

Legislation Text

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License Tax Review Committee Annual Report for FY2019

Issue/Request:

Direct staff to prepare an ordinance, if appropriate, in response to the License Tax Committee tax rate recommendation.

Key Issues:

- City Ordinance 4592, Sections 28-175 through 28-123 in Code of Ordinances, Requires annual License Tax Report
- FY19 year end fund balance was \$2.753 million
- Projected FY2024 fund balance should exceed \$6.291 million
- The License Tax Committee recommended allocating License Tax funds to the US 50/M291 North interchange project
- The Committee also recommended adjusting the tax rate for commercial activities. However, in light of the COVID 19 impacts City Staff would like to meet with the committee again and revisit the recommendation regarding rates

Background:

The attached presentation provides a summary, as required by ordinance, of the License Tax Review Committee's meeting of January 27, 2020. More detailed background information is included in the License Tax Review Report to Council.

The License Tax Committee voted unanimously to make two recommendations to the City Council. The first recommendation was to increase the tax rate for commercial activities from \$750 per trip to \$850 per trip. No changes to the residential or manufacturing/industrial rates were recommended.

The committee also voted unanimously to recommend allocating \$6.0 million of the license tax fund to the US 50/M291 North interchange improvements projects. Based on cash flow projections, this funding would be programmed in the FY21 Capital Improvement Plan (CIP) over the next four years through FY 2024 towards local funds needed for this project

The changes in fees requires City Council action to amend the current ordinance. Programming the project into the CIP at this time will require City Staff to add the project into the FY21 CIP, present that information to the Planning Commission and the City Council as part of the annual CIP review and approval process.

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