



## The City of Lee's Summit

### Final Agenda

### License Tax Review Committee

Thursday, November 29, 2018

4:00 PM

Strother Conference Room

City Hall

220 SE Green Street

Lee's Summit, MO 64063

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Call to Order

Roll Call

Approval of Agenda

Public Comments

#### Business

[TMP-1080](#) License Tax Review Committee Annual Report for FY2018

**Presenter:** George Binger III, P.E., Deputy Director of Public Works/City Engineer

Roundtable

Adjournment

For your convenience, City Council agendas, as well as videos of City Council and Council Committee meetings, may be viewed on the City's Legislative Information Center website at "lsmo.legistar.com"

## Packet Information

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**File #:** TMP-1080, **Version:** 1

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License Tax Review Committee Annual Report for FY2018

Issue/Request:

[Enter text here]

Key Issues:

- City Ordinance 4592, Sections 28-175 through 28-123 in Code of Ordinances, Requires annual License Tax Report
- FY18 year end fund balance was \$4.630 million
- SE Browning Street project programmed for \$1.43 million in FY19 Capital Improvement Plan
- Development activity is starting to trend downward

Proposed Committee Motion:

I move to recommend to City Council [Enter text here]

Background:

The attached presentation provides a summary, as required by ordinance. More detailed background information is included in the text.

Similar to previous years, City Staff will be asking the Committee for guidance related to fees and capital project programming. City staff would also like to discuss changing sections of the ordinance to address two issues. Several sections adopted in 1997 and 2010 are now outdated/expired. For clarity, those sections should be deleted. City staff has received development applications that will generate traffic, but the current ordinance does not clearly describe how City staff calculates the traffic to be generated by those developments with unusual characteristics. Modifying the definition will cite the specific technical reference to be used in those cases.

Impact/Analysis:

The ordinance changes will improve clarity of the ordinance and address several issues that have confused applicants in the past. Impacts of fees and project programming will be discussed in the presentation.

George Binger III, P.E., Deputy Director of Public Works/City Engineer

Recommendation: [Enter Recommendation Here]

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**File #:** TMP-1080, **Version:** 1

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Committee Recommendation: [Enter Committee Recommendation text Here]

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# License Tax Update for FY 2018

November 29, 2018

# Agenda

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

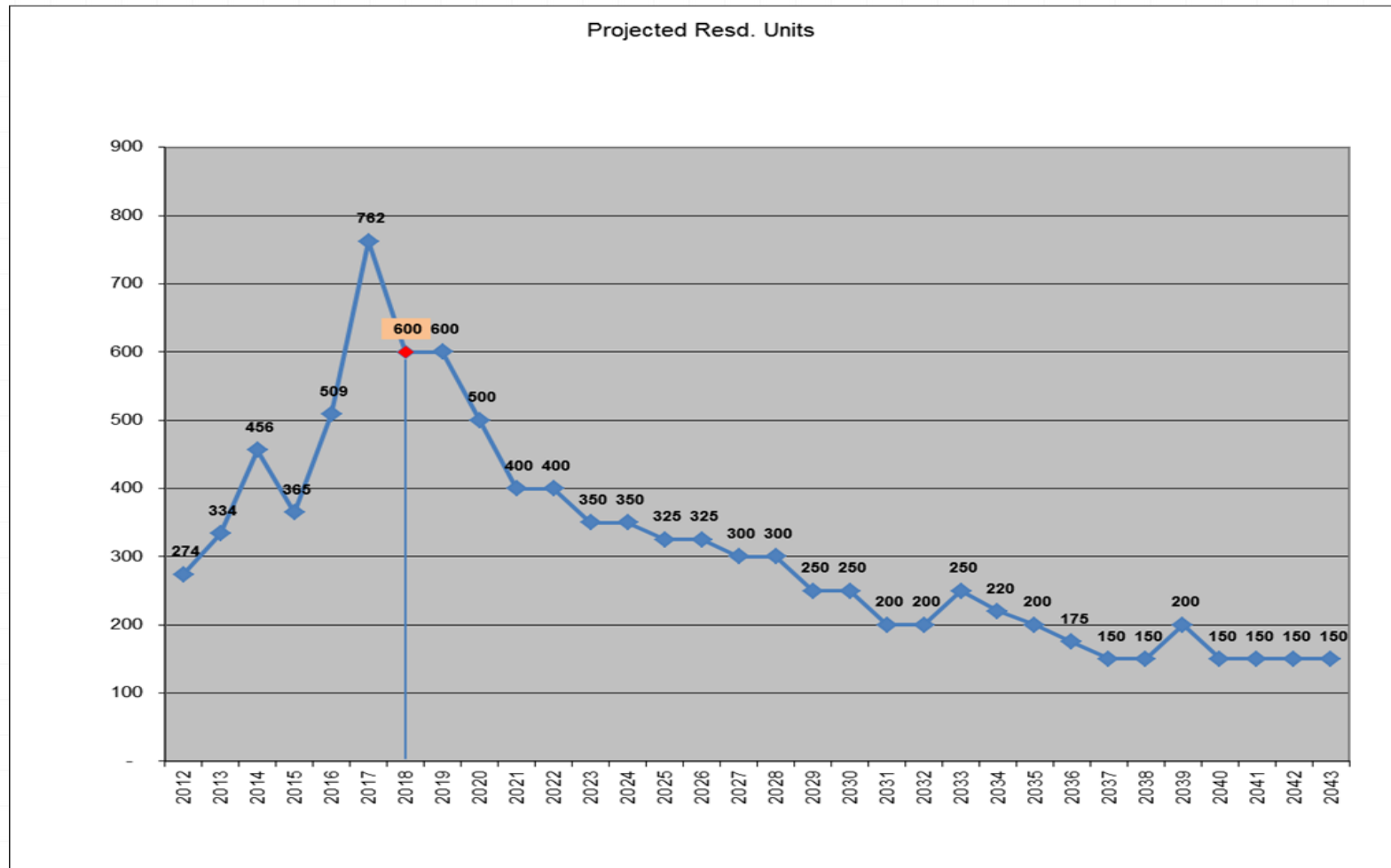
Land Use Category	License Tax Rate
Residential	\$1,088 per residential unit
Manufacturing / Industrial	\$1,000 per new trip
Commercial	\$ 750 per new trip

## Notes regarding Rates:

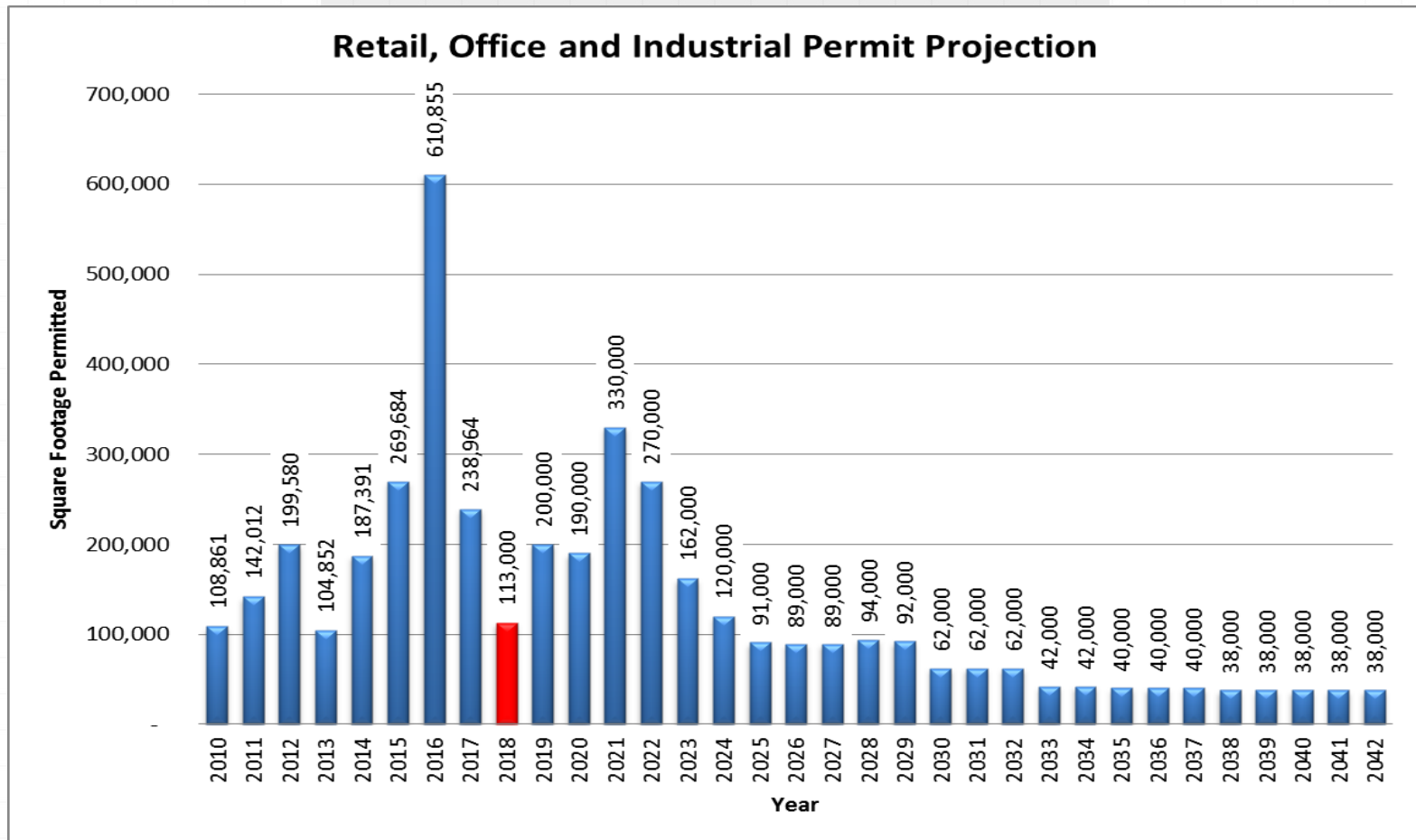
- o Maximum rate \$2,116 approved by voters in 1997
- o Relatively low compared to KC Metro area



# Residential Building Permits



# Retail, Office & Industrial Building Permits



# License Tax

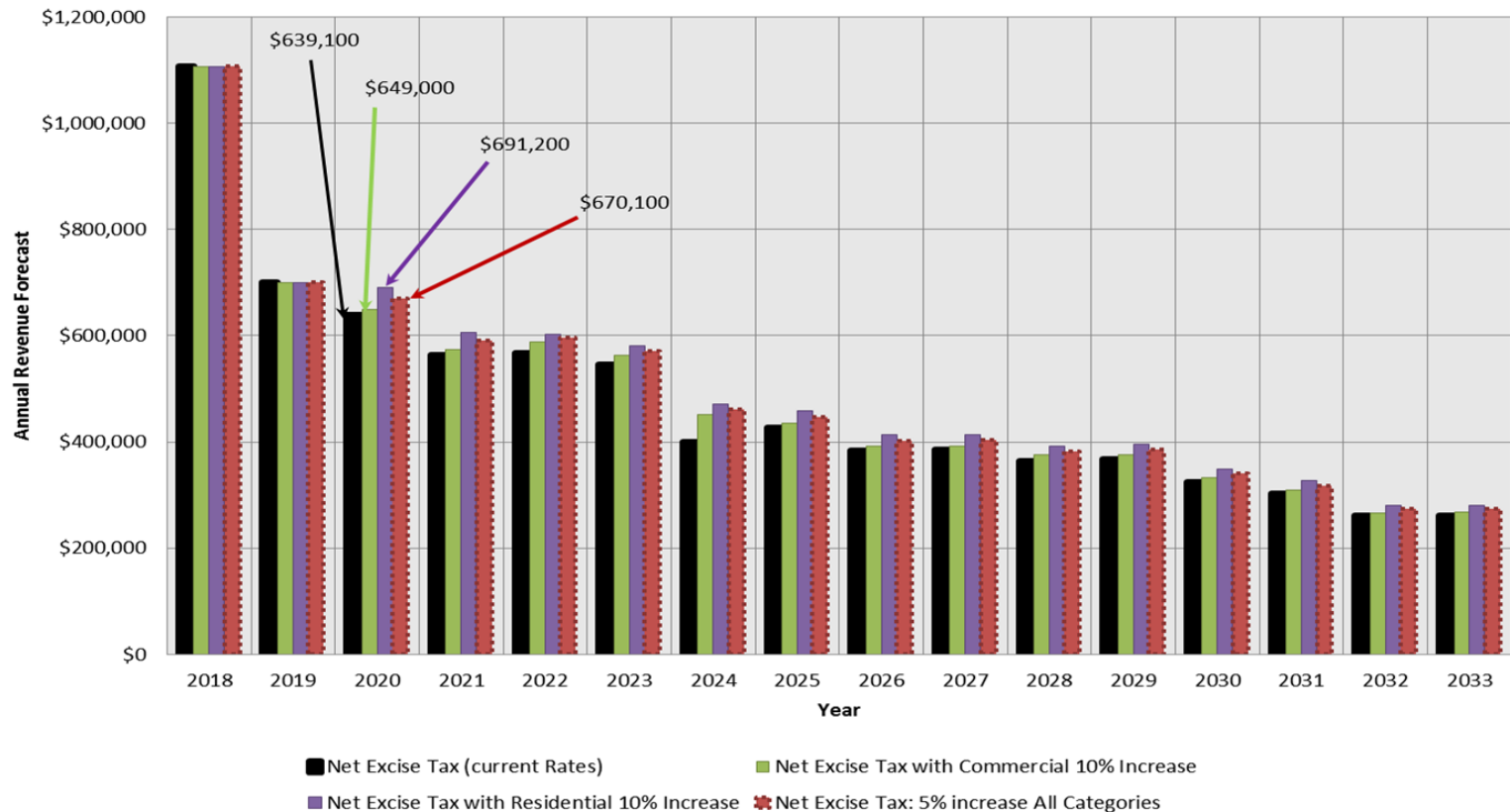
## Annual Revenue Estimates

### Annual License Tax Revenue Projections Comparing Existing Rate to :

One-time , across the Board, 5% Rate Increase

One-time, 10% Increase in Commercial Fees

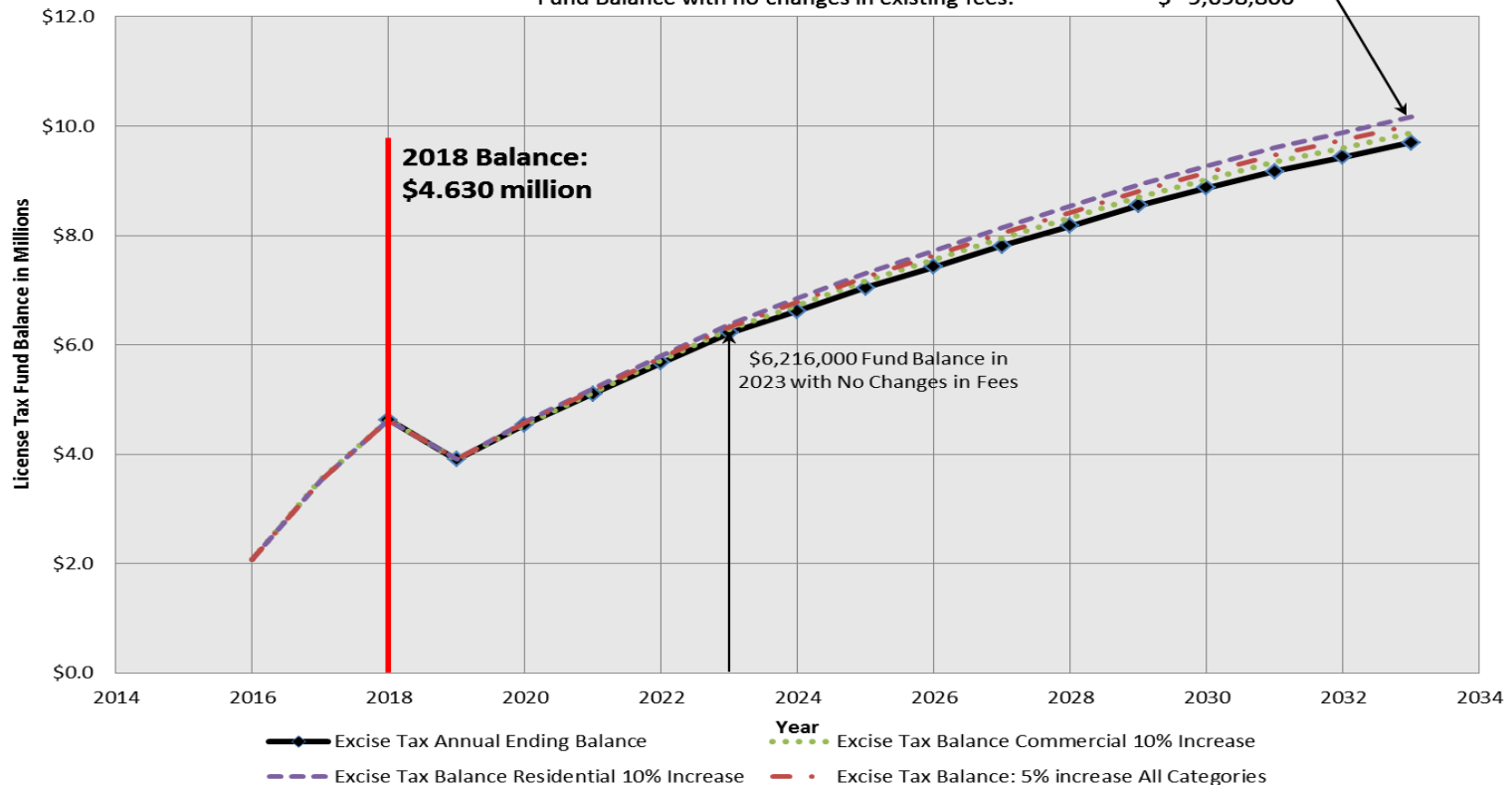
One-time, 10% increase in Residential Fees



# 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"> <li>Funded in FY19 CIP; Consultant Selection Underway</li> <li>Design and right of way acquisition in 2019</li> <li>Construct in 2020</li> </ul>
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## 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 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

# *Memorandum*

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## **City of Lee's Summit**

To: [ License Tax Review Committee ]

From: [ George Binger, City Engineer ]

C: [ Bette Wordelman, Darlene Picket, Heping Zhan, Ryan Elam, Dena Mezger;  
Christal Weber, Assistant City Manager, Steve Arbo, City Manager ]

Date: [ November 29, 2018 ]

Re: [ FY 2018 License Tax Report ]

[ City Staff submits the following the FY18 update to the License Tax Review to provide a brief history of the tax, report building permit activity from January 1 to December 31, 2017; update the status of road projects funded by the license tax; present projections for building permit activities and license tax revenue projections; and solicit guidance from the Committee regarding.

### **Background**

The license tax, or sometimes called excise tax, was adopted by voters in November 1997 and then adopted by Ordinance No. 4592 on March 17, 1998. The provisions of the license tax ordinance are found in Sections 28-175 through 28-183 of the City's Code of Ordinances. The tax is administered by City Staff subject to the oversight of the License Tax Committee. The ordinances established the Finance Director as the License Tax Administrator and designated the City Traffic Engineer and a Plans Examiner as part of the implementation team.

The license tax uses a formula based on the additional traffic created by development to calculate the fee for each project. The license tax acts as a transportation impact fee to help fund the expansion of the City's street system needed to support traffic generated by new development. Funding is not intended to benefit site specific improvements, but the overall street network in all areas of the community. The tax is paid when building permits are issued for residential construction or when the certificate of occupancy is issued for commercial and industrial development.

The tax has been used to fund road projects identified in the Thoroughfare Master Plan (TFMP). The master plan has been updated on a regular basis to adjust for changing development patterns, traffic conditions, and updated projections. The original projects proposed in 1997 were identified in the 1995 TFMP, and those projects were completed by 2011. The TFMP was updated in 2005 and 2017. TFMP updates, increasing License Tax fund balances, and increased traffic demands caused by new developments created a need to evaluate new projects to be funded from the License Tax program. New projects recommended by the License Tax Committee can be added as part of annual Capital Improvement Planning process so that projects can be vetted through the public hearing process at

# LS Memorandum

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Planning Commission and funded through the City Council budgetary process. This was the process used to add SE Browning Street to the FY 2019 Capital Improvement Plan. A detailed list of the projects funded using the License Tax is presented in Appendix A.

The current tax rates are shown in Table 1. The current rates are below the \$2,116.00 rate that was authorized by voters when the tax was adopted in 1997, so rate adjustments below that amount do not require voter approval. The current rates include a 3% rate increase adopted in 2007, a 5% rate increase in 2015 for all categories, a 10% rate increase on non-residential development in 2016, and a 5% rate increase on non-residential development in 2018.

**Table 1: License Tax Rates for 2018-19 (FY19)**

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

## **Current Status and Projections for Future Revenues**

The City issued 762 permits for residential dwelling units in 2017, which was significantly more than the 509 permits issued in 2016. 2017 is projected to be the peak activity based on land current available for development.

2018 and 2019 projections estimate 500 to 600 residential permits. Starting in 2020-21, the residential construction activity is expected to gradually decline over the next 10 years. This peak is included multi-family units currently under construction. Activity is expected to be equal or greater than 400 residential units per year for the next 3 to 5 years.

Growth may flatten sometime after 2022 because new construction is expected to use most of the existing inventory of platted land or easily developable land. Work beyond those years will become more difficult to develop due to the increased infrastructure costs associated with more challenging land areas. Figure 1 shows the building permit projections for residential units.

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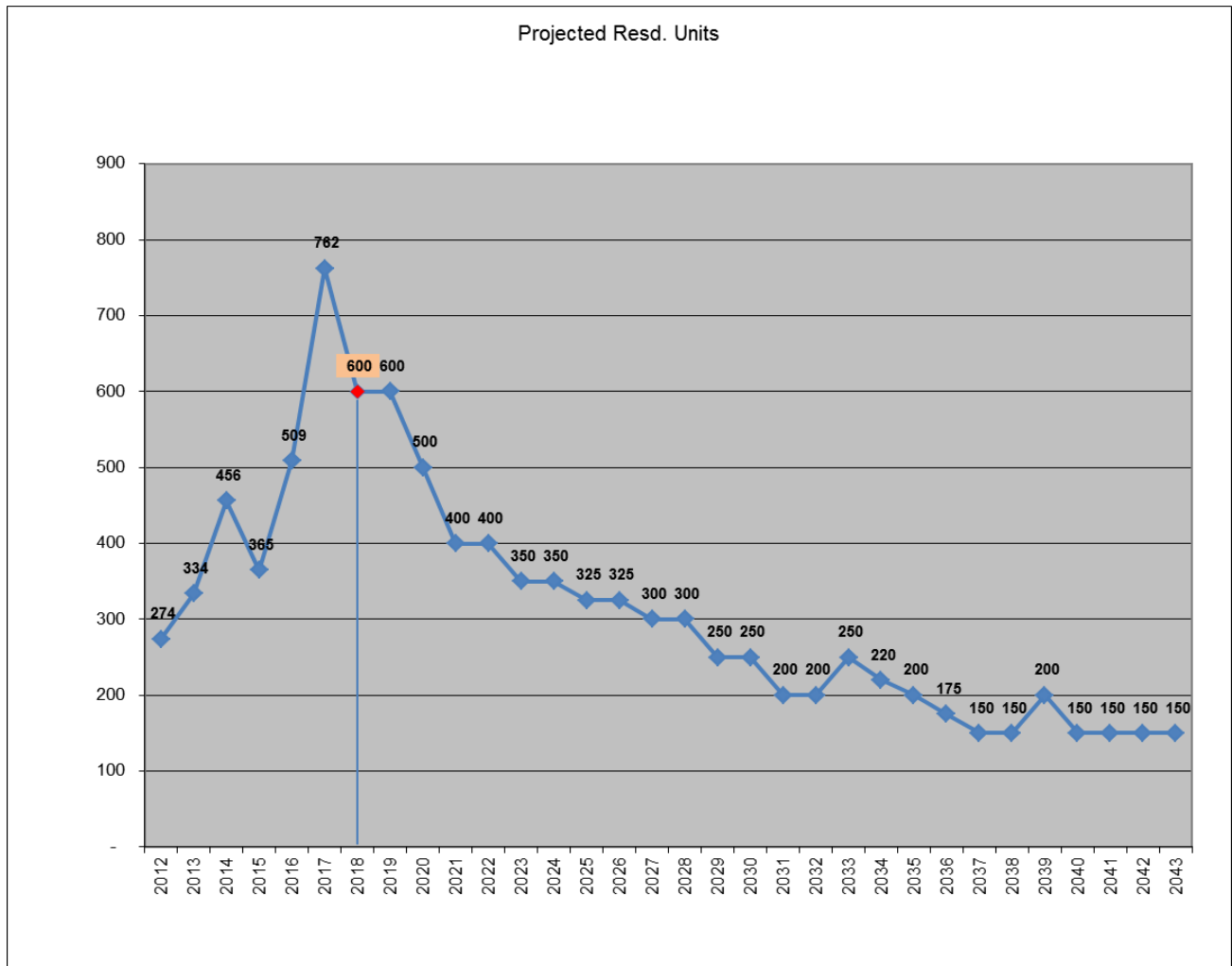
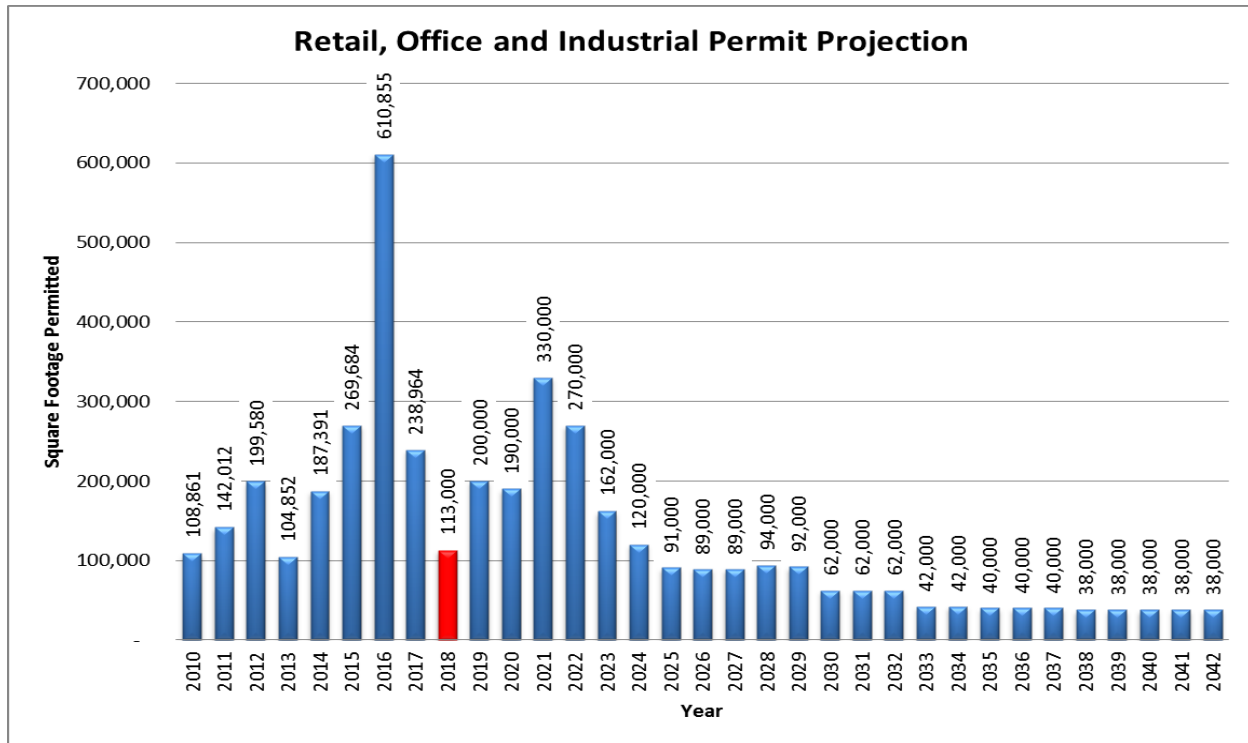


Figure 1: Projected Number of Residential Building Permits.

Commercial and industrial permitting is reported based on the square footage of buildings added to the City's existing inventory. 113,000 square feet were permitted in 2017, which is significantly less than the 610,855 square feet permitted in 2016. Office and Industrial permit volumes in 2017 were each about 80% of the square footage permitted in the previous year.

Commercial and industrial is forecast to be lower this year, move up for two to four years, and then decline gradually starting in 2023. Commercial square footage construction is expected to be less than 150,000 square feet per starting in 2023. The peaks and downward trends are shown in Figure 2.



**Figure 2: Projected Square Footage of Retail, Office and Industrial and Building Permits.**

The total number of permits forecast is expected to be achieved because permit estimates are based on land area. The actual timing of the permit activity is more difficult to forecast. For example, a project development expected to start in 2018 may be delayed a few months, which would push the permit, and thus the revenues, into 2019. The City still receives the revenues, but the timing will change.

City staff has conservatively projected permits. The unpredictable timing and changes in projects may change the building footprint or use of a site, and thus change the license tax fee. Only known projects were considered for the next 2 to 4 years. Additional projects are likely to occur, but no such hypothetical projects were counted in the forecast.

The license tax generated \$1,106,761 of revenue for FY 2018 to yield a year-end balance of \$4.630 million. Based on currently active development projects, FY 2019 license tax revenues are forecast to be about \$700,633 by the end of this fiscal year for June 30, 2019. \$1.430 million of license tax funding is currently programmed in the Capital Improvement Plan (CIP) to construct SE Browning Street. The current balance, plus expected revenues, less the programmed money would create a projected available fund balance of about \$3.900 million available for spending in FY2020. Detailed revenue

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tables can be found in Appendix B. Based on current tax rates, revenues are expected to create a fund balance exceeding \$6.216 million in 2023.

## **Administrative Issues**

The current ordinance includes language that is either outdated or confusing to applicants. City staff recommends modifying the ordinance to delete the outdated or expired sections of the ordinance. For example, several paragraphs outline tax exemptions for work initiated before December 31, 1997 would be deleted.

## **Analysis**

The current fund balance is sufficient to fund projects currently identified in the Thoroughfare Master Plan (TFMP). Examples of projects that could be funded now are a traffic signal with turn lane improvements at SE Hamblen and Bailey Roads; SW Longview Boulevard from Longview Road to Scherer Road; NE Chipman Road between Todd George Parkway and Bristol Drive; NW Pryor Road from I-470 north to Colbern Road; SW Pryor Road from County Line Road to M-150; SW Hook Road City Limits to Ward Road. Allocation of funds could support a single arterial road project, multiple smaller projects, or augment other funding sources to supplement very large projects.

The excise tax rate changes since 1997 have been relatively low, so the real value of funds collected has been declining due to inflation. However, the combined License Tax, sales taxes dedicated to transportation, bond issues, and special assessment districts have been sufficient to improve the City's road networks in accordance with adopted goals and policies.

Table 2 shows the historical license tax rates compared to values adjusted for inflation. Consumer inflation is based on annual adjustments to the Consumer Price Index (CPI) published by the Department of Labor. Construction inflation is based on annual adjustment to the 1993 Construction Cost Index (CCI) published by RS Means.

**Table 2: Comparison of Actual License Tax Rates to Original 1998 Rate Adjusted for Consumer Price Inflation and Construction Cost Inflation**

Year	Actual Residential License Tax Rate	Residential Rates Adjusted for CPI	Residential Rates Adjusted for CCI	Max. Rate Allowed by 1997 Election
2018	\$1,088.00	\$1,453.00	\$1,877.00	\$2,116.00

The current License Tax for residential rates lags 33% below the CPI and 73% below the CCI. The existing ordinance allows for increasing the License Tax rate to \$2,116.00, which would exceed the rates adjusted for inflation. So rate adjustments less than the voter-approved threshold can be approved by City Council without requiring a citywide public vote. Appendix C presents license tax rates adjusted for CPI data and CCI data in comparison with the actual license tax rates.

# LS Memorandum

Based on recent comments by the Committee, they desired to raise rates as one-time events in 2015 and 2018 in efforts to capture revenue associated with new non-residential development without adversely affecting development activity. As seen in Figures 1 and 2, development activity increased significantly, which would indicate the license tax rate increases did not have a negative impact on the overall development activity. Reduced rates in 2011 did not increase local development activity during the recession years. Based on those observations, City Staff's assessment is that (a) regional and national economies have a greater effect on development activity than the license tax rates, and (b) small changes in those rates have not altered development activity.

After funding SE Browning Street, the remaining accrued balances in FY19 will be sufficient to support additional transportation projects for which the combined costs are less than \$4.0 million. Funds would allow programming up to \$6.2 million into the CIP over the next five years.

Based on the current fund balance, and the projected multi-million dollar fund balance building over the next 5 to 10 years, consideration should be given to programming money so that a plan is in place to spend the money. The City should avoid building too large of an unallocated balance to avoid potential issues related the Hancock Amendment which prohibits collecting excessive fees. Planning ahead would also reduce the risk of hastily choosing work that may be hard to fit the Committee's general guidance for project selection. The project lists also subject to annual reviews so project programmed beyond the current fiscal year can easily be deferred, removed, replaced, change the scope, or other actions to adjust to future changes in the City.

An example list of projects potentially eligible for funding is shown below. City Staff would ask the Committee to consider discussion of road projects for inclusion in the City's 5-year Capital Improvement Plan, similar to the process that authorized funding for SE Browning Street.

Potential Future Projects for Consideration			
Project	TFMP*	Multiple Developments?	Budget Estimate
Main Street: Chipman Road to Commerce Drive	Yes	8 Commercial plus undeveloped	\$1.1 M
SE Hamblen and Bailey Road Signal and Intersection	Yes	17 commercial 6 residential	\$850,000
SW Longview Boulevard from Longview Road to Scherer Road	Yes	11 residential plus undeveloped	\$2.8 M

# LS Memorandum

NE Chipman Road between Todd George Parkway and Bristol Drive	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 from County Line Road to M-150 (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

\*TFMP = 2017 Thoroughfare Master Plan

## **Summary of Committee Recommendations from 2017 Report**

The Committee reiterated the desire to at least discuss the topic of raising rates annually to evaluate if adjusting rates may be appropriate. City Staff introduced several projects that could be funded by the License Tax, but did not specifically ask for projects to be evaluated for funding.

The Committee re-affirmed the following guidance for the License Tax Program:

- A. Projects eligible for license tax funding should be limited to projects identified in the City's Thoroughfare Master Plan (TFMP)
- B. License tax funding should be managed on a cash-flow basis, and not used for debt financing
- C. The fund should not be tied to the City's Economic Development Policy
- D. Projects should exclude site specific projects required by one developer or landowner to complete a project
- E. Economic development focused projects are preferred use of this fund

Last year the Committee recommended the following and City Council Approved the following:

- Add SE Browning Street extension to connect Oldham Parkway to Hamblen Road
- Increased non-residential rates by 5% so that the current rates are as shown below:

The fund itself does not generate enough annual revenue to complete a project every year. The Committee does not want to issue bonds backed by the license tax, so several years of funds should be accumulated to pay cash for eligible projects identified in the TFMP. Although economic development related road work is the preferred used for this fund, it should be noted that TFMP includes economic development as a component of the many needs and demands used to identify needed transportation projects. Therefore, capacity and safety projects should not be automatically dismissed from consideration. Many projects have multiple benefits, so a capacity project is likely to support economic development and safety.





# *Memorandum*

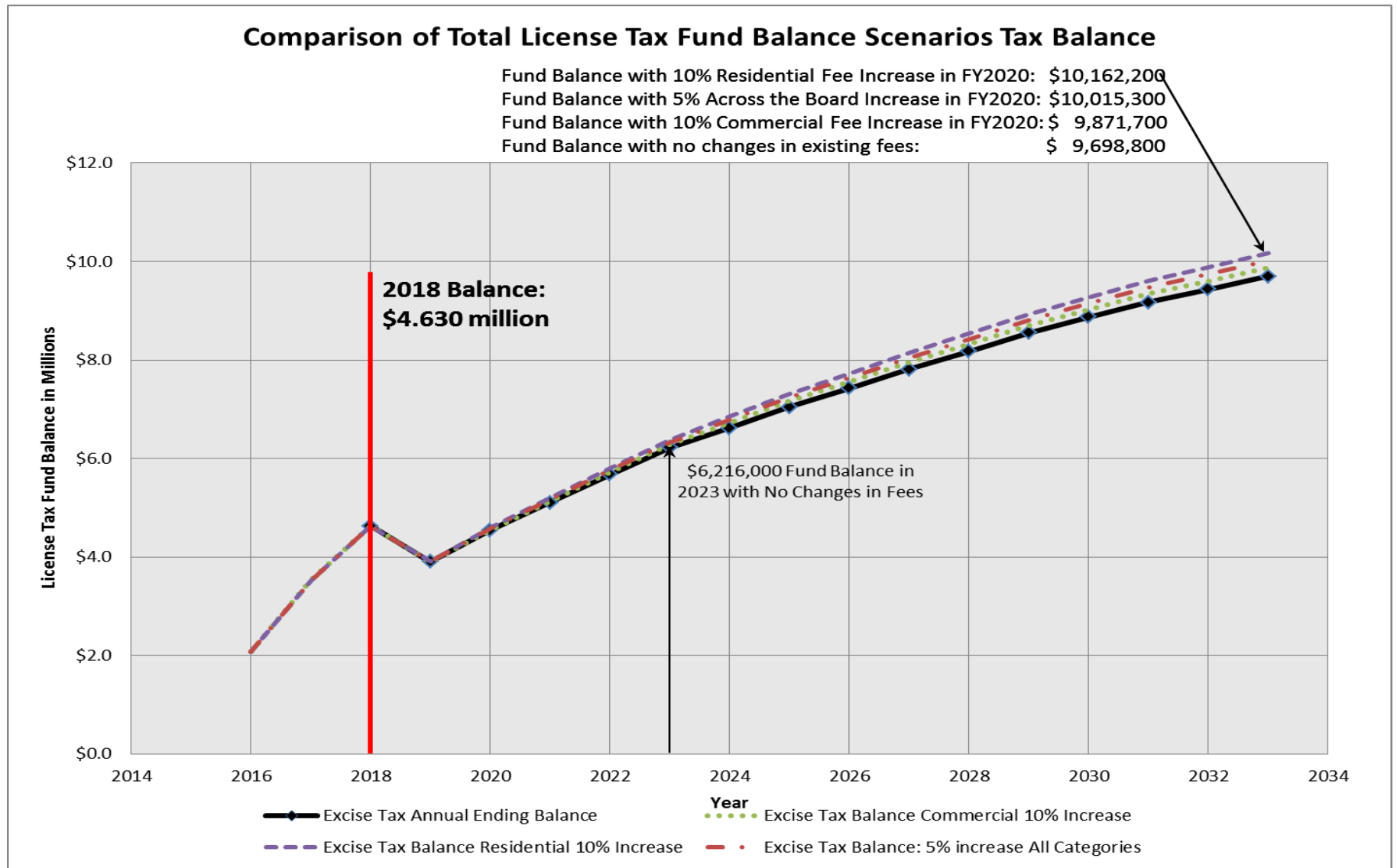
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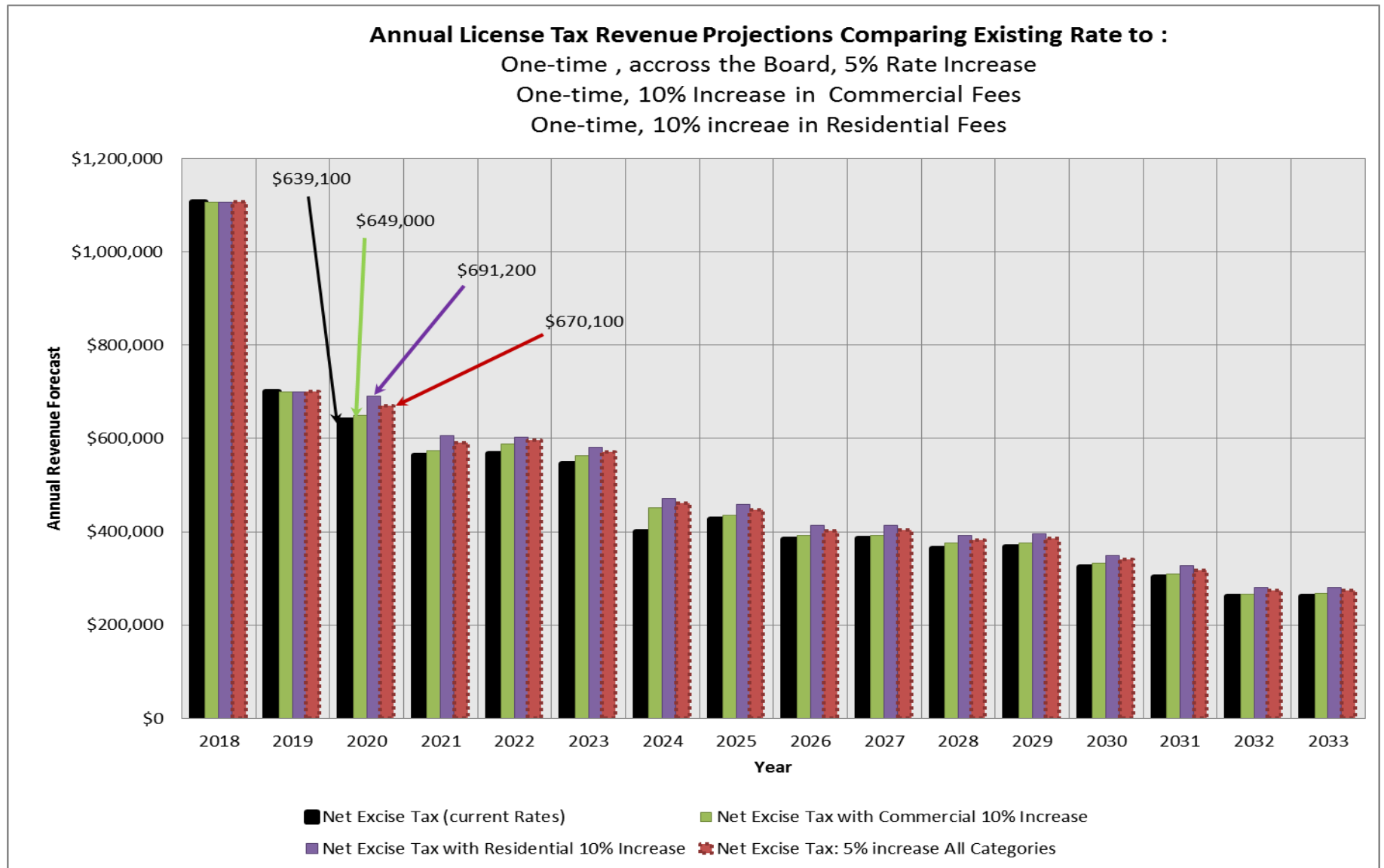
The Committee commented that the License Tax program has been successful in helping the City's transportation network keep pace with new growth. Moving forward, revenues generated from this program should continue to support projects needed to build a high-quality transportation network in accordance with the City's overall vision for high quality and long-lasting roads.

APPENDIX A to FY 2018 LICENSE TAX REPORT: Status Projects Funded with License Tax Revenues

Transportation Projects Completed with Use of License Tax Funds	
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 3 <sup>rd</sup> )	5 <sup>th</sup> Street (Grand to M-291)
Longview Rd (Sampson to Ward)	Woods Chapel Rd (1-470 to East City Limits)
SE Browning Street (Oldham to Hamblen) <ul style="list-style-type: none"> <li>• Added to CIP in FY 2019</li> <li>• Design in 2019</li> <li>• In process to select design consultant</li> <li>• Due required interaction with Union Pacific Railroad, construction likely in 2020-21</li> </ul>	

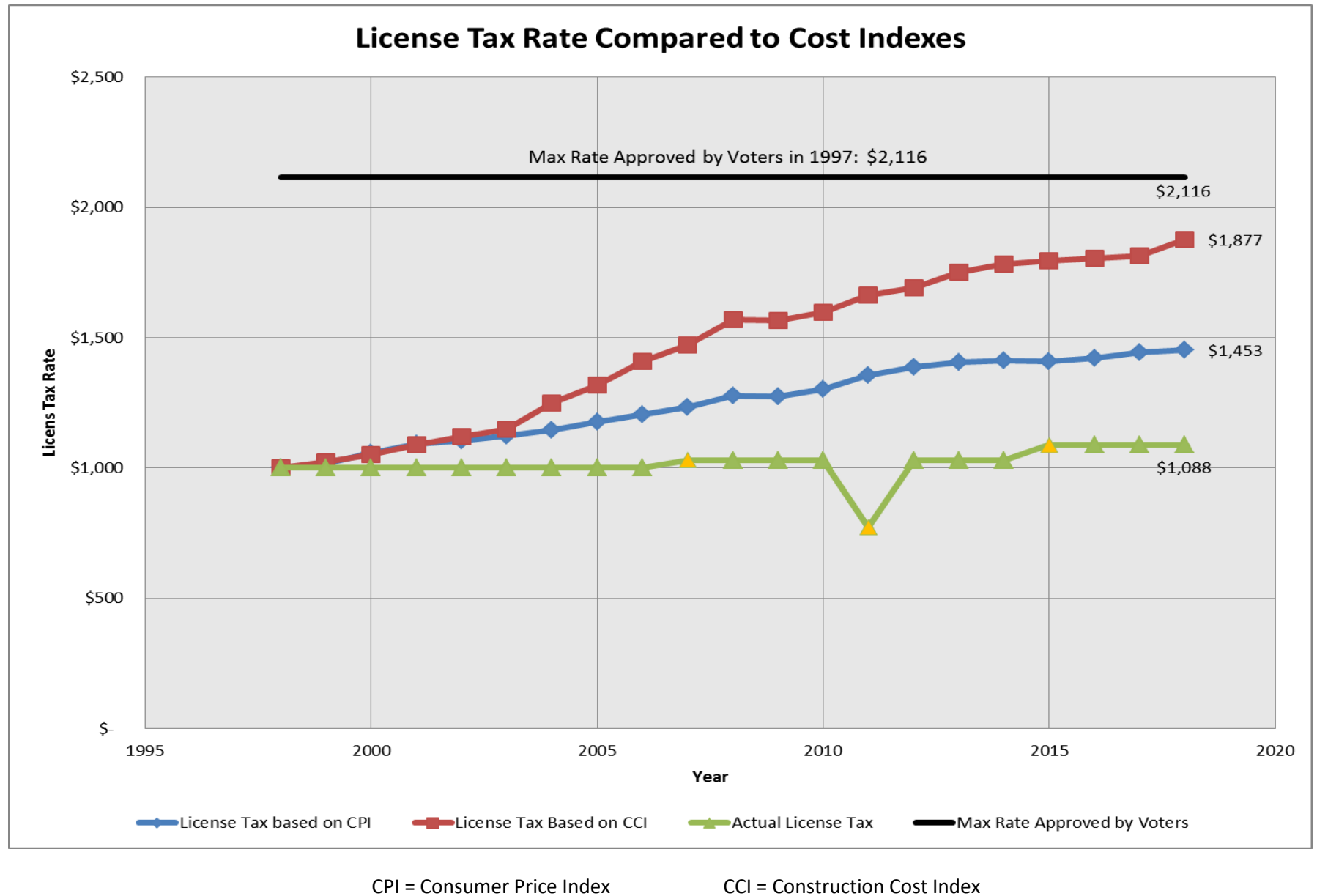
Note: The License Tax Committee recommended the Chipman Road Phase III project (from M-291 to Birchwood) be removed from the program so License Tax funds can be used for other projects in the Thoroughfare Master Plan. Chipman Road project will remain in the master plan, but funded from other sources in the future if the project is deemed necessary in context of the Thoroughfare Master Plan.





APPENDIX B to FY 2018 LICENSE TAX REPORT: Total Fund Balance and Annual Revenue Comparisons if Fees Increased

Comparison of Annual Excise Tax Revenues Models								
Fiscal Year	Net Excise Tax (current Rates)	Net Excise Tax with Commercial 10% Increase	Annual Difference from existing rate with Commercial 10% increase	Net Excise Tax with Residential 10% Increase	Annual Difference from existing rate with Residential 10% increase	Net Excise Tax: 5% increase All Categories	Difference from existing rate with All Category 5% increase	Year
2018	\$ 1,106,761	\$ 1,106,761		\$ 1,106,761		\$ 1,106,761		2018
2019	\$ 700,633	\$ 700,633	\$ -	\$ 700,633	\$ -	\$ 700,633	\$ -	2019
2020	\$ 639,125	\$ 648,951	\$ 9,826	\$ 691,211	\$ 52,086	\$ 670,081	\$ 30,956	2020
2021	\$ 563,112	\$ 573,817	\$ 10,705	\$ 606,714	\$ 43,602	\$ 590,265	\$ 27,153	2021
2022	\$ 568,335	\$ 588,071	\$ 19,736	\$ 603,418	\$ 35,083	\$ 595,744	\$ 27,409	2022
2023	\$ 545,600	\$ 562,924	\$ 17,324	\$ 580,816	\$ 35,216	\$ 571,870	\$ 26,270	2023
2024	\$ 400,128	\$ 451,106	\$ 50,978	\$ 471,135	\$ 71,007	\$ 461,120	\$ 60,992	2024
2025	\$ 426,615	\$ 436,117	\$ 9,502	\$ 457,737	\$ 31,122	\$ 446,928	\$ 20,313	2025
2026	\$ 383,964	\$ 391,246	\$ 7,282	\$ 413,032	\$ 29,068	\$ 402,139	\$ 18,175	2026
2027	\$ 385,172	\$ 392,459	\$ 7,287	\$ 414,351	\$ 29,179	\$ 403,405	\$ 18,233	2027
2028	\$ 364,914	\$ 375,492	\$ 10,578	\$ 392,031	\$ 27,117	\$ 382,129	\$ 17,215	2028
2029	\$ 367,980	\$ 375,492	\$ 7,512	\$ 395,199	\$ 27,219	\$ 385,345	\$ 17,365	2029
2030	\$ 325,275	\$ 332,747	\$ 7,472	\$ 348,256	\$ 22,981	\$ 340,501	\$ 15,226	2030
2031	\$ 303,607	\$ 308,818	\$ 5,211	\$ 326,674	\$ 23,067	\$ 317,745	\$ 14,138	2031
2032	\$ 261,339	\$ 266,570	\$ 5,231	\$ 280,152	\$ 18,813	\$ 273,361	\$ 12,022	2030
2033	\$ 262,319	\$ 267,570	\$ 5,251	\$ 281,202	\$ 18,883	\$ 274,386	\$ 12,067	2031
Total increased Revenues from 2020-2033:			\$ 173,895		\$ 464,443		\$ 317,534	



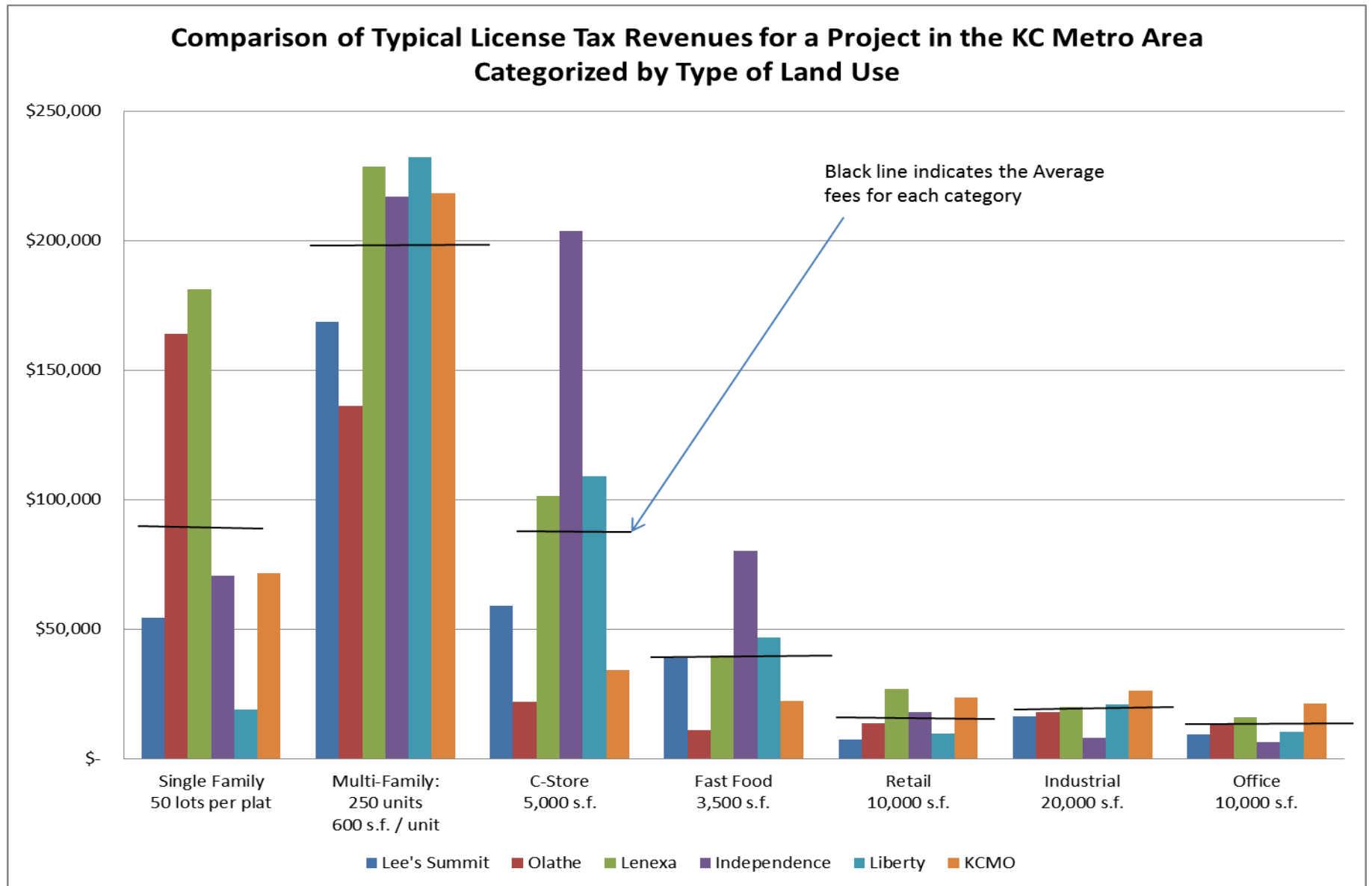
APPENDIX C to FY 2018 LICENSE TAX REPORT: City of Lee's Summit License Tax Rates Compared to Economic Indexes and Other Communities

Avg. Change in CPI (%)	RS Means CCI % change	Year	License Tax based on CPI	License Tax Based on CCI	Actual License Tax	Max Rate approved by Voters	KC Regional Consumer Price Index (1982 dollars) *	RS Means Construction Cost Index (1993 dollars) **
		1997					155.8	112.8
1.3%	2.0%	1998	\$ 1,001	\$ 1,001	\$ 1,001	\$ 2,116	157.8	115.1
1.5%	2.2%	1999	\$ 1,016	\$ 1,023	\$ 1,001	\$ 2,116	160.1	117.6
4.1%	2.8%	2000	\$ 1,057	\$ 1,051	\$ 1,001	\$ 2,116	166.6	120.9
3.4%	3.5%	2001	\$ 1,092	\$ 1,088	\$ 1,001	\$ 2,116	172.2	125.1
1.0%	2.9%	2002	\$ 1,104	\$ 1,119	\$ 1,001	\$ 2,116	174.0	128.7
1.7%	2.6%	2003	\$ 1,123	\$ 1,148	\$ 1,001	\$ 2,116	177.0	132.0
2.1%	8.9%	2004	\$ 1,146	\$ 1,250	\$ 1,001	\$ 2,116	180.7	143.7
2.5%	5.5%	2005	\$ 1,175	\$ 1,318	\$ 1,001	\$ 2,116	185.3	151.6
2.6%	6.9%	2006	\$ 1,206	\$ 1,409	\$ 1,001	\$ 2,116	190.1	162.0
2.3%	4.6%	2007	\$ 1,234	\$ 1,473	\$ 1,031	\$ 2,116	194.5	169.4
3.4%	6.5%	2008	\$ 1,276	\$ 1,569	\$ 1,031	\$ 2,116	201.2	180.4
-0.1%	-0.2%	2009	\$ 1,275	\$ 1,566	\$ 1,031	\$ 2,116	201.0	180.1
2.2%	1.9%	2010	\$ 1,303	\$ 1,596	\$ 1,031	\$ 2,116	205.4	183.5
3.9%	4.2%	2011	\$ 1,354	\$ 1,663	\$ 773	\$ 2,116	213.5	191.2
2.3%	1.8%	2012	\$ 1,386	\$ 1,692	\$ 1,031	\$ 2,116	218.5	194.6
1.4%	3.4%	2013	\$ 1,406	\$ 1,750	\$ 1,031	\$ 2,116	221.6	201.2
0.5%	1.8%	2014	\$ 1,413	\$ 1,782	\$ 1,031	\$ 2,116	222.7	204.9
-0.2%	0.6%	2015	\$ 1,410	\$ 1,793	\$ 1,088	\$ 2,116	222.3	206.2
0.8%	0.5%	2016	\$ 1,422	\$ 1,803	\$ 1,088	\$ 2,116	224.1	207.3
1.5%	0.6%	2017	\$ 1,443	\$ 1,813	\$ 1,088	\$ 2,116	227.4	208.5
0.7%	3.5%	2018	\$ 1,453	\$ 1,877	\$ 1,088	\$ 2,116	229.0	215.8
*Source: Bureau of Labor Statistics Mountain-Plains Information Office webpage, accessed October 2018								
<a href="https://www.bls.gov/regions/mountain-plains/mo_kansascity_msa.htm">https://www.bls.gov/regions/mountain-plains/mo_kansascity_msa.htm</a>								
**Source: RS Means Construction Cost Data, Historical Cost Indexes								
<a href="https://www.rsmeansonline.com/references/unit/refpdf/hci.pdf">https://www.rsmeansonline.com/references/unit/refpdf/hci.pdf</a>								

APPENDIX C to FY 2018 LICENSE TAX REPORT: City of Lee's Summit License Tax Rates Compared to Economic Indexes and Other Communities

year	Median Home Values	5-year average	% Change in Home						
2000	\$ 131,500								
2001									
2002									
2003									
2004									
2005	\$ 170,800		6%	*Average per year for 5 years					
2006	\$ 187,200		10%						
2007	\$ 186,000		-1%						
2008	\$ 187,200		1%						
2009		\$ 183,580	-2%						
2010		\$ 185,500	1%						
2011		\$ 186,800	1%						
2012		\$ 185,100	-1%						
2013		\$ 186,700	1%						
2014		\$ 188,200	1%						
2015		\$ 191,300	2%						
2016		\$ 191,300	0%		96,076	Population			
2017		\$ 195,900	2%		97,290	Population			
2018		2018 ACS data not available as of 10/4/2018							
NOTES:									
Median Home price data not available prior to 2000. Before 2000, Census data published every ten years.									
After 2010, Census Bureau published American Community Survey (ACS) information based on statistical sampling.									
ACS published annual data from 2005 to 2008.									
In 2009, ACS started to publish a 5-year running average of housing data to mitigate annual market fluctuations.									
5-year averaging provides generally more accurate forecasting information than looking back for only 1 year.									
<a href="https://factfinder.census.gov/faces/nav/jsf/pages/community_facts.xhtml">https://factfinder.census.gov/faces/nav/jsf/pages/community_facts.xhtml</a>									





APPENDIX C to FY 2018 LICENSE TAX REPORT: City of Lee's Summit License Tax Rates Compared to Economic Indexes and Other Communities

11/6/2018 Data - Comparison of Fees							
	1,800 s.f. Assumes 50 lots per platted phase	250 Units @ 600 s.f. ea.	5,000 s.f.	3,500 s.f.	10,000 s.f.	20,000 s.f.	10,000 s.f.
	Single Family 50 lots per plat	Multi-Family: 250 units 600 s.f. / unit	C-Store 5,000 s.f.	Fast Food 3,500 s.f.	Retail 10,000 s.f.	Industrial 20,000 s.f.	Office 10,000 s.f.
Lee's Summit	\$ 54,400.00	\$ 168,640.00	\$ 58,931.40	\$ 38,916.90	\$ 7,244.60	\$ 16,153.50	\$ 9,328.00
Olathe	\$ 164,000.00	\$ 136,200.00	\$ 21,808.00	\$ 10,904.00	\$ 13,630.00	\$ 17,984.00	\$ 13,630.00
Lenexa	\$ 181,150.00	\$ 228,550.00	\$ 101,500.00	\$ 39,715.00	\$ 26,950.00	\$ 19,987.40	\$ 16,030.00
Independence	\$ 70,700.00	\$ 217,000.00	\$ 203,630.00	\$ 80,017.00	\$ 17,780.00	\$ 8,010.00	\$ 6,165.00
Liberty	\$ 18,950.00	\$ 232,250.00	\$ 109,050.00	\$ 46,550.00	\$ 9,500.00	\$ 20,800.00	\$ 10,300.00
KCMO	\$ 71,500.00	\$ 218,250.00	\$ 34,240.00	\$ 22,351.00	\$ 23,424.00	\$ 26,200.00	\$ 21,060.00
	Office - General Office						
	Retail - Specialty Retail		Assumes that	50	residential units permitted in average plat		
	Industrial - Light Industrial						
Averages	\$ 93,450.00	\$ 200,019.17	\$ 88,684.33	\$ 40,066.62	\$ 16,481.81	\$ 18,323.76	\$ 12,829.90
Median	\$ 71,100.00	\$ 217,625.00	\$ 81,688.99	\$ 40,288.87	\$ 15,705.00	\$ 18,985.70	\$ 11,965.00

## DIVISION 6. - BUILDING CONTRACTORS

### Sec. 28-175. - Purpose and intent.

- A. It is the intent of this division to impose an excise tax to be paid by development that generates new traffic in the City in the form of a license tax on building contractors for the purpose of raising revenue, the proceeds of which shall be used for streets and related improvements throughout the City, including but not limited to the design, construction, reconstruction, repair and maintenance of streets, roads and bridges and related improvements in the City and the acquisition of all necessary rights-of-way therefor, which tax is to be imposed on the basis of the additional vehicle trips generated by any development activity requiring a building permit and resulting in additional vehicle trips as calculated during the afternoon time period (p.m. peak hour) when traffic volume on the adjacent streets is highest.
- B. It is the intent of this division to establish an administrative review and appeal procedure to ensure that the license tax is assessed and collected in accordance with this division and all applicable laws.
- ~~C. It is the intent of this division to authorize the creation of administrative guidelines to further carry out the purposes and intent of this division.~~
- D. It is not the intent of the City to impose a fee or other exaction pursuant to the general police powers of the City or to regulate construction, growth, or development within the City.
- E. It is the intent that the license tax imposed upon building contractors through this division is a surcharge that is in addition to the annual business license tax paid by building contractors pursuant to Chapter 28, Article II, Division 1 of the Code of Ordinances. It is the intent that the license tax to be paid by a building contractor shall be the annual business license tax imposed pursuant to Chapter 28, Article II, Division 1 of the Code of Ordinances, plus the license tax imposed pursuant to this division.

(Ord. No. 4592, § 2, 3-17-1998)

### Sec. 28-176. - Definitions.

As used in this division:

*Area of building* means the total floor area of a building measured by square feet. In the absence of a building area unit of measure for the proposed use of the development, the most applicable measure of trip generation from the ITE Trip Generation Manual shall be used.

*Building* means any structure used or intended for supporting or sheltering any use or occupancy.

*Building contractor* means a person that builds a building.

*Building permit* means the permit required for new construction and additions pursuant to Sections 7-27 and 7-28 of the Lee's Summit City Code of Ordinances, as amended.

*City Manager* means the City Manager or his designee.

*Developer* means a person who engages in development.

*Development* means any man-made change or change of use to improved or unimproved land, including but not limited to buildings or other structures, mining, dredging, filling, grading, paving, excavating or drilling operations.

*Dwelling unit* means one (1) or more rooms constituting all or part of a building and that are arranged, designed, or used exclusively as a single housekeeping unit for one (1) family, and that may include cooking, living, sanitation, and sleeping facilities.

*License tax* means the tax imposed upon a building contractor pursuant to this division.

**Comment [GMB1]:** Clarify so City staff and evaluate unusual situations when development generates traffic but no building on site. ITE has other measures such as number of employees, drive through trips, private athletic facilities, etc.

*License Tax Administrator* means the Director of Finance or his designee.

*Non-residential* means created or used for any purpose other than residential uses or purposes.

*Person* means any individual, partnership, corporation, trust, incorporated or unincorporated association, marital community, joint venture, governmental entity, or other entity or group of persons however organized.

*P.M. peak hour* means the hour between 4:00 p.m. and 6:00 p.m. during the weekdays, Monday through and including Friday, at which the average traffic volume is highest.

*Public body* means agencies of the Federal or State government, or political subdivisions of the State.

*Residential* means primarily created or used for a dwelling for one or more persons.

*School district* means a public school district of the State of Missouri.

*Structure* means that which is built or constructed, an edifice or building of any kind, or any piece of work artificially built up or composed of parts joined together in some definite manner for either residential or non-residential purposes.

*Vehicle trip* means a single or one-direction vehicle movement with either the origin or the destination (exiting or entering) at the subject building. For trip generation purposes, the total trip ends for a building over a given period of time are the total of all trips entering plus all the trips exiting a site during a designated time period.

(Ord. No. 4592, § 4, 3-17-1998)

Sec. 28-177. - Applicability.

- A. This division shall be applicable to development requiring a building permit and resulting in additional vehicle trips. Additional vehicle trips shall be calculated during the afternoon time period (p.m. peak hour) when traffic volume on adjacent streets is highest. As used in this section, additional vehicle trips shall mean vehicle trips that add to the total traffic volume on the street network as a result of the new development.
- B. Credits. Any credit granted under this division shall reduce the total license tax owed by a building contractor.
  - 1. Upon submission of a proper application therefore, the following persons shall be granted a full credit in the amount of the license tax imposed pursuant to this division by the License Tax Administrator:
    - a. Development requiring a building permit and resulting in additional vehicle trips constructed by, or by a building contractor on behalf of, a public body for its governmental use;
    - b. Development requiring a building permit and resulting in additional vehicle trips constructed by, or by a building contractor on behalf of, a school district of the State;
    - c. Rebuilding of an involuntarily damaged or destroyed building, provided that such rebuilding does not result in additional vehicle trips;
    - ~~d. Development requiring a building permit and resulting in additional vehicle trips constructed by, or by a building contractor on behalf of, a person that has entered into a development agreement with the City, executed and dated prior to the enactment of Ordinance No. 4592, wherein the development agreement contains:~~
      - ~~1) A specific clause that provides that the person shall not be required to pay any excise tax, impact fee, or a special assessment imposed by the City after the date of such agreement; and~~

Comment [GMB2]: Expired

~~2) A commitment by the person entering into the development agreement with the City to construct or reconstruct, or provide a financial contribution for, street improvements in the City, and which financial contributions and/or street improvements enhance the City's street network.~~

- e. Development requiring a building permit and resulting in additional vehicle trips that is constructed by, or by a building contractor on behalf of, a person that is not subject to any Federal, State or local taxes, including Federal, State and local sales, income, personal property, real property, use, earnings, excise or license taxes. The burden of proof shall be on the building contractor claiming this credit to demonstrate to the License Tax Administrator, by clear and convincing evidence, that the development being constructed by, or by a building contractor on behalf of, a person claiming such credit is exempt from all Federal, State and local taxes as described in this subsection;

~~f. A building contractor that requests a building permit for which a plat application was approved by the appropriate approving authority on or before December 31, 1997, and for which a complete building permit application, as determined by the Building Official, is submitted on or before March 31, 1999. As used in this subsection, plat application shall mean final plat, preliminary plat, and minor plat. All credits granted pursuant to this subsection shall not affect the amount of funds required under the City's escrow/letter of credit policy for improvements as provided in Article I, Section XXII of Ordinance No. 3719, as amended (Design and Construction Manual);~~

Comment [GMB3]: expired

- g. A building contractor that requests a building permit that is required for utilization of currently underutilized facilities within an existing building. As used in this subsection, underutilized means not fully occupied or being used to full capacity.

- 2. Upon submission of a proper application therefore, the following persons shall be granted a partial credit from the license tax imposed pursuant to this division by the License Tax Administrator:

- a. A building contractor that requests a building permit that is required for a change of existing uses within an existing building, except that a change of use from a residential use to a non-residential use shall be granted a credit only for the number of trips that were generated by the building during the p.m. peak time period prior to the change in use;
- b. A building contractor that requests a building permit that results in the redevelopment of property, provided that a complete application for a building permit to construct a building to replace the existing building is filed within six (6) months following demolition of the existing building, or within a longer period of time as approved by the License Tax Administrator or the City Manager. As used in this Subsection, redevelopment means the demolition of one (1) or more buildings and the subsequent construction of one (1) or more new buildings on the property. The credit shall be granted only for the number of trips that were generated by the previous building during the p.m. peak time period.

~~c. From April 1, 2010 through April 1, 2011, any building contractor that requests a building permit for construction of residential property shall be given a twenty-five (25) percent credit on the license tax imposed by this division for such permit.~~

Comment [GMB4]: expired

- 3. In the event that the building is transferred to a person that would not be eligible for a credit hereunder, within a period of one (1) year from the date of the issuance of the building permit, the transferee shall be required to pay the tax imposed by this division.

(Ord. No. 4592, § 5, 3-17-1998; Ord. No. 6911, § 1, 3-18-2010)

Sec. 28-178. - Assessment and collection of the license tax.

- A. Upon submission of a building permit application, the License Tax Administrator shall:

1. Determine the applicability of this division to the development for which the building permit is submitted;
  2. If this division is not applicable, the License Tax Administrator shall notify the applicant in writing of its inapplicability, and the City shall process the building permit application in accordance with all applicable City ordinances and regulations;
  3. If this division is applicable, the License Tax Administrator shall calculate and assess the license tax in accordance with this division. The applicable license tax shall be calculated pursuant to Section 28-179. Assessment shall be completed within fifteen (15) days of submission of a building permit application, unless the applicant is notified otherwise in writing by the License Tax Administrator.
- B. The imposition of the license tax pursuant to this division does not alter, negate, supersede or otherwise affect any of the requirements of the City, including the City zoning ordinance and subdivision regulations (Unified Development Ordinance), and County, State and Federal legislation or regulations that may be applicable to a development that may impose street network improvements.
- C. The funds collected pursuant to this division shall be deposited in the account, established by Ordinance No. 4574, of the general fund of the City and used for the purposes specified in Section 28-175.A.
- D. The license tax shall be due and payable as follows:
1. *Residential development.* The license tax shall be due and payable prior to the issuance of a building permit for residential development.
  2. *Non-residential development.*
    - a. Shell buildings. For non-residential development structures that are shell buildings constructed for the purpose of speculative development (hereinafter, "shell buildings"), the license tax may be due and payable at the time of issuance of any certificate of occupancy for a tenant finish building permit, upon written request of the applicant to the Building Official. The applicant shall make the written request to the Building Official to exercise the provisions of this section at the time of application for a building permit for the shell building.
    - b. Other than shell buildings. For non-residential development structures other than shell buildings, the license tax shall be due and payable prior to the issuance of any certificate of occupancy, unless the building contractor arranges for payment over a period of years, in accordance with this division.
    - c. Payment over a period of years. For non-residential development structures other than shell buildings, the building contractor may arrange for payment of the license tax over a period of five (5) years, in accordance with the following:
      - 1) Application shall be made in writing to the Building Official prior to the time the license tax is due and payable.
      - 2) Upon submittal of the application, twenty (20) percent of the license tax shall be paid and financial assurance shall be posted, sufficient to assure the payment of the remaining license tax.
      - 3) The anniversary date shall be one year from the date that a complete application was submitted. If the anniversary date falls on a Saturday, Sunday or legal holiday, as defined in Section 28-181.C., the anniversary date shall be considered the first business day after the anniversary date.
      - 4) A payment equal to twenty (20) percent of the license tax, plus interest, shall be due and payable by 12:00 p.m. CST, on each of the first four (4) anniversary dates until the full license tax, plus interest, is paid.

- 5) Financial assurance shall be posted, sufficient to assure the payment of the remaining license tax by 12:00 p.m. CST, on each of the first three (3) anniversary dates until the full license tax, plus interest is paid.
- 6) If payment and posting of financial assurance is not made in accordance with the terms of this division, the full amount of the excise tax shall be immediately due and payable.
- 7) Financial assurance shall be in the form of an irrevocable letter of credit, from a bank with sufficient financial capability as determined by the Director of Finance.
- 8) Interest shall be calculated annually on the outstanding balance of the license tax. The interest rate shall be the rate earned on the City's pooled cash in accordance with the City's investment policy, for the prior fiscal year.
- 9) There shall be no prepayment penalty.

E. It shall be unlawful to occupy a building unless the license tax for that building has been paid, or unless payment over a period of years has been arranged.

(Ord. No. 4592, § 6, 3-17-1998; Ord. No. 5036, § 1, 9-21-2000; Ord. No. 6963, § 1, 8-12-2010)

Sec. 28-179. - Calculation of the license tax.

A. The City shall calculate the license tax as follows:

1. The Council shall by ordinance establish the license tax imposed upon a building contractor that shall be calculated by multiplying the trip generation rate by the license tax rate.
2. Trip generation rate. The trip generation rate is a measurement of the number of trips to and from a building for which a building permit application is submitted.
  - a. The License Tax Administrator shall determine the trip generation rate for residential property by multiplying the number of dwelling units by the trip generation rate specified for the specific type of land use category.
  - b. The License Tax Administrator shall determine the trip generation rate for non-residential property by dividing the total floor area of the building, measured in square feet, by one thousand (1,000), and then multiplying that number by the trip generation rate specified for the specific type of land use category.
3. License tax rate. The license tax rate is a measurement of the rate of tax to be paid by building contractors according to land use classifications.

B. Tax rates by land use category.

Land Use Category	Tax Rate
Residential	\$1,088.00 per new trip
Manufacturing/industrial	1,000.00 per new trip
Commercial	750.00 per new trip

(Ord. No. 4592, § 7, 3-17-1998; Ord. No. 6438, § 1, 6-21-2007; Ord. No. 7657, § 1, 6-18-2015; Ord. No. 7899, § 2, 6-23-2016; Ord. No. 8398, § 2, 6-7-2018)

Sec. 28-180. - Administration of division.

- A. The License Tax Administrator shall perform all duties imposed by this division unless otherwise provided.
- B. The City Manager shall have the authority to create administrative guidelines that are necessary to effectuate and carry out the intent and purposes of this division. No administrative guidelines shall take effect until adopted by resolution by the Council.

(Ord. No. 4592, § 8, 3-17-1998)

Sec. 28-181. - Appeals.

A. *Appeal to the City Manager.*

1. A building contractor or developer (hereinafter "appellant") may appeal the assessment of a license tax to the City Manager by filing a notice of appeal with the City Manager within thirty (30) days following the assessment of the license tax by the License Tax Administrator. If an appellant fails to appeal the assessment of the license tax within thirty (30) days as set forth in this subsection, the assessment of the license tax shall be final and no appeal shall be heard. If the appellant pays the license tax without protest, the appellant waives the right to appeal the assessment of the license tax.
2. If the license tax is due and payable under the terms of Section 28-178, and an appellant desires to process a building permit application or any certificate of occupancy during the appeal process, the building contractor is required to pay the license tax under protest. If the license tax is paid under protest by the building contractor, an appeal from a final decision of the License Tax Administrator shall not delay processing of the building permit and shall not delay any other permit, license or approval issued by the City.
3. An appellant may appeal to the City Manager the following decisions:
  - a. The land use classification of the development;
  - b. The number of trips generated by the proposed development;
  - c. Any credit determination pursuant to Section 28-177.B.
4. Within ten (10) days of receipt of the notice of appeal, or by such date as shall be agreed upon in writing between the appellant and the City, the appellant shall submit to the City Manager copies of all studies, calculations and other documentation appropriate to the determination of the license tax. If a specified basis for the appeal is to challenge the License Tax Administrator's determination of the number of trips generated by the proposed development, the appellant may be required to submit to the City Manager a traffic study prepared by a certified traffic engineer or traffic engineering firm, paid for by the appellant, which sets forth the appellant's proposed trip generation calculations for the development. If the basis for the appeal is a credit determination pursuant to Section 28-177.B., the appellant must submit to the City Manager proof that it is eligible for a credit and the extent of the credit.
5. The Notice of Appeal filed with the City Manager shall specify the grounds for the review. The City Manager shall consider the appeal. The appellant maintains the burden of proof to demonstrate by clear and convincing evidence that:
  - a. The land use classification of the development is incorrect;



- b. The number of trips generated by the development, as calculated by the License Tax Administrator, does not reflect the actual number of trips created by the development; or
  - c. The credit determination under Section 28-177.B. is incorrect.
6. Within thirty (30) days after filing of the notice of appeal, the City Manager shall render a final decision in writing to the appellant regarding assessment, calculation and collection of the license tax.

**B. *Appeal to the Council.***

- 1. An appeal under this subsection may be heard only if the appellant has received a final decision from the City Manager pursuant to Section 28-181.A.6.
- 2. If the license tax is due and payable under the terms of Section 78 and an appellant desires to process a building permit application or any certificate of occupancy after appeal is taken from the final decision of the City Manager, the building contractor is required to pay the license tax under protest. If the license tax is paid under protest by the building contractor, an appeal from a final decision of the City Manager shall not delay processing of the building permit and shall not delay any other permit, license or approval issued by the City.
- 3. An appellant may appeal the final decision of the City Manager by filing a Notice of Appeal with the City Clerk within fifteen (15) days following issuance of the final written decision of the City Manager as specified in Section 28-181.A.6. If an appellant fails to appeal the final decision of the City Manager within fifteen (15) days as set forth in this subsection, the assessment of the license tax shall be final and no appeal shall be heard.
- 4. An appellant may appeal the following decisions of the City Manager to the Council:
  - a. The land use classification of the development;
  - b. The number of trips generated by the proposed development; or
  - c. Any credit determination pursuant to Section 28-177.B.
- 5. Within thirty (30) days of receipt of the Notice of Appeal, or by such date as shall be agreed upon in writing between the appellant and the City, the appellant shall submit to the Public Works Committee copies of all studies, calculations and other documentation appropriate to the determination of the license tax. If a specified basis for the appeal is to challenge the City Manager's determination of the number of trips generated by the proposed development, the appellant may be required to submit to the Public Works Committee a traffic study prepared by a certified traffic engineer or traffic engineering firm, paid for by the appellant, which sets forth the appellant's proposed trip generation calculations for the development. If the basis for the appeal is a credit determination pursuant to Section 28-177.B., the appellant must submit to the Public Works Committee proof that it is eligible for a credit and the extent of the credit.
- 6. The Notice of Appeal shall specify the grounds for the appeal, and no argument shall be heard by the Public Works committee that is not set forth in the Notice of Appeal. The Notice of Appeal shall be forwarded to the Public Works Committee along with a recommendation from City staff and the Public Works Committee shall conduct a hearing and submit written recommendations to the Council for consideration by the Council on the appeal, but such recommendations shall be advisory and not be binding upon the Council. The appellant shall receive notice of the hearing by certified mail at least fifteen (15) days prior to the hearing. The burden of proof shall be on the appellant to demonstrate by clear and convincing evidence that:
  - a. The land use classification of the development is incorrect;
  - b. The number of trips generated by the development, as calculated by the License Tax Administrator, does not reflect the actual number of trips created by the development; or
  - c. The credit determination under Section 28-177.B. is incorrect.
- 7. Within thirty (30) days after the Council's final decision, the party that submitted the Notice of Appeal shall receive written notice of the decision.

- C. *Calculation of days.* The number of days specified in Section 28-181 shall include weekend days and holidays. The last day of the period shall be included in the computation, unless it is a Saturday, Sunday or a legal holiday, and if it is, the period runs until the end of the next day which is not a Saturday, Sunday or a legal holiday. A half-holiday shall be considered as other days and not as a holiday. "Legal holiday" includes any day designated as a holiday by the Congress of the United States, Missouri legislature or the Council.

(Ord. No. 4592, § 9, 3-17-1998; Ord. No. 5036, § 2, 9-21-2000)

Sec. 28-182. - Annual review.

- A. Beginning in the calendar year 1999 and annually thereafter, the City Manager, with the assistance of the Codes Administration, Finance and Public Works Departments, shall prepare a report on the subject of the license tax, which report shall include:
1. Recommendations on amendments, if appropriate, to this division. Any increase in the license tax rates shall become effective on July 1 of the calendar year in which the rates are increased;
  2. Proposed changes to the license tax calculation methodology, including the trip generation estimates and the land use categories, if appropriate;
  3. Analysis of costs and revenues resulting from the license tax imposed pursuant to this division;
  4. The status of the implementation and administration of this division;
  5. A summary of the appeals taken from the imposition of the license tax imposed pursuant to this division.
- B. The City Manager, in preparing the annual report, shall, at a minimum, obtain and review the following information:
1. A statement from the Finance Department summarizing the revenue collected through the license tax and disbursed during the preceding year;
  2. A statement from the Codes Administration Department summarizing the applications for building permits subject to the license tax approved during the preceding year; and
  3. A statement from the Public Works Department regarding all street projects funded with license tax proceeds and initiated, advanced or completed during the preceding year.
- C. License Tax Review Committee.
1. The report shall be presented to the License Tax Review Committee. The Mayor shall appoint, upon the advice and consent of a majority of the Council, the members of the License Tax Review Committee for two-year terms. The License Tax Review Committee shall be composed of five (5) members, including the Chair of the Public Works Committee, two (2) citizens of the City, a local developer, and one City staff appointment. The Chair of the License Tax Review Committee shall be the Chair of the Public Works Committee.
  2. The License Tax Review Committee's primary purpose shall be to review and comment on the annual report prepared by the City Manager. The Committee's comments shall be forwarded to the Council.
- D. Based on the annual report, the comments of the License Tax Review Committee, and other factors as the Council deems relevant and appropriate, the Council may amend this division.
- E. The annual review shall be completed by the date of the third regularly scheduled meeting of the Council in the month of March of each year.

(Ord. No. 4592, § 10, 3-17-1998)

Sec. 28-183. - Rules of construction.

The provisions of this division shall be liberally construed to effectively carry out its purposes.

(Ord. No. 4592, § 11, 3-17-1998)

Secs. 28-184—28-204. - Reserved.

**LICENSE TAX REVIEW COMMITTEE  
ACTION LETTER  
CITY OF LEE'S SUMMIT**

Monday, November 13, 2017  
5:30 p.m.

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**Present at the Meeting –**

George Binger  
Mike Weisenborn  
Michael Park  
Stacy Lombardo  
Heping Zhan  
Cynda Rader  
\*Chairman Faith

Dena Mezger  
Darlene Pickett  
Ryan Elam  
Victoria Stanton  
Karl Blumenhorst  
Glen Jones

*All members were present.*

**1. CALL TO ORDER:**

*Chairman Faith called the meeting to order at 5:35 p.m.*

**2. PUBLIC COMMENTS: None**

**3. BUSINESS:**

*A PowerPoint by Mr. Binger, Deputy Director of Public Works/City Engineer, showing the license tax background and current status. This is the original city ordinance was first adopted in March 1998, it has been amended three times for adjustments in rates. Mr. Binger explains what this tax is and the purpose behind it. The license tax administrator is the Director of Finance or a representative. Compared to other cities, the fee we charge is on the lower end. This is a report of residential building permits and we have reached our peak for the current year. From last year to this year, our permits increased.*

*The Annual Report of Revenue, Permits and Projects was presented in PowerPoint, as well as the City's current calendar year rates were projected. This meeting was moved from Spring in order to help on the forecast fees and planning cycle. Chairman Faith asked how do we forecast. Heping Zhan, Assistant Director of Planning and Special Projects, explains these projections and how building permits are tracked every year. He explains how many of these are residential, how many are multi-family plots, and platted ground currently. Mr. Binger also discusses a bar graph showing retail, office and industrial building permits. Question was asked how does the City collect an excise tax for QuikTrip when they demolish and then rebuild. Michael Park, City Traffic Engineer, addressed the excise tax.*

*Mr. Binger next presented a revenue report. The Fund balance report was presented, showing a current balance of \$3 and a half million, and then for 2018 it will be over \$4 million. Projection through 2022 was discussed without construction or spending money for improvements. Projects eligible for license tax funding should be limited to those identified in the City's Thoroughfare Master Plan. They support economic activity among several sites, not sole benefit for single development.*

*Completed projects were shown in the PowerPoint, as well as Staff Recommendations for 2017. The purpose is to show a use for funds in order to comply with Hancock Amendment. Examples of potential future projects for consideration were discussed, one being Browning Street: Oldham Parkway to Hamblen Road. Michael Park discussed design and construction, redevelopment here in this area. More discussion ensued about this area.*

*Mr. Binger did make note that there is sufficient cash flow to fund the Browning project. The next project is NW Main Street from Chipman Rd. to Tudor Rd. Some clarification was made regarding the stretch of Main Street from NW Tudor Road to NW Commerce Dr.*

*Improvements in the CIP sales tax to fund improvements to Colbern Rd from Douglas to 350 highway over the next 15 years. Again, in the City's CIP there are plans to widen Pryor Road from Longview Road to MO 150. More discussion ensued about the City's Thoroughfare Master Plan.*

*On motion of Glen Jones, to start the design work immediately on SE Browning project and to raise the non-residential rate by 5% and leaving the residential rate where it is at, second by Cynda Rader, the Committee voted unanimously 4-0.*

**4. ROUNDTABLE:**

Discussion ensued regarding commercial/industrial incentives and non-residential rates. Mr. Binger noted these will next go to Public Works Committee, and fees will go through the fee revision process. Other areas to watch were noted by Mr. Binger as for safety concerns.

**5. NEXT MEETING:**

**6. ADJOURN:**

*Chairman Faith adjourned the meeting at 6:42 p.m.*

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