

A gray square with rounded corners containing the white letters 'LS' in a large, bold, sans-serif font. The square is tilted slightly to the right.

License Tax Update for 2016

April 26, 2017

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 and 2016
- 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”

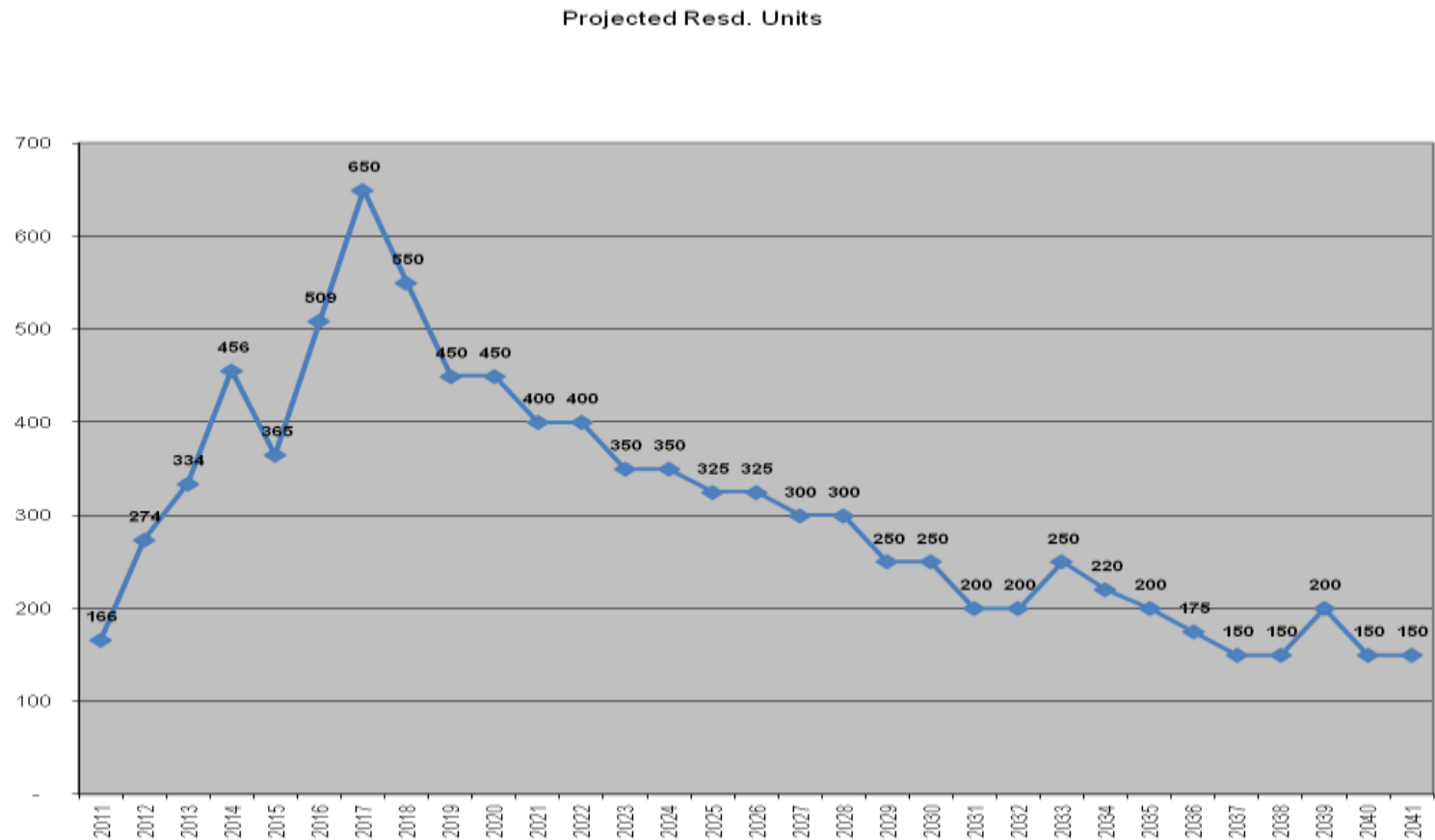
Current Tax Rates

Land Use Category	License Tax Rate
Residential	\$1,088 per residential unit
Manufacturing / Industrial	\$ 953 per new trip
Commercial	\$ 715 per new trip

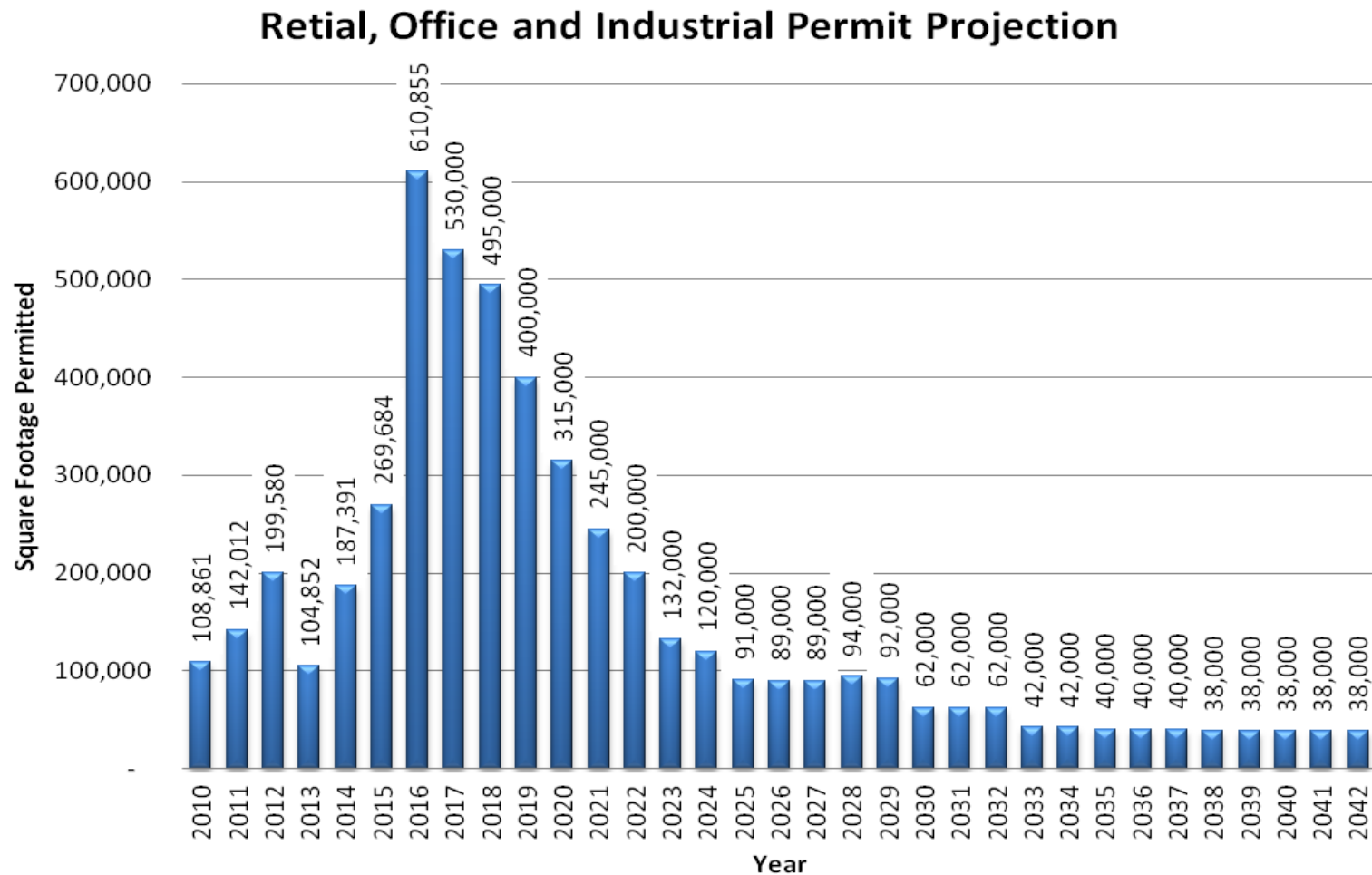
Notes regarding Rates:

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

Residential Building Permits FY2016

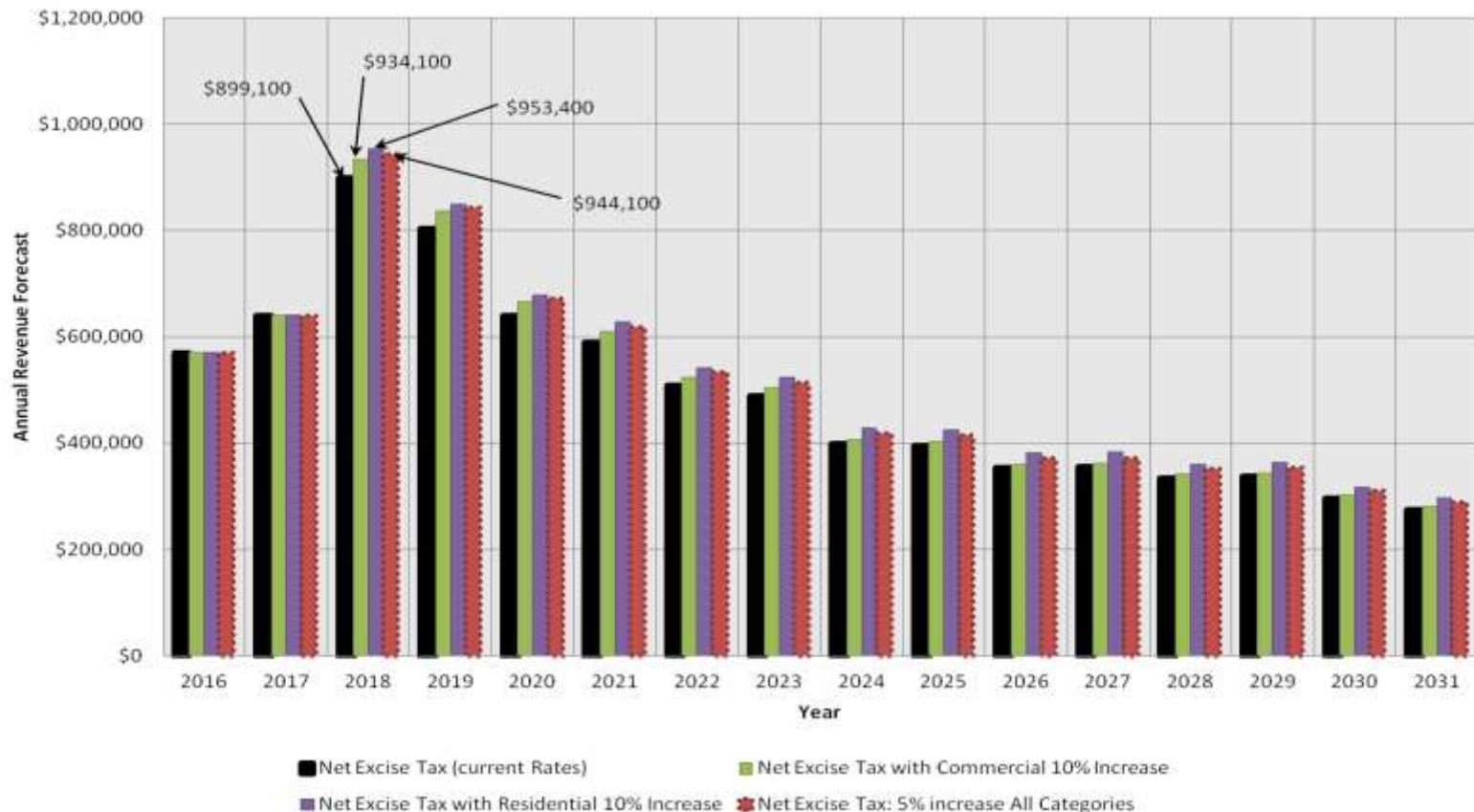


Retail, Office & Industrial Building Permits FY2016



License Tax Revenue Report, FY2016

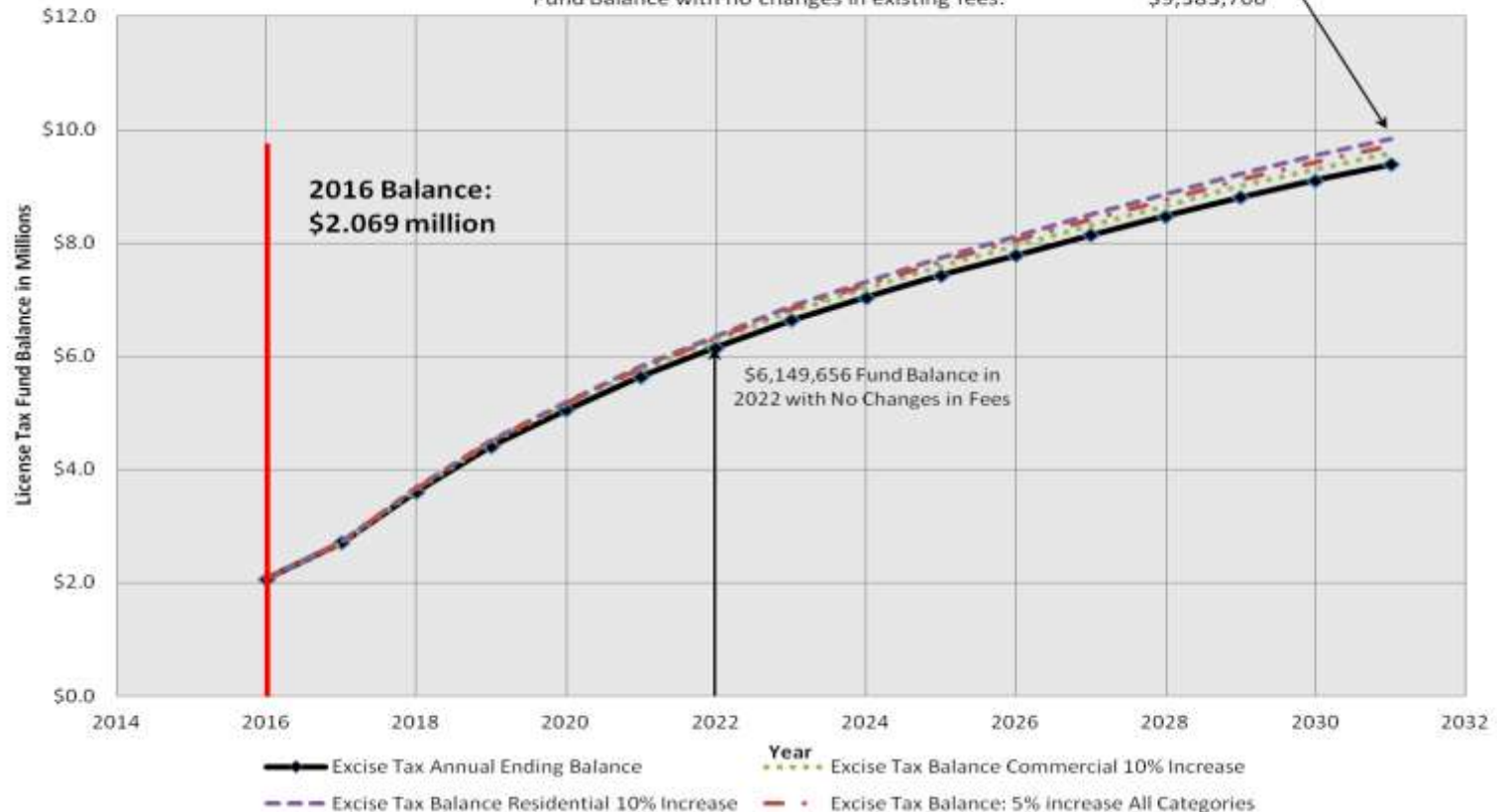
Annual License Tax Revenue Projections Comparing Existing Rate to :
 One-time , across the Board, 5% Rate Increase
 One-time, 10% Increase in Commercial Fees
 One-time, 10% increase in Residential Fees



License Tax Fund Balance Report, FY2016

Comparison of Total License Tax Fund Balance Scenarios Tax Balance

Fund Balance with 10% Residential Fee Increase in FY2018: \$9,839,100
 Fund Balance with 5% Across the Board Increase in FY2018: \$9,717,400
 Fund Balance with 10% Commercial Fee Increase in FY2018: \$9,586,000
 Fund Balance with no changes in existing fees: \$9,383,700



Excise Tax Project Status

Projects Completed

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 2017

- 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 Prefer market target areas
 - o Cash flow projects
- o Review and Discuss Potential incremental increases in the license tax rate annually
- o Start programming projects for construction

Potential Projects...?

Potential Future Projects for Consideration

Project	TFMP*	Multiple Developments	When Cash Flow?
Browning Street: Oldham Parkway to Hamblen Road (SW Corner of M291 North and US 50)	Yes	9 Commercial Subdivisions	2017-18
Ward Road (north): Summit Innovation Campus to Summit Fair	Yes	5 Commercial subdivisions	2020-21
US50 South Outer Road between Todd George and Blackwell	Yes	Blackwell TIF/TDD area	2026
Others ???			
Augment Other projects???			

*TFMP = 2016 Thoroughfare Master Plan

Request for Guidance

- ◊ Comments on 2017 Recommendations
- ◊ Rates for next year
- ◊ Re-affirm project selection criteria
- ◊ Program projects to build
- ◊ Other project areas to watch?
 - ◊ US50 and M291 North interchange
 - ◊ SW Pryor from County Line to M150
 - ◊ US50 South Outer Road between Todd George and Blackwell