Legislation Text

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License Tax Review Committee Annual Report for FY2020

Issue/Request:
License Tax Review Committee Annual Report for FY2020

Key Issues:
- City Ordinance 4592, Sections 28-175 through 28-123 in Code of Ordinances, Requires annual License Tax Report
- FY20 year end fund balance was $7.203 million
- The License Tax Fund will support projects as progammed in the FY21 CIP

Background:
The attached presentation provides a summary, as required by ordinance, of the License Tax activity for Fiscal Year 2020, which is July 1, 2019 through June 30, 2020. More detailed background information is included in the License Tax Review Report.

As part of the December 3, 2020 FY20 License Tax Review Committee, the committee made not additional recommendations to the City Council. As shown in the attached reports, License Tax activity actually increased throughout the 2020 fiscal year. The Committee did not recommend any changes to the current tax rates.

The committee re-affirmed programming $6.0 million of the license tax fund into the Capital Improvement Plan (CIP) for the US 50 and M291 North interchange improvements projects. Based on cash flow projections, this funding would be programmed in the FY22 Capital Improvement Plan (CIP) over the next four years through FY 2025 towards local matching funds needed for this project.

The interchange project is part of the FY21 Capital Improvement Plan approved by Planning Commission and adopted by Council. Due to uncertainties in state and federal funding in 2020 related to the COVID-19 pandemic, the M-291 North Interchange project was delayed for about a year. The funding will be delayed and spread over 4 years in the FY22 CIP to ensure the License Tax Fund does not incur a negative balance. The funding can be spread out because not all of the money is needed up front. The bulk of the money will be spent during construction.

George Binger III, P.E., Deputy Director of Public Works/City Engineer (v)