



RAYMORE LICENSE TAX REVIEW COMMITTEE ANNUAL MEETING AGENDA

Wednesday, July 20, 2022 - 6:00 p.m.

Raymore City Hall - 100 Municipal Circle
Raymore, Missouri 64083

1. Call to Order
2. Roll Call
3. Consideration of the Minutes of the July 28, 2021 Meeting
4. Staff Report
 - a. 2021 Annual Report
5. Business Items
 - a. Consideration of Staff Recommendations
6. Public Comments
7. Member Comments
8. Adjournment

Any person requiring special accommodations (i.e. qualified interpreter, large print, hearing assistance) in order to attend this meeting, please notify the City Clerk at (816) 331- 3324 no later than forty-eight (48) hours prior to the scheduled commencement of the meeting.

MINUTES OF THE LICENSE TAX REVIEW COMMITTEE MEETING HELD WEDNESDAY, JULY 28, 2021, AT RAYMORE CITY HALL.

Mayor Pro Tempore Reginald Townsend called the meeting to order at 6:00 p.m. The roll was called. Present were members Reginald Townsend, Gib Good, Jack Hopkins, Kerrie O'Connor and Elisa Williams. Others present included Development Services Director Jim Cadoret.

The minutes of the June 24, 2020 License Tax Review Committee meeting were accepted into the record with a motion by Jack Hopkins, second by Gib Good. Vote 5-0 Passed.

The staff report was presented by Ms. Williams. This included a review of the revenue summary for 2020 with discussions and questions on the items. Following was a review of the expenditure summary for 2020.

Ms. Williams presented the staff recommendations to the committee. The recommendations included:

- A. Increasing the rate by 2.06% per the construction cost index (CCI) inflation for the most recent period, for 2022 fiscal year beginning November 1, 2021. This would result in the following rates:
 - $\$2,135 \times 1.0206 = \$2,179$
 - $\$570 \times 1.0206 = \582

There was limited discussion.

Gib Good moved, seconded by Kerrie O'Connor to accept staff recommendations on the rate increase and forward to the City Council. Vote 5-0 Passed.

There were no public comments or further comments. Kerrie O'Connor moved, seconded by Gib Good to adjourn the meeting. Chairman Reginald Townsend adjourned the meeting at 6:10 p.m.

Respectfully submitted,

Elisa Williams



2021 EXCISE TAX REVIEW
ANNUAL REPORT

July 20, 2022

2021 EXCISE TAX REPORT TO THE CITY COUNCIL

INFORMATION AND DATA

I. BACKGROUND

Purpose

The purpose of the excise tax is to provide a funding mechanism for the construction and improvement of streets necessary to accommodate traffic generated by the growth and development of the City. The excise tax system implements a “fair share” approach by which new development in residential areas and tax incentive districts that generates additional traffic pays its proportional cost of required street improvements in the City.

- Any person who obtains a residential building permit for a structure that will generate additional traffic on City streets is subject to the excise tax.
- Any person who obtains a building permit for a non-residential structure in an area that is in an established City economic development incentive district is subject to the excise tax.
- A person who obtains a building permit for a non-residential structure in an area that is not in an established City economic development incentive district is not subject to the excise tax.

Projects to be funded by the excise tax include those identified on the Transportation Plan Map of the Growth Management Plan, and designated in the City's Capital Improvement Program (CIP) as funded through this revenue source. The thoroughfare plan identifies a network of “major” streets that would be required to accommodate the future traffic needs in the City of Raymore. The CIP will specify each of the streets to be funded, the amount of funding allocated for the project, and the timeframe for construction of the improvements. The following is a brief summary of significant events involving the adoption and implementation of the excise tax.

History

January 2000	Excise Tax Ordinance for Development that Generates New Traffic adopted by City Council
February 2000	Excise tax system approved by voters
April 2000	Excise tax imposed on all applicable building permits; Interim escrow system repealed
May 2000	Administrative guidelines applicable to excise tax adopted by City Council (Adequate Public Facilities and the Excise Tax, and Advancing Projects)
September 2001	Deadline to receive the plat credit
March 2002	Ordinance amended to allow payment of tax for non-residential uses at the time of certificate of occupancy

April 2003	Ordinance amended to modify the date set for the annual review to the 4 th Monday in July, and the date for the implementation of rate changes to November 1
October 2004	Resolution adopted establishing excise tax rates of \$1,250 per trip for residential development, and \$300 per trip for non-residential development
November 2006	License tax rates of \$1,500 per trip for residential development, and \$400 per trip for non-residential development become effective
November 2007	The 7 th Edition of the ITE Trip Generation Manual Trip Generation Table went into effect.
November 2008	The excise tax rates were increased to \$1,608 per trip for residential development and \$429 per trip for non-residential development. These rates reflected an increase of 7.19%, which was the Construction Cost Inflation Index for the period June 2007 through June 2008. The policy of adjusting rates according to the index was recommended by the License Tax Committee and accepted by the City Council in 2006.
November 2009	The excise tax rates were increased to \$1,687 per trip for residential development and \$450 per trip for non-residential development. These rates reflected an increase of 4.9%, which was the Construction Cost Inflation Index for the period June 2008 through June 2009.
November 2010	The excise tax rates were increased to \$1,724 per trip for residential development and \$460 per trip for non-residential development. These rates reflected an increase of 2.18%, which was the Construction Cost Inflation Index for the period May 2009 through May 2010.
November 2011	The excise tax rates were increased to \$1,777 per trip for residential development and \$474 per trip for non-residential development. These rates reflected an increase of 3.1%, which was the Construction Cost Inflation Index for the period May 2010 through May 2011.
March 2012	In March of 2012, the City Council repealed the Commercial Excise Tax for businesses not located within Incentive Districts of the City.
June 2012	The License Tax Committee voted to recommend no increase in the excise tax rates, which remained at \$1,777 per trip for residential development and \$474 per trip for

	non-residential development in incentive district areas for the FY 2012-13.
June 2013	The License Tax Committee voted to recommend an increase in the excise tax rates to \$1,820 per trip for residential development and \$485 per trip for non-residential development. These rates reflected an increase of 2.43%, which was the Construction Cost Increase for May 2012 to May 2013.
June 2014	The License Tax Committee voted to recommend an increase in the excise tax rates to \$1,839 per trip for residential development and \$490 per trip for non-residential development. These rates reflected an increase of 2.9%, which was the Construction Cost Increase for May 2013 to May 2014.
June 2015	The License Tax Committee voted to recommend an increase in the excise tax rates to \$1,874 per trip for residential development and \$500 per trip for non-residential development. These rates reflected an increase of 1.9%, which was the Construction Cost Increase for May 2014 to May 2015.
June 2016	The License Tax Committee voted to recommend an increase in the excise tax rates to \$1928 per trip for residential development and \$515 per trip for non-residential development. These rates reflected an increase of 2.9%, which was the Construction Cost Increase for May 2015 to May 2016.
June 2017	The License Tax Committee voted to recommend an increase in the excise tax rates to \$1982 per trip for residential development and \$529 per trip for non-residential development. These rates reflected an increase of 2.8%, which was the Construction Cost Increase for May 2016 to May 2017.
July 2018	The License Tax Committee voted to recommend an increase in the excise tax rates to \$2053 per trip for residential development and \$548 per trip for non-residential development. These rates reflected an increase of 3.6%, which was the Construction Cost Increase for May 2017 to May 2018.

July 2019	The License Tax Committee voted to recommend an increase in the excise tax rates to \$2100 per trip for residential development and \$561 per trip for non-residential development. These rates reflected an increase of 2.3%, which was the Construction Cost Increase for May 2018 to May 2019.
June 2020	The License Tax Committee voted to recommend an increase in the excise tax rates to \$2135 per trip for residential development and \$570 per trip for non-residential development. These rates reflected an increase of 1.65%, which was the Construction Cost Increase for January 2019 to January 2020.
July 2021	The License Tax Committee voted to recommend an increase in the excise tax rates to \$2179 per trip for residential development and \$582 per trip for non-residential development. These rates reflected an increase of 2.06%, which was the Construction Cost Increase for January 2020 to January 2021.

License Tax Rates

Rates are established by resolution of the City Council. The vote approving the excise tax authorized a rate not to exceed \$3,000 per vehicle trip. The rate for non-residential development is less than the residential rate because non-residential uses generate additional tax revenues (such as higher property tax assessments and taxes paid against them, personal property taxes on business equipment, and sales taxes) that are used by the City to construct streets.

The amount of tax is calculated by multiplying the excise tax rate by the total number of new trips generated by the building activity. The total number of new trips or “trip generation rate” is determined by reference to a trip generation table adopted by the City. The trip generation table includes various types of land uses and is based on nationally accepted standards in the Trip Generation Manual published by the Institute of Transportation Engineers.

- For residential property the trip generation rate is determined by multiplying the number of dwelling units by the number of peak trips specified for the specific type of land use category.
- For non-residential property the trip generation rate is determined by dividing the total floor area of the building, measured in square feet, by one thousand (1,000), and then multiplying that number by the number of peak trips specified for the specific land use category. The number of peak trips has been reduced where appropriate to account for “pass by” trips. Pass by trips are those trips that are the

result of a vehicle passing by the development which was not the original destination point and that enters the development, while not diverting from the primary path (spontaneous stop).

Annual Review

As outlined in the Raymore City Code, the City Manager, with the assistance of staff, prepares an annual report on the subject of the excise tax for the prior calendar year. The report is presented to the License Tax Review Committee, composed of five (5) members appointed by the Mayor with the advice and consent of the City Council. The Committee's primary purpose is to review and comment on the annual report prepared by the City Manager, and forward those results to the City Council. The Excise Tax Ordinance requires that the annual review be completed by the fourth (4th) Monday of July of each year, and that any changes to the tax rate be implemented on November 1. This report has been prepared and submitted in compliance with this requirement.

The Excise Tax Ordinance provides that the report shall address the following items:

1. Recommendations on amendments, if appropriate, to this Article. Any increase in the excise tax rates shall become effective on November 1 of the calendar year in which the rates are increased;
2. Proposed changes to the excise tax calculation methodology, including the trip generation estimates and the land use categories, if appropriate;
3. Analysis of costs and revenues resulting from the excise tax imposed pursuant to this Article;
4. The status of the implementation and administration of this Article;
5. A summary of the appeals taken from the imposition of the excise tax imposed pursuant to this Article.

Committee Membership

The membership of the Committee appointed by the City Council for two (2) year terms consists of:

Member	Term Date	Position
Reginald Townsend	February 2023	City Council Representative
Gib Good	February 2023	Developer Representative
Jack Hopkins	February 2023	Citizen Representative
Kerrie O'Connor	February 2023	Citizen Representative
Elisa Williams	February 2023	City Staff Representative

II. FINANCIAL ANALYSIS

Annual Revenue History

The following is a summary of revenues deposited into the Excise Tax Fund since the inception of the tax, including the total for calendar year 2021.

Year	Revenue
2000	\$15,215
2001	\$83,678
2002	\$314,520
2003	\$410,070
2004	\$436,600
2005	\$744,564
2006	\$1,011,035
2007	\$845,281
2008	\$310,275
2009	\$329,142
2010	\$238,223
2011	\$226,299
2012	\$236,085
2013	\$471,041
2014	\$374,731
2015	\$317,406
2016	\$446,662
2017	\$629,698
2018	\$466,114
2019	\$402,915
2020	\$707,051
2021	\$501,376
Total	\$9,517,981

2021 Financial Summary

Revenue

Permit Excise Tax	\$	448,555
Interest	\$	2,821
Transfer from Trans. Fund	\$	50,000
	\$	501,376

Expenditures

Interest Expense	\$	0
Admin/Inspection	\$	0

Design	\$	40
Construction	\$	322,476
Other	\$	0
Transfer to General (AI)	\$	0
	\$	322,516

Expenditure Summary

The Excise Tax expenditures during the calendar year 2021 are associated with four projects; \$40 for the Traffic Signal N Cass/Dean Ave, \$96,171 for an emergency repair to Kurzweil, \$75,000 for emergency repairs to Ward Road for FY21 Street Preservation, \$151,305.

Building Permit Summary

The following is a summary of permits by type in 2021 that paid the excise tax, and the revenue generated.

<u>Type</u>	<u>Number</u>	<u>Revenue</u>
Single-Family	204	\$440,272
Multi-family	0	\$ 0
Commercial	2	\$8,283
Totals:	206	\$448,555

III. ADMINISTRATIVE REVIEW

Appeals/Credit Requests

The Excise Tax Ordinance provides that building contractors may appeal the assessment of the excise tax. In 2021, there were no appeals to the excise tax assessed on any business or residential unit to which it applied.

Ten Year Road Plan

A copy of the excise tax projects page from the 2021-2022 CIP is attached as Appendix 1. This schedule represents the 10-year road plan as referenced in the excise tax ordinance.

IV. RECOMMENDATIONS

Rates

City staff recommends that the current rates of \$2,179 per trip for residential development and \$582 per trip for non-residential development in incentive districts be increased by the

construction cost index (CCI) for Kansas City for the period Jan 2021 through Jan 2022. This method has been the method used/recommended by the License Tax Review Committee for the past fourteen years. That increase would be 7.99%. This would equate to an increase in the Excise Tax Rates as follows:

Residential: $\$2,179 \times 1.0799 = \$2,353$

Non-Residential: $\$582 \times 1.0799 = \629

V. LICENSE TAX COMMITTEE ACTION

APPENDIX 1

EXCISE TAX PROJECT SUMMARY

10-YEAR ROAD PLAN

The 10-Year Road Plan lays out a plan for the use of funds accumulated in the Excise Tax Fund.

Chapter 605 of the Raymore Municipal Code provides for the collection and administration of the Excise Tax. Section 605.050, Findings, Purpose, Intent and Authority, provides:

- “New growth and development in the City has resulted, and will continue to result, in increased usage, burden and demand on the existing streets of the City, and the need for construction of new streets to add capacity and to complete the street network planned to support full-build-out of the City.” [Section 605.050.A.3]
- “The City assumes the responsibility for, and is committed to, raising revenue for the design, construction, reconstruction repair and maintenance of adequate roads, streets and bridges necessary to serve the population of the City . . . ” [Section 605.050.A.4]
- “[The Excise Tax] is for the purpose of raising revenue, the proceeds of which shall be used for streets and related improvements throughout the City, including but not limited to the design, construction, reconstruction and improvements to streets, roads and bridges and related improvements in the City . . . ” [605.050.B.1]

Excise Tax (37)

	2018-19 Actual	2019-20 Actual	2020-21 Budget	2020-21 Projected	2021-22 Adopted	2022-23 Projected	2023-24 Projected	2024-25 Projected	2025-2026 Projected
Fund Balance									
Beginning of Year	909,870	1,271,596	712,276	827,761	678,262	221,133	257,850	294,659	331,560
Revenue									
Fees & Permits									
Commercial	-	5,173	0	0	0	0	0	0	0
Single Family	255,201	288,266	212,100	296,940	371,175	186,164	186,164	186,164	186,164
Multi-Family	-	-	0	0	0	-	-	-	-
Interest	29,120	20,008	3,561	3,561	1,696	553	645	737	829
Transfer In Transportation Fund	91,035	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
KC payment for 155th Street	149,675	324,916	0	0	0	0	0	0	0
Total Revenue	525,031	688,364	265,661	350,501	422,871	236,717	236,809	236,901	236,993
Total Fund Bal & Revenues	1,434,901	1,959,959	977,937	1,178,262	1,101,133	457,850	494,659	531,560	568,553
Expenditures									
Capital Projects (Budgeted / reconciled)									
Maintenance of Thoroughfare Routes	200,000	192,199	200,000	200,000	200,000	200,000	200,000	200,000	200,000
155th Street Reconstruction	(36,695)								
Traffic Study - North Cass Pkwy		65,000							
Turn Lane 58 Hwy to Foxridge		700,000							
Intersection Improvements (58 Hwy & Foxridge)		100,000							
Traffic Study - 58 Hwy & Dean Ave		75,000							
Kurzweil & Ward Rd Emergency Repair				300,000					
North Cass Pkwy/Dean Ave Traffic Signal & Intersection Improvements					680,000				
Total Expenditures	163,305	1,132,199	200,000	500,000	880,000	200,000	200,000	200,000	200,000
Fund Balance (Gross)	1,271,596	827,761	777,937	678,262	221,133	257,850	294,659	331,560	368,553
Less: Reserve Balance 0									
Available Fund Balance	1,271,596	827,761	777,937	678,262	221,133	257,850	294,659	331,560	368,553