



RAYMORE
development services

816-331-1803

EXCISE TAX FOR NEW DEVELOPMENT

WHAT IS THE EXCISE TAX?

The purpose of the Excise Tax, also referred to as a license tax surcharge or impact fee, 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 license tax surcharge system implements a "fair share" approach by which new development that generates additional traffic pays its proportional cost of required street improvements in the City.

WHO PAYS THE EXCISE TAX FEE?

Any person who obtains a building permit for construction of a new residential dwelling unit and any non-residential development in areas where economic development incentives are provided, that generates new traffic in Raymore is charged an Excise Tax Fee. The fee is paid when the building permit is issued for the new development in the city and is added to the list of fees associated with obtaining a building permit.

WHO DETERMINES THE EXCISE TAX RATE?

Rates are established by resolution of the City Council annually. In 2000, voters approved a maximum rate of \$3,000 per vehicle trip. City Council receives an annual report from the **License Tax Review Committee** and annually considers whether to adjust the tax rate as part of the annual budget review process.

CURRENT EXCISE TAX RATES

Residential Development: \$2,494*

Commercial & Industrial Development: \$667*

*Rates are based on FY25 Budget and are subject to change.

QUESTIONS ABOUT EXCISE TAX?

Contact the License Tax Administrator at 816-892-3015

WHO DETERMINES THE EXCISE TAX RATE?

City Council adopts a 10-year road plan as part of the Capital Improvements Program adopted in October of each year. The 10-year road plan prioritizes road segments to be completed, including project year and estimated cost. From year-to-year, the projected schedule and funding may be modified or updated. Funds generated from the Excise Tax can be utilized on maintenance of roads.

HOW IS THE EXCISE TAX CALCULATED?

RESIDENTIAL

1. The proposed development is classified under one of the residential land use categories identified in the Trip Generation Table.
2. The adjusted peak trip generation rate is multiplied by the tax rate to determine the Excise Tax due.

Ex.

New Single Family Residence

$$1.01 \times 2,494 = \$2,518.94$$

Total Excise Tax Due = \$2,518.94

New Townhome Building

$$1.01 \times 667 = \$1,795.68 \text{ (x 4 units)}$$

Total Excise Tax Due = \$7,182.72

NON-RESIDENTIAL

1. The proposed development is classified under one of the land use categories identified in the Trip Generation Table.
2. The building square footage is divided by 1,000 to determine the taxable portion of the building.
3. The taxable portion of the building is multiplied by the adjusted peak trip generation rate to determine the total number of vehicle trips generated.
4. The new vehicle trips is multiplied by the tax rate to determine the total Excise Tax due.

Ex.

16,500 Square Foot Supermarket

$$16,500/1,000 = 16.5$$

$$16.5 \times 6.72 \text{ (trip rate)} = 110.88 \text{ (trips)}$$

$$110.88 \times 667 = \$73,956.96$$

Total Excise Tax Due = \$73,956.96