

## Legislation Details (With Text)

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**Title:** License Tax Review Committee Annual Report for FY2017

**Sponsors:** Public Works Admin & Engineering, Binger, George

**Indexes:**

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Date	Ver.	Action By	Action	Result
5/3/2018	1	City Council - Regular Session	approved	Pass

License Tax Review Committee Annual Report for FY2017

### Issue/Request:

License Tax Review Committee Annual Report for FY2017

### Key Issues:

License Tax Review Committee provided 2 recommendations:

1. Increase License Tax fees in FY2019 by 5% on commercial and manufacturing /industrial development activities
2. Design and construct the SE Browning extension from Browning to Hamblen

### Background:

City staff presented the FY2017 update to the License Tax Review Cmmittee on November 13, 2017. The License Tax Review Committee moved its annual meeting to fall to allow time for programming recommended projects into the CIP and adjusting fees in the City's Schedule of Fees. This report presents the discussion and recommendations from the Committee.

### Current Status

- The License Tax is a fee for new development or re-development activity that increases traffic
- The City must spend funds received on transportation projects
- The License Tax Fund current balance is \$3.523 million
- No projects are currently funded with License Tax Money
- Maximum rate approved by voters in 1997 was \$2,116 per residential unit
- Current Rates are: \$1,088 per residential unit; \$953 per trip for Manufacturing/Industrial; \$715 per trip for commercial

### Projections

- Building permit activity is projected to peak in 2017-18
- Future years will see declining License Tax revenues due to declining development activity
- \$10.326 million of total revenues is projected over the next 15 years

**Committee Guidance**

- Projects funded by the License Tax should be limited to projects identified in the City's Thoroughfare Master Plan (TFMP)
- Projects should exclude site specific projects, such as adding a turn lane or signal, that benefit or meet the requirements of one developer or one landowner to complete a project
- Economic development focused projects are the preferred use of this fund
- The License Tax funds should continue to manage cash flow so that projects are funded on a pay as you go basis

**Actions**

- Committee voted unanimously to raise the non-residential license tax by 5%
- Committee voted unanimously to program into the FY19 CIP SE Browning Street to connect from SE Browning to Hamblen Road (SE quadrant of M291 North and US 50 interchange)

**Impact/Analysis:**

[Enter text here]

**Timeline:**

Start: \_\_\_\_

Finish: \_\_\_\_

**Other Information/Unique Characteristics:**

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

Staff recommends guidance to enact recommendations made by the License Tax Review Committee.

- a. Increase Manufacturing/Industrial and Commercial license tax fees by 5% starting in FY2019.
- b. Add SE Browning extension to FY2019 Capital Improvement Plan for design and construction.