

LS

License Tax Update  
for FY 2019

March 24, 2020

# Agenda

- o License Tax Background (very quick)
- o Summary of Report to License Tax Review Committee
- o Committee Comments
- o Committee Recommendations
- o Request for Council Guidance

# License Committee Members

## Composition of 5-member License Tax Review Committee as Established by Ordinance

- o Chair: Public Works Committee Chairman – Craig Faith
- o Two Citizens of Lee's Summit appointed by Mayor – Cynda Rader and Karl Blumenhorst
- o One local developer appointed by Mayor: Glen Jones
- o One City Staff Member: Dena Mezger, Dir. of Public Works

# License Tax Background

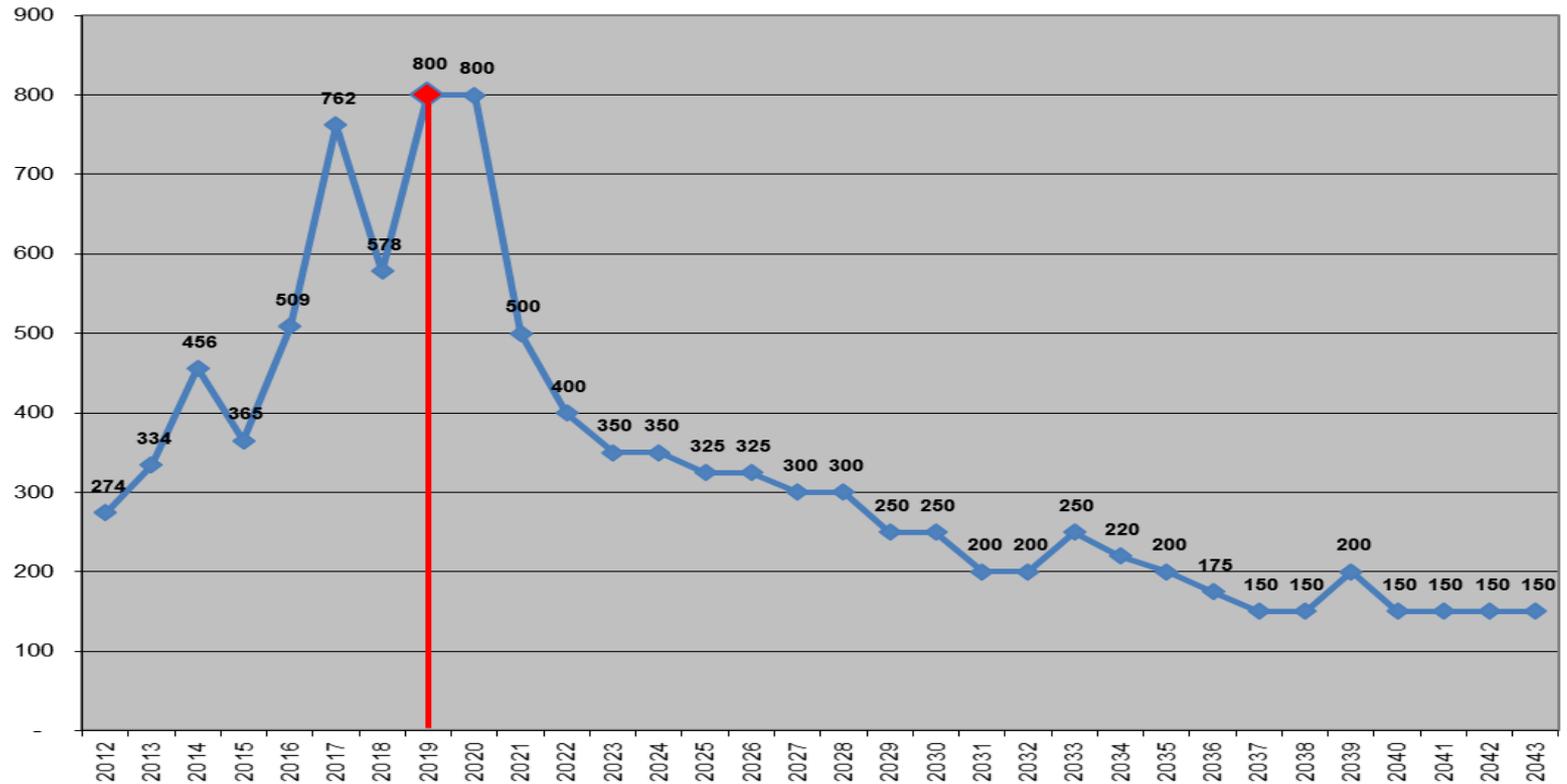
- o City Ordinance 4592
  - o Sections 28-175 through 28-123 in Code of Ordinances
  - o Adopted March 17, 1998
  - o Fees Amended 2007, 2015, 2016 and 2018
  - o Administrative cleanup 2019
- o Tax paid by development activity
  - o Building permit, and/or
  - o Creates additional traffic / vehicle 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”

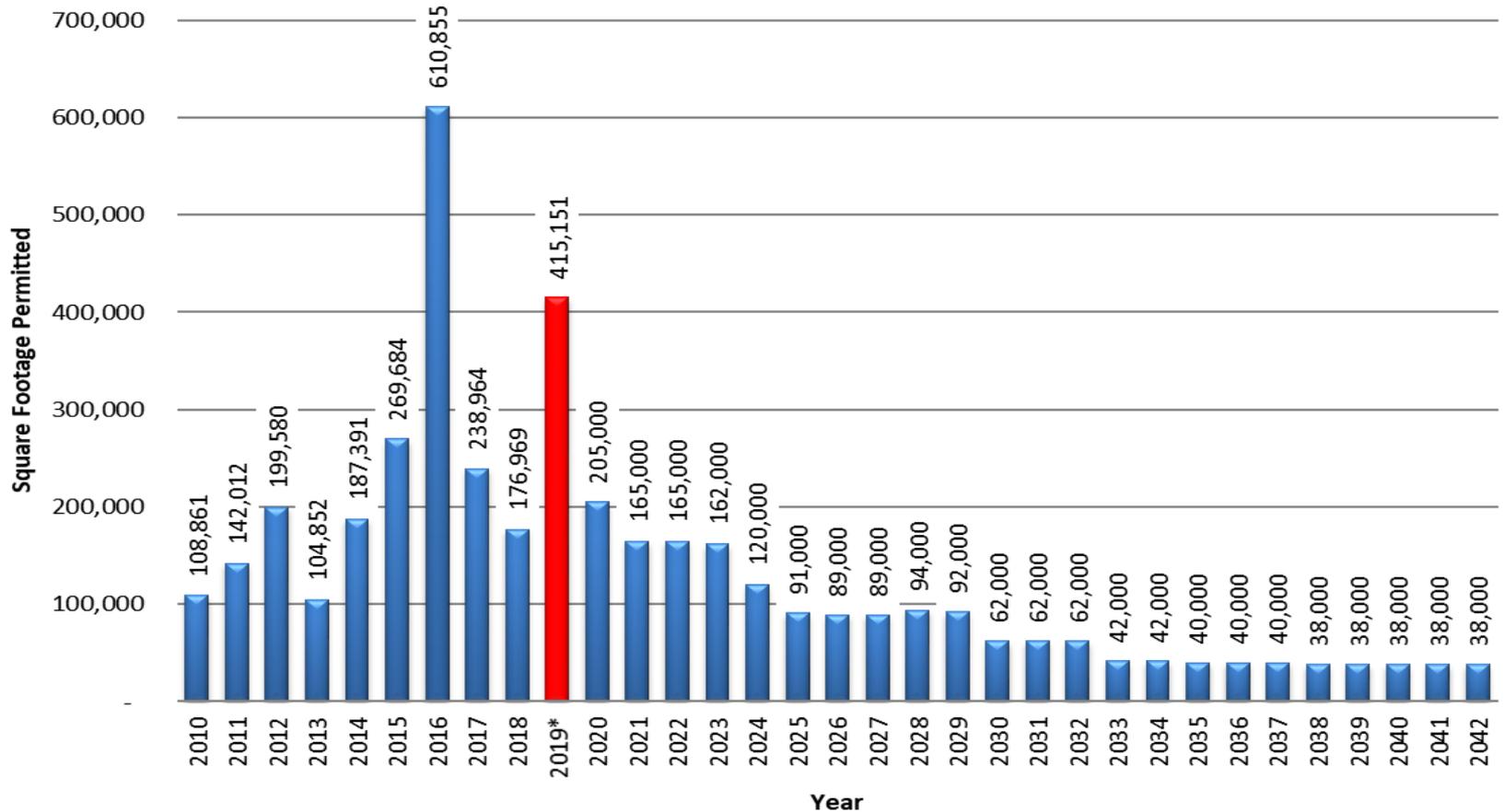
# Residential Building Permits

## Projected Residential Units



# Retail, Office & Industrial Building Permits

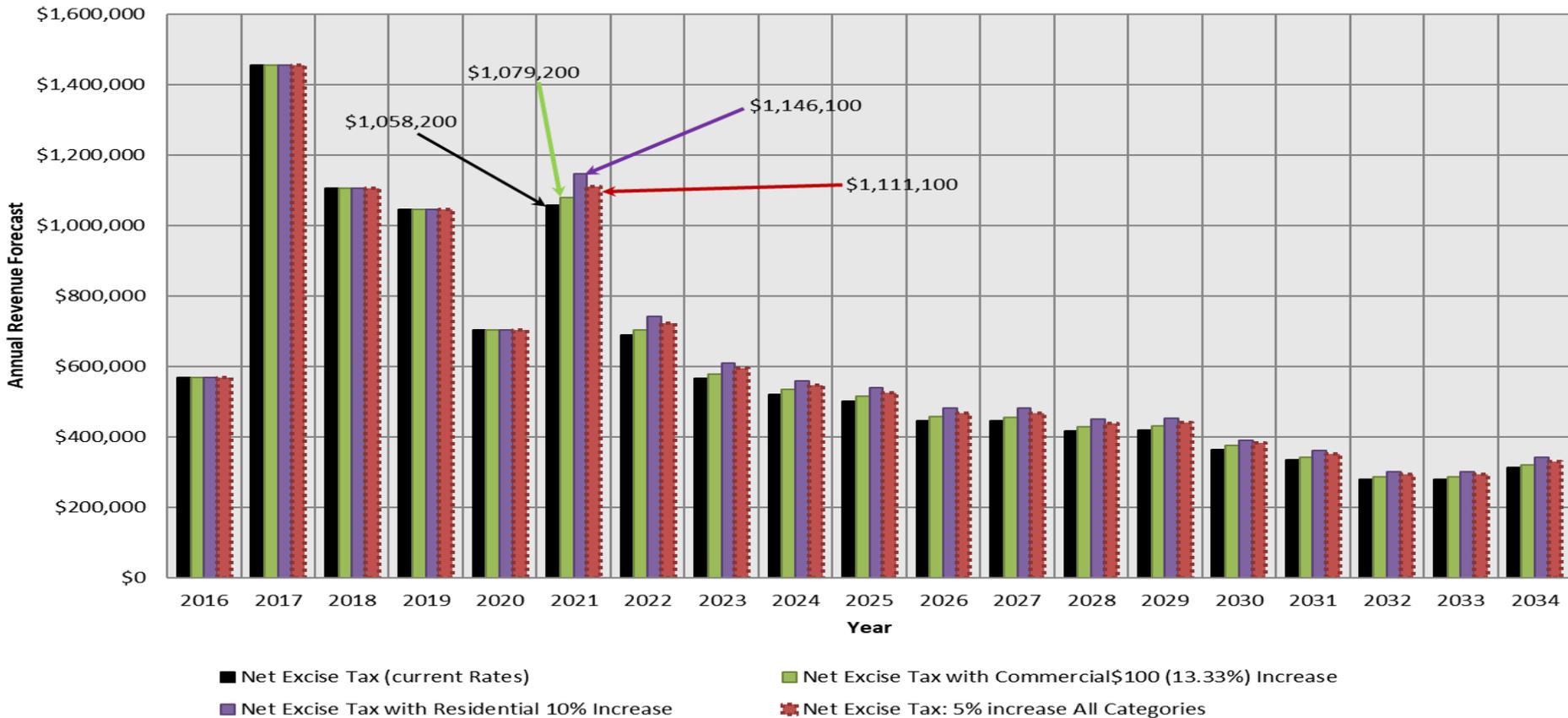
## Retail, Office and Industrial Permit Projection



# License Tax Annual Revenue Estimates

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

- One-time, 10% increase in Residential Fees
- One-time, \$100 (13.33%) Increase in Commercial Fees
- One-time , across the Board, 5% Rate Increase



# License Tax Fund Balance Projections

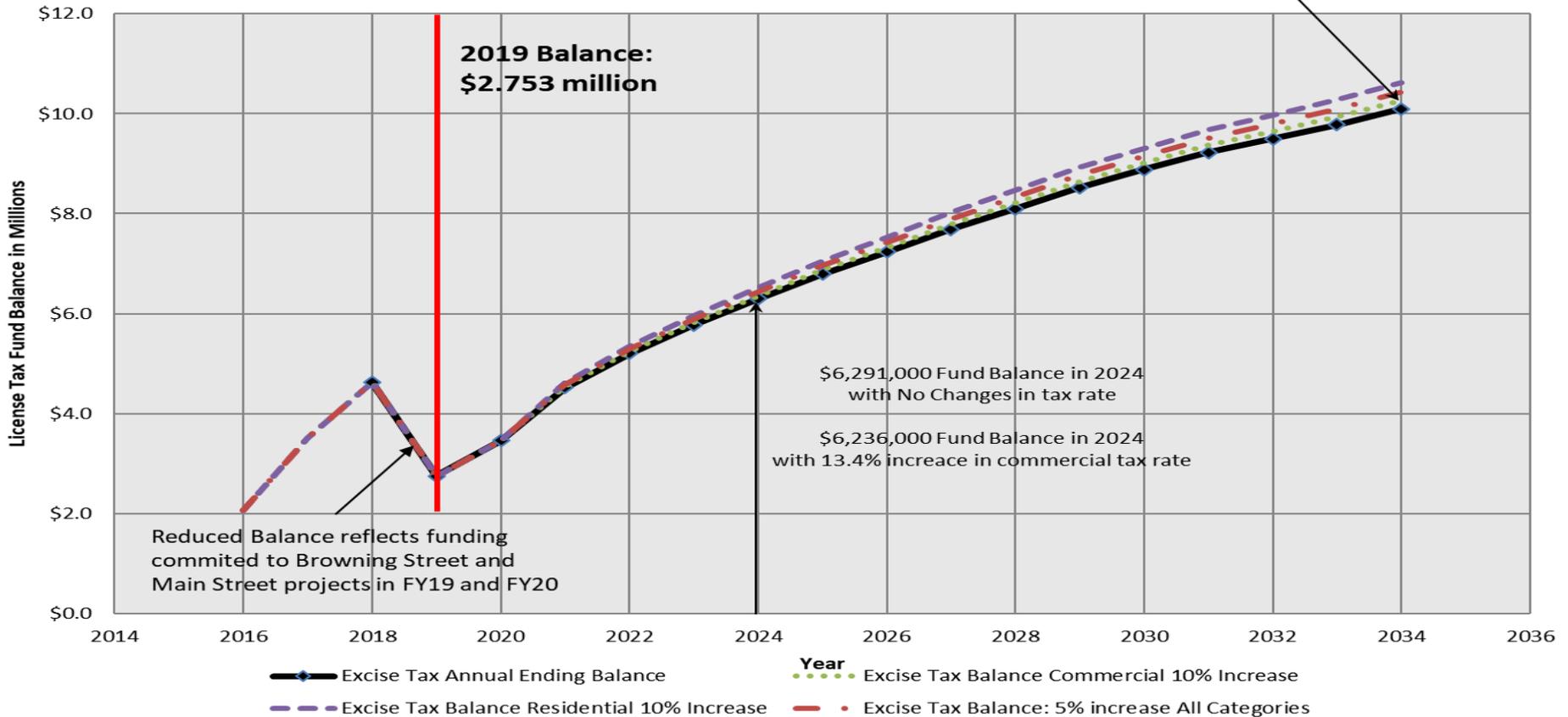
## Comparison of Total License Tax Fund Balance Scenarios Tax Balance

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 \$100 (13.33%) Commercial Fee Increase in FY2020: \$10,262,000

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)

# 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

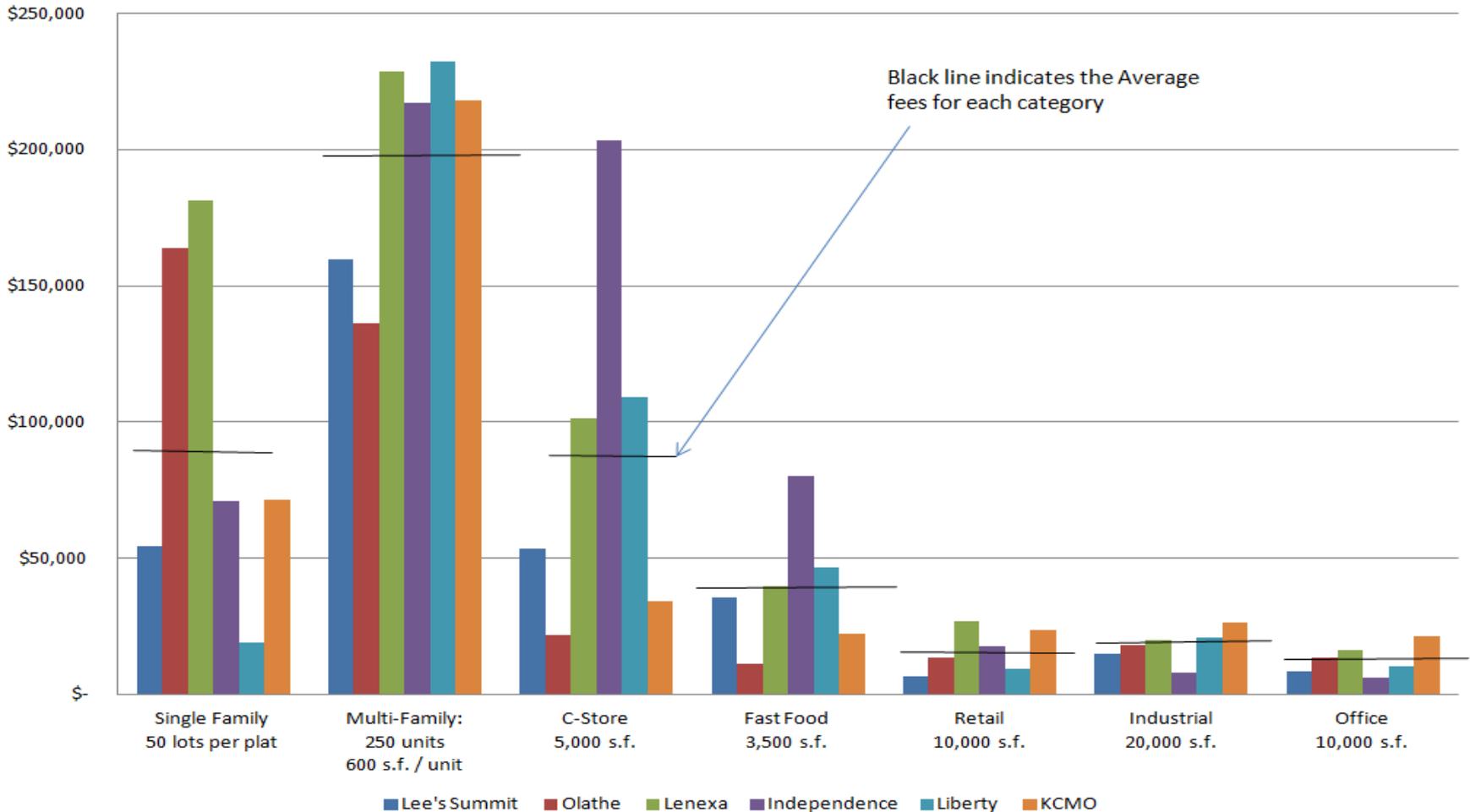
## Notes regarding Rates:

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

\*Committee recommended to increase commercial to \$850 per trip (13.33% increase) starting in FY21

# Current Rates Comparison

Comparison of Typical License Tax Revenues for a Project in the KC Metro Area  
Categorized by Type of Land Use



# License Tax Review Committee Recommendations

1. Increase commercial rates from \$750 per trip to \$850 per trip
2. Program \$6.0 million of license tax funds into CIP for US 50 / M219 North interchange improvements

# Request for Guidance

- o What action does Council want to take regarding Committee's recommendation to increase commercial rates from \$750 per trip to \$850 per trip?
  - o Requires ordinance amendment to increase fees
  - o Asking Council to
    - o direct staff to prepare ordinance if want to increase fee
    - o direct staff to take no action and report Council direction back to Committee
- o Does Council support programming \$6.0 million of license tax funds into CIP for US 50 / M219 North interchange improvements?
  - o Would be completed as part of annual CIP process
  - o Asking if Council wants to direct staff to program the funding into the CIP for the recommended project