

Legislation Text

File #: RES. NO. 18-05, **Version:** 1

A Resolution adopting the methodology for calculating the License Tax on building contractors relative to Section 28-179 of the Code of the City of Lee's Summit, Missouri and City of Lee's Summit Ordinance No. 4592.

City Council Motion:

I move for adoption of a Resolution adopting the methodology for calculating the License Tax on building contractors relative to Section 28-179 of the Code of the City of Lee's Summit, Missouri and City of Lee's Summit Ordinance No. 4592.

Key Issues:

1. The License Tax is a tax placed on building permits for new construction, change of use, etc. for the purpose of raising funds for road construction to accommodate additional traffic generated by development.
2. The License Tax is based on the number of vehicular trips generated by a specific type of land use. The vehicular trip generation is determined by industry standard practice using the Trip Generation Manual produced by the Institute of Transportation Engineers (ITE). Every few years ITE develops a new manual. The latest manual is the 10th edition, which was released the latter part of 2017. A new Appendix A - Trip Generation Table - of the License Tax ordinance needs to be adopted by resolution in accordance with the ordinance to reflect the 10th edition of the ITE Trip Generation Manual. Thus, this resolution replaces Resolution 14-01.
3. This resolution would provide for administrative updates of the Trip Generation Manual reference upon subsequent editions of the ITE Trip Generation Manual with certain implementation dates in lieu of continual resolution amendments in the future.
4. This resolution would rescind the tax tables in Resolution 14-01, as those tax rates are outdated and otherwise adopted by ordinance. When presented in resolution and ordinance, there is redundancy and cause for conflict. The ordinance is the appropriate adoption instrument for the tax rates referenced.
5. This resolution would record the rescension of Resolution 99-05 and any other conflicts with prior resolutions associated with the License Tax and its implementation. The administrative guidelines created by Resolution 99-05 have not been applicable for many years due to inconsistency and conflict with the ordinance, tax calculation history and industry practice. The administrative guidelines were removed from practice by direction of the City Manager about 10 years ago and have not been used even longer. The ordinance provides sufficient description, instruction and basis of calculating the tax and all other provisions for the review and appeal of such tax rendering any administrative guidelines unnecessary.
6. This resolution, though related to the same tax, is separate from and does not address the issues presented in Item 5C on the City Council's May 3, 2018 agenda. Those items must be addressed by ordinance at the direction of Council.

Background:

The License Tax on Building Contractors, also known as the Excise License Tax or simply the License Tax, was adopted by the voters in November of 1997 for the purpose of funding road improvements in the city of Lee's Summit. The tax is, in effect, an excise tax in the form of a license tax on building contractors for the purpose of generating revenue from new development that can be utilized to pay for road improvements needed to accommodate the additional traffic created by development.

Commercial development will, by its very nature, generate more vehicular traffic than residential development. Vehicular trip generation is tied directly to the intended land use as identified by the City's Comprehensive Land Use Plan. Land use categories provide the general basis for determining the trip generation rates, which are based on the Trip Generation Manual produced by the Institute of Transportation Engineers (ITE). In determining trip generation, staff utilizes the latest edition of the Trip Generation Manual produced by the Institute of Transportation Engineers. The latest edition is the 10th edition produced last year. The attached resolution reflects trip generation that will be used by staff in determining the appropriate License Tax for a development project.

Gerorge Binger III, Deputy Director of Public Works/City Engineer

Recommendation: Staff recommends approval of A Resolution adopting the methodology for calculating the License Tax on building contractors relative to Section 28-179 of the Code of the City of Lee's Summit, Missouri and City of Lee's Summit Ordinance No. 4592.