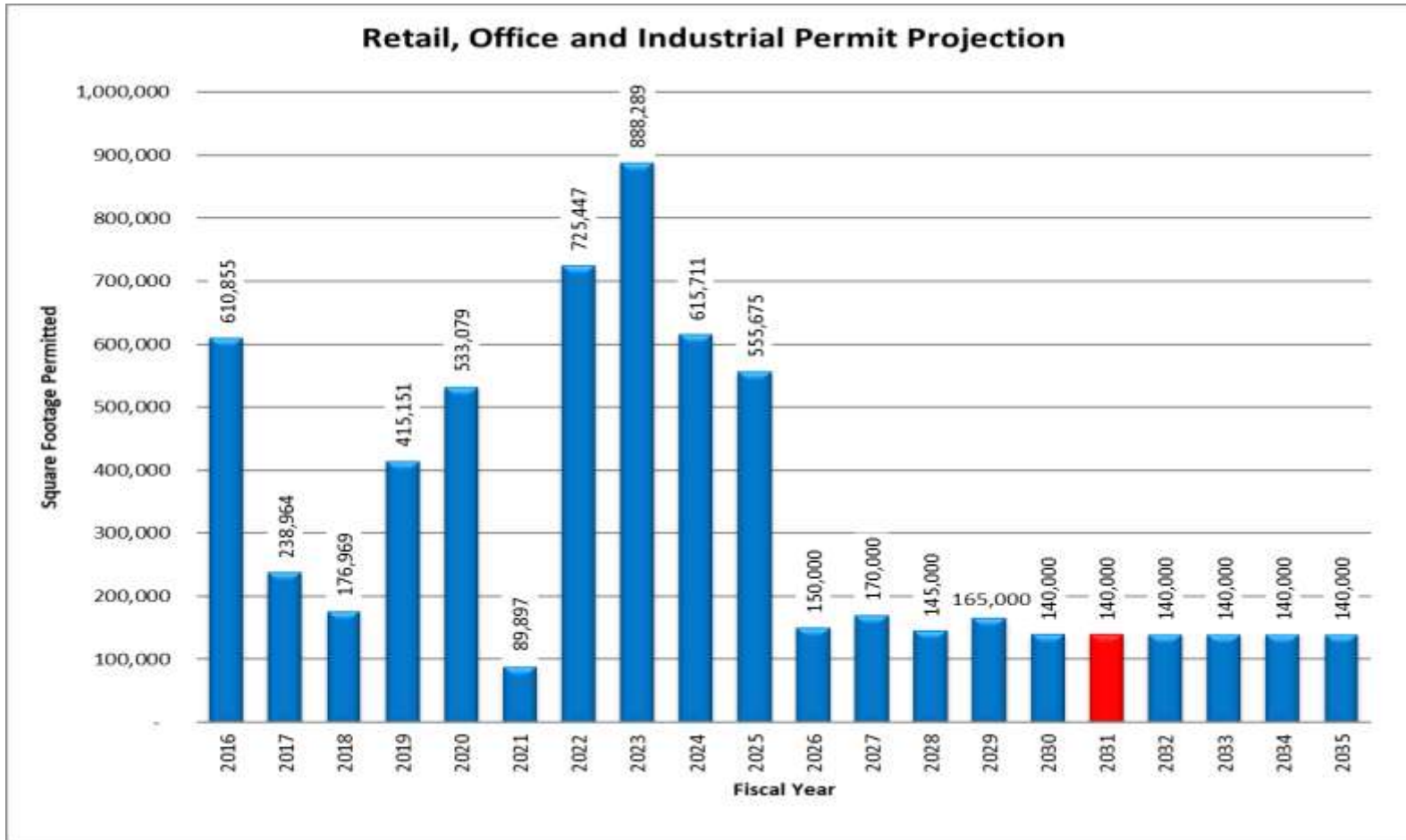
Community Fee Comparisons (typical project)



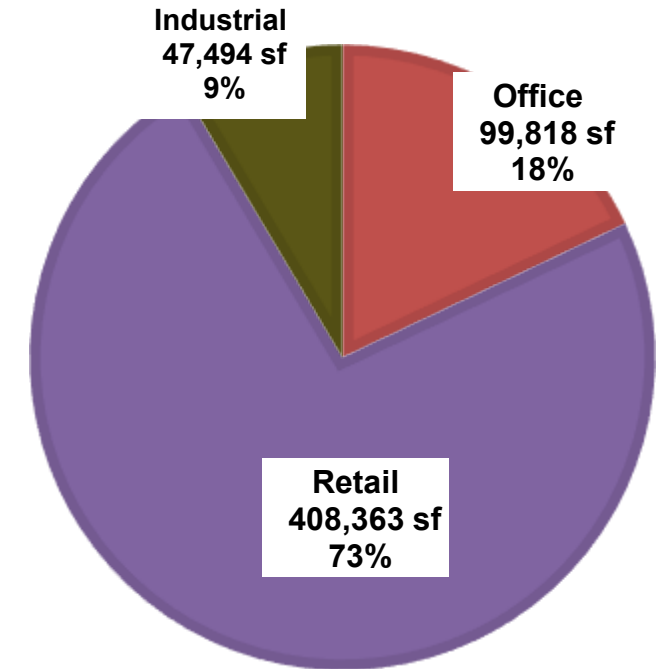
FY25 Residential Building Permits



FY 25 Retail, Office & Industrial Building Permits

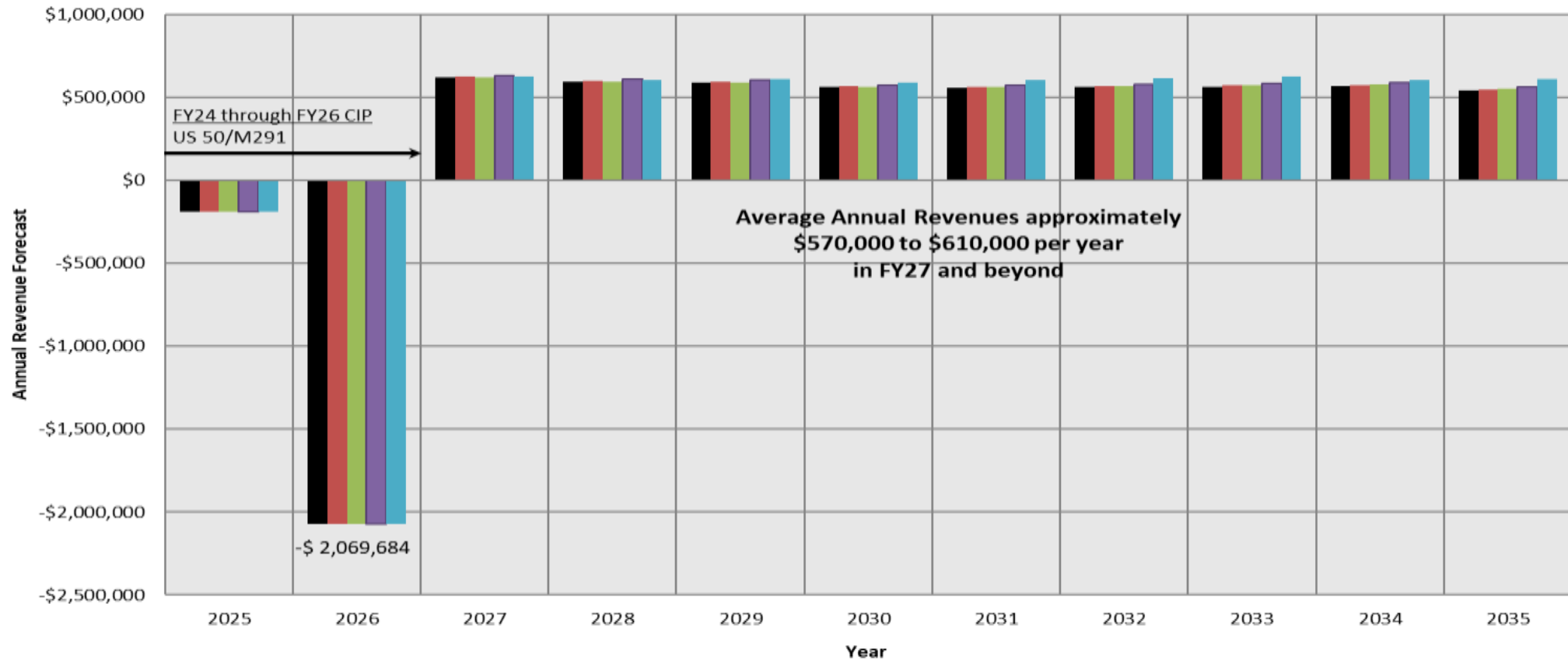


RETAIL, OFFICE, AND INDUSTRIAL SQ. FOOTAGE PERMITTED IN 2025



License Tax Net Revenue Estimates

Annual License Tax Net Revenue Projections for 5 Scenarios
 (Showing Total Revenues Less Programmed CIP Project Funding Commitments)



- Net Excise Tax (Current Rates)
- Net Excise Tax plus Non-Residential CCI annual adjustments
- Net Excise Tax with Annual CCI Adjustments (all categories)

- Net Excise Tax: Non-Residential One-time 10% increase in FY27
- Net Excise Tax: 1-Time 10% Non-Res followed by Annual Non-Res CCI

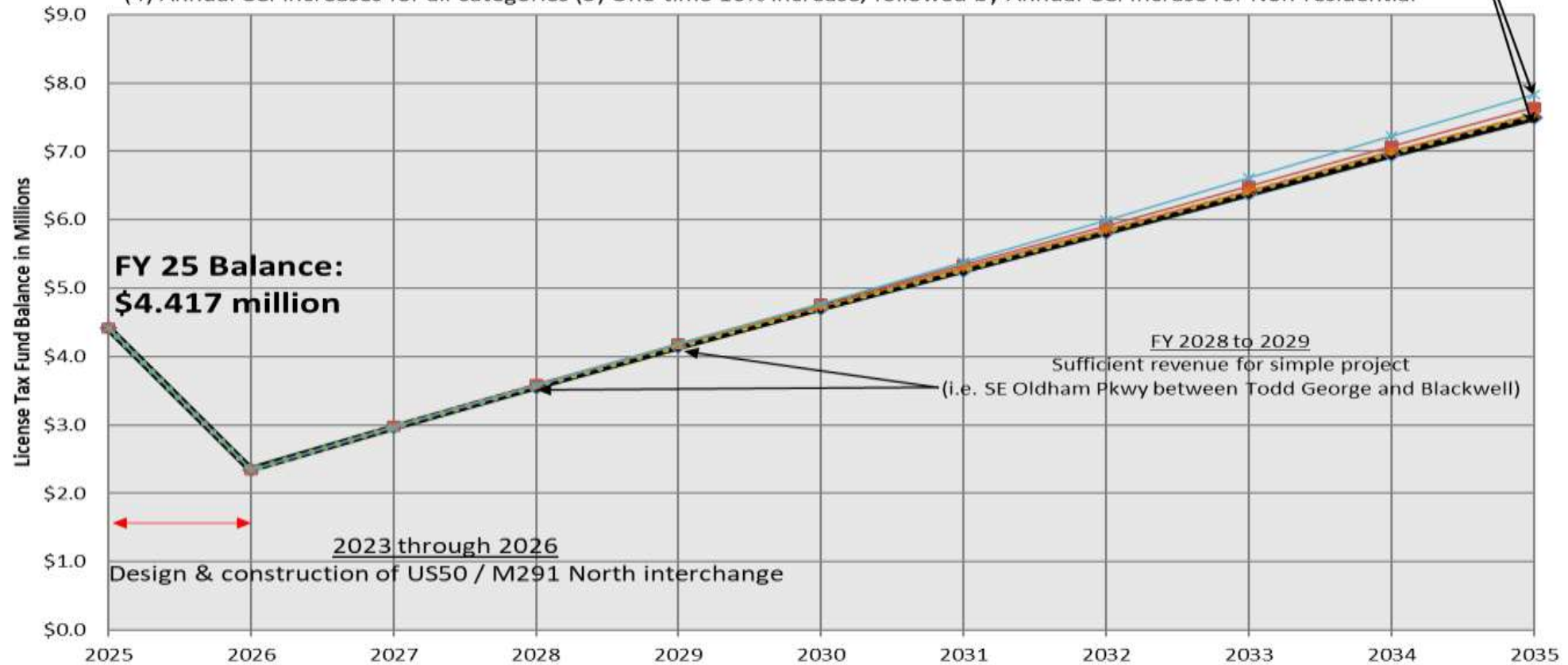
License Tax Fund Balance Projections

Comparison of Total License Tax Fund Balance Scenarios Tax Balance

Fund Balance Ranges from \$7.492M to \$7.831M for various Scenarios:

Low to High Order:

- (1) No Change, (2) Annual CCI adjustments in Non-Residential, (3) One-time 10% increase in Non-residential,
- (4) Annual CCI increases for all categories (5) One-time 10% increase, followed by Annual CCI Increase for Non-residential

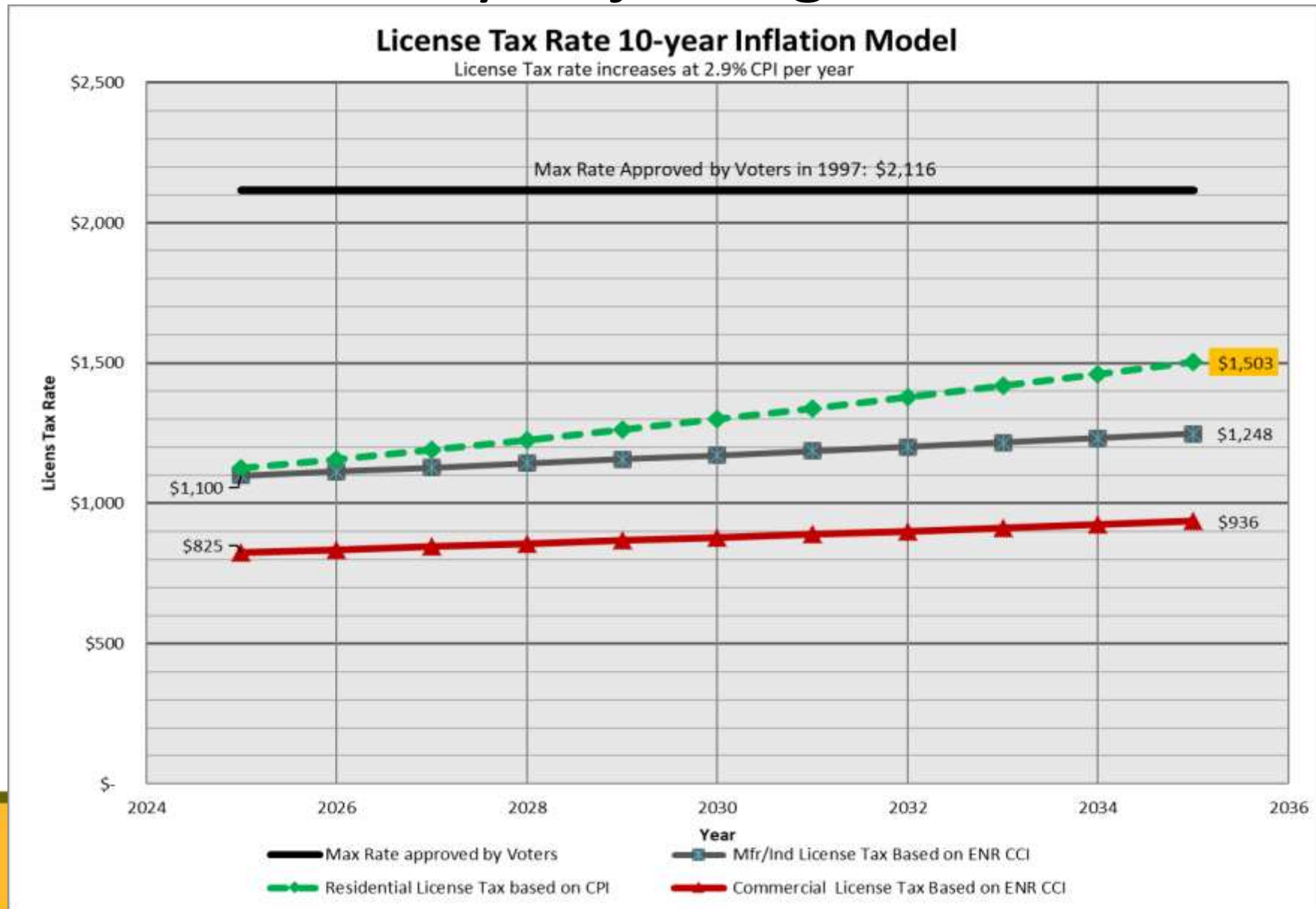


- Excise Tax Annual Ending Balance (Current Rates)
- Excise Tax Balance Plus Non-Residential CCI annual adjustments
- ×— Excise Tax Balance with CCI Annual Adjustments (all categories)

- Excise Tax Balance: 1-Time 10% Non-Res followed by Annual Non-Res CCI
- *— Excise Tax Balance: Non-Residential One-time 10% increase in FY27



Model of Annually Adjusting Rates for Inflation



Excise Tax Project Status

Status of Projects Underway

US-50 & M-291
North Interchange

- Construction underway; estimated completion in early to mid-2027

2017 CIP Sales Tax: (26 Projects; 12 Underway; 10 complete)

1 – 5 years (2018-2022)	6 – 10 years (2023-2027)	11 – 15 years (2028-2032)
Colbern Road Design	Colbern Road	3rd St.: Green – M291
Land Acquisition & Parking	Douglas St	Independence: 6th St – 2nd St.
Stormwater Projects	Stormwater Projects	
Pryor Road Design	Scherer Road: Ward-M291	Scherer Road: Sampson-Ward
3rd St. US 50-Jefferson	Pryor Road: Hook-Longview	Downtown Parking Garage
RIRCA trailheads	Pryor Road: M150 -Hook	
Street lighting	Ward Road: Blue Pkwy-O'Brien	
Curb replacement	Ward Road: O'Brien-Chipman	
CMP replacement	Curb replacement	
MoDOT Partnerships	CMP replacement	CMP Replacement
	Sidewalk gaps	



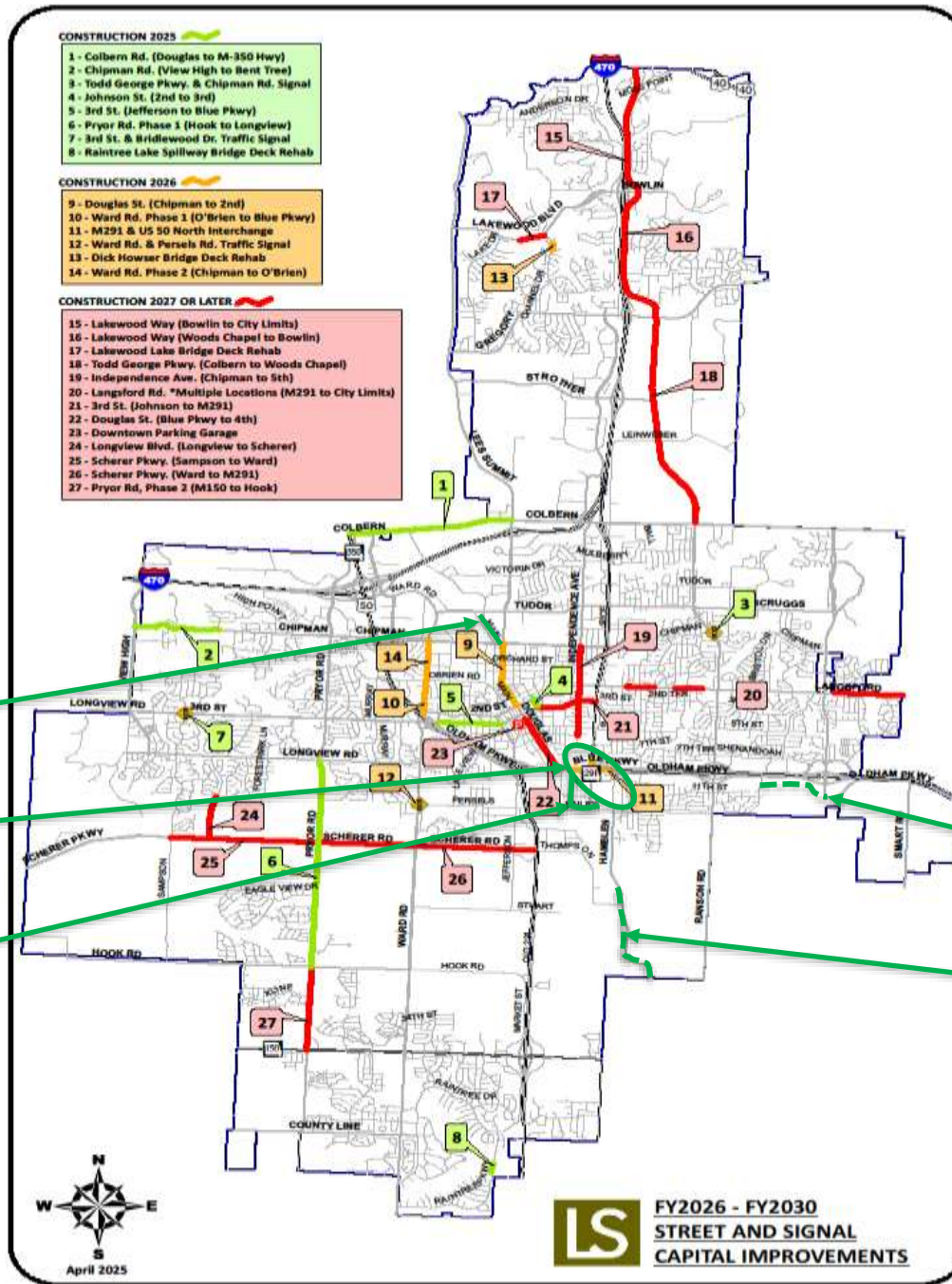
Current Roadway Projects

Recent License Tax Projects:

NW Main Street

M-129 North & US 50 Interchange

SE Browning Street



Potential Roadway Projects for Future Consideration:

US 50 Outer Rd (FY2028)

SE Hamblen Rd

April 2023 No Tax Increase Bond Issue

Transportation Projects

- *Scherer Parkway from Sampson Rd to M-291*
- *SE Douglas Street from Blue Pkwy to 5th St*
- *Lakewood Way Reconstruction from Woods Chapel Rd to Bowlin Rd*
- *Sidewalk Gap Program*
- Todd George Parkway from Woods Chapel Rd to Colbern Rd
- NE Langsford Road from M-291 to Todd George (turn lanes and access management)
- Longview Boulevard from Scherer Pkwy to Longview Rd
- Lakewood Way from Bowlin Rd to north city limits (add turn lanes and shoulders)
- Air Traffic Control Tower property
- ~~Hangar 2~~

Staff Discussion for 2024 Meeting

- US 50 and M-291 North Interchange project underway
- Inflation a significant factor; using 3-year average, inflation adds approximately 3 to 4 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

Previous 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
- Guidance for future project(s)
 - US 50 South Outer Road connection: secure ROW transfer; issues at Todd George & 50
 - SE Hamblen Road: needs significant water & sewer improvement; other funding sources
- FY 2027-2031 Capital Improvement Plan
 - Public comment period, April 3 to April 19
 - April Public Works Committee
 - City Council in April
 - Planning Commission in May
 - City Council FY27 budget approval and adoption of CIP along with FY27 annual budget
- Schedule FY26 License tax report