

Legislation Text

File #: BILL NO. 18-81, **Version:** 1

An ordinance amending Section 28-179 of the Code of Ordinances of the City of Lee's Summit by Revising the Tax Rates by Land Use Category for Calculation of the License Tax on Building Contractors. (Note: First reading on May 17, 2018. Passed by unanimous vote).

Issue/Request:

An ordinance amending Section 28-179 of the Code of Ordinances of the City of Lee's Summit by Revising the Tax Rates by Land Use Category for Calculation of the License Tax on Building Contractors.

Key Issues:

- o The License Tax was approved by voters in 1997.

- o The current License Tax is approximately half of the amount authorized by voters, so changes up the voter approved limit can be approved by Council.

- o The License Tax Review committee recommended Increasing License Tax fees in FY2019 by 10% for commercial and manufacturing / industrial development activities.

- o At the May 3, 2018 City Council meeting, a motion was made by Councilmember Johnson, seconded by Councilmember DeMoro, to request staff to prepare an ordinance to implement the License Tax Committees recommendation to increase license tax rates per their request and to also include in the ordinance the extension of SE Browning in the FY 2019 Capital Improvements Plan. The motion carried by a unanimous 8-0 vote.

Proposed City Council Motion:

I move for adoption of an ordinance amending Section 28-179 of the Code of Ordinances of the City of Lee's Summit by Revising the Tax Rates by Land Use Category for Calculation of the License Tax on Building Contractors.

Background:

As required by ordinance, the License Tax Review Committee reviewed and discussed the FY2017 annual report for reviewing the City's License Tax program. That report was presented the full City Council on May 3, 2018. Council directed City Staff to (a) prepare an ordinance that would adopt the recommendations of the Committee, and (b) to program the SE Browning project recommended by the Committee into the FY2019 Capital Improvement Plan (CIP). The motion and action taken by Council can be found in the Action Letter for the May 3, 2017 Council Regular Session meeting under Presentation item number 5C, packet number 2018-2008.

Implementing the recommendations requires two separate processes. Increasing the fees requires amending Section 28-179 of the code of ordinances, which is the request presented by this bill. The fee increase will take effect on July 1, 2018 at the start of the next fiscal year. This is a one-time increase of fees. Any other

changes in the fees will require amending the ordinance and be subject to review and approval by the License Tax Review Committee and City Council.

Adding a project to the CIP will be accomplished through the normal CIP annual adoption process. The CIP will first be presented to the Planning Commission for public hearing and then presented to City Council as part of the annual budget.

Impact/Analysis:

Impacts and analysis are described in the License Tax Committee FY2017 Report to Council presented on May 3, 2018 as part of packet number TMP 2018-2008. That report is attached for reference. Increasing the fees is estimated to increase revenue from this fee by \$85,000 to \$168,000 over the next 12 years.

Recommendation:

Staff recommends approval of an ordinance amending Section 28-179 of the Code of Ordinances of the City of Lee's Summit by Revising the Tax Rates by Land Use Category for Calculation of the License Tax on Building Contractors.

Committee Recommendation:

The License Tax Review committee voted unanimously to start the design work on SE Browning project and to raise the non-residential rate by 5% and leaving the residential rate unchanged (November 13, 2017).