



Agenda - Final

Finance, Governance and Public Safety Committee

Katheryn Shields, Chair
Heather Hall, Vice Chair
Ryana Parks-Shaw
Melissa Robinson
Lee Barnes
Kevin McManus

Wednesday, May 10, 2023

10:30 AM

26th Floor, Council Chamber

<https://us02web.zoom.us/j/84530222968>

PUBLIC OBSERVANCE OF MEETINGS

Members of the City Council may attend this meeting via videoconference.

Any closed session may be held via teleconference.

The public can observe this meeting at the links provided below.

Applicants and citizens wishing to participate have the option of attending each meeting or they may do so through the videoconference platform ZOOM, using this link:

<https://us02web.zoom.us/j/84530222968>

Director of the Law Department

[230365](#) Sponsor: Director of the Law Department

Approving and authorizing settlement of a claim by Jeffrey Martin, Claim No. T2021-0685.

Attachments: [Docket Memo Martin](#)

Director of Health

[230392](#) Sponsor: Director of the Health Department

Accepting and approving a one-year grant award amendment in the amount of \$3,764,951.00 from the U.S. Department of Health and Human Services to provide funding for Ryan White Part A and Minority AIDS Initiative services in Kansas City, Missouri; designating requisitioning authority; and authorizing the Director of Health to execute contract amendments for Ryan White Part A and Minority AIDS Initiative Medical Case Management Services from previously appropriated funds.

Attachments: [Ryan white Docket memo 230392](#)
[Ryan White Budget 230392](#)

Barnes and Parks-Shaw

[230349](#) Sponsor: Director of Parks and Recreation Department

Reducing an appropriation in the amount of \$785,408.91 in the General Obligation Series 2018, 2019, and 2020 Bond Funds; appropriating \$785,408.91 from the Unappropriated Fund Balance in the General Obligation Series 2018, 2019, and 2020 Bond Funds to the 63rd Street and Zoo Drive project account; and recognizing this ordinance as having an accelerated effective date.

Attachments: [63rd St and Zoo Dr Bond Funds Docket Memo](#)
[63rd St and Zoo Dr Bond Fund Admin-Approp](#)
[230439 Ordinance 63rd zoo](#)

Hall

[230356](#) Sponsor: Councilmember Heather Hall

RESOLUTION - Directing the City Manager to develop a Supported Employment Hiring Initiative for the purposes of employing individuals with intellectual and developmental disabilities and to report back to Council within 60 days, and to fully develop the Hiring Initiative and advertise open positions created by the Hiring Initiative by August 1, 2023.

Attachments: [Docket Memo 230356](#)

Lucas

[230362](#) Sponsor: Mayor Quinton Lucas

Amending Chapter 68, Code of Ordinances, by enacting new Section 68-451 entitled "Sales tax (adult use marijuana)"; and establishing an effective date.

Attachments: [Docket Memo 230362](#)
[Tax Ordinance - Committee - May 10 2023](#)

Lucas

[230363](#) Sponsor: Mayor Quinton Lucas

Amending Chapter 40, Code of Ordinances, by repealing Section 40-111 and enacting a new section of like number and subject matter; amending Chapter 40, Code of Ordinances, by enacting new Section 40-168 entitled "Short-term rental units"; and establishing an effective date.

Attachments: [230363 Compared Version](#)
[Docket Memo 230363](#)

Lucas

230364 Sponsor: Mayor Quinton Lucas

Amending Chapter 68 of the Code of Ordinances entitled “Taxation” by enacting a new Article XI, Sections 68-585 through 68-606 entitled “Transient Boarding and Accommodation Tax” to provide for uniform taxation of short-term rentals not otherwise subject to the requirements of Sec. 68-551 of the Code of Ordinances; and establishing an effective date.

Attachments: [Docket Memo 230364](#)

HELD IN COMMITTEE

Lucas

230157 Sponsor: Mayor Quinton Lucas

Amending Chapter 2, Code of Ordinances, by repealing Section 2-1954 relating to the City’s fund balance and reserve policy and enacting in lieu thereof one new section of like number and subject to modify the required funding floor and ceiling, respectively, of the emergency reserve funds and countercyclical reserve funds of the general fund and amending permissible uses for unassigned general fund balance.

Attachments: [230157 Docket Memo](#)

ADDITIONAL BUSINESS

1. There may be a general discussion regarding current Finance, Governance, and Public Safety issues

2. Those who wish to comment on proposed ordinances can provide testimony to public.testimony@kcmo.org.

Comments received will be distributed to the committee and added to the public record by the clerk. The city provides several ways for residents to watch City Council meetings:

Live Stream on the city’s website at www.kcmo.gov

Live Stream on the city’s YouTube channel at: <https://www.youtube.com/watch?v=3hOuBlg4fok>

Watch Channel 2 on your cable system.

The channel is available through Time Warner Cable (channel 2 or 98.2), A T & T U-verse

(channel 99, then select Kansas City), and Google Fiber on Channel 142.

To watch archived meetings, visit the City Clerk’s website and look in the Video on Demand

section: http://kansascity.granicus.com/ViewPublisher.php?view_id=2

Closed Session

Pursuant to Section 610.021 subsection 1 of the Revised Statutes of Missouri to discuss legal matters, litigation, or privileged communications with attorneys;

Pursuant to Section 610.021 subsection 2 of the Revised Statutes of Missouri to discuss real estate;

Pursuant to Section 610.021 subsections 3 and 13 of the Revised Statutes of Missouri to discuss personnel matters;

Pursuant to Section 610.021 subsection 9 of the Revised Statutes of Missouri to discuss employee labor negotiations;

Pursuant to Section 610.021 subsection 11 of the Revised Statutes of Missouri to discuss specifications for competitive bidding;

Pursuant to Section 610.021 subsection 12 of the Revised Statutes of Missouri to discuss sealed bids or proposals; or

Pursuant to Section 610.021 subsection 17 of the Revised Statutes of Missouri to discuss confidential or privileged communications with the auditor

The City Clerk`s Office now has equipment for the hearing impaired for every meeting. To check out the equipment, please take a look at each committee's secretary . Be prepared to leave your Driver`s License or State issued Identification Card with the secretary, and she /He will give you the equipment. The City Clerk`s Office will return your license upon returning the

Adjournment

Adjournment



File #: 230365

ORDINANCE NO. 230365

Sponsor: Director of the Law Department

Approving and authorizing settlement of a claim by Jeffrey Martin, Claim No. T2021-0685.

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. That the payment of the sum of \$120,000.00 from funds previously appropriated to Account No. 24-7010-131521-B, General Liability Claims, in settlement of the claim of Jeffrey Martin, Claim No. T2021-0685, as recommended by the City Attorney and the Risk Management Committee, is approved.

..end

I hereby certify that there is a balance, otherwise unencumbered, to the credit of the appropriation to which the foregoing expenditure is to be charged, and a cash balance, otherwise unencumbered, in the treasury, to the credit of the fund from which payment is to be made, each sufficient to meet the obligation hereby incurred.

Tammy L. Queen
Director of Finance

Approved as to form:

Alisa N. Chambers
Senior Associate City Attorney



City of Kansas City, Missouri

Docket Memo

Ordinance/Resolution #

Submitted Department/Preparer: Please Select

Docket memos are required on all ordinances initiated by a Department Director. More information can be found in [Administrative Regulation \(AR\) 4-1](#).

Executive Summary

The City will be paying \$120,000.00 to settle a trip and fall claim brought by Jeffrey Martin.

Discussion

This was a trip and fall on City-owned risers at Municipal Auditorium. The claimant's foot caught on a detached strip of metal which caused him to fall forward. The handrail was also loose which prevented the claimant from catching himself. Mr. Martin suffered right distal bicep tendon rupture, muscle wasting and atrophy in his right upper arm, neck pain, right elbow pain, and carpal tunnel syndrome and required surgery and physical therapy. The City has a duty to maintain its property in a safe condition. Missouri Courts have held that cities are liable in similar cases.

Fiscal Impact

1. Is this legislation included in the adopted budget? Yes No

2. What is the funding source?

24-7010-131521-B-618200

3. How does the legislation affect the current fiscal year?

The specified amount is allocated toward the settlement for the purposes described.

4. Does the legislation have fiscal impact in future fiscal years? Please notate the difference between one-time and recurring costs.

No.

5. Does the legislation generate revenue, leverage outside funding, or deliver a return on investment?

No.



City of Kansas City, Missouri

Docket Memo

Budget Review

(Staff will complete this section.)

- 1. This legislation is supported by the general fund. Yes No
- 2. This fund has a structural imbalance. Yes No

Additional Discussion (if needed)

Click or tap here to enter text.

Citywide Business Plan Impact

N/A

Prior Legislation

N/A

Service Level Impacts

N/A

Other Impacts

- 1. What will be the potential health impacts to any affected groups?
None.
- 2. How have those groups been engaged and involved in the development of this ordinance?
N/A
- 3. Is this legislation good for the children?
Yes
- 4. How does this legislation contribute to a sustainable Kansas City?
N/A



File #: 230392

ORDINANCE NO. 230392

Sponsor: Director of the Health Department

Accepting and approving a one-year grant award amendment in the amount of \$3,764,951.00 from the U.S. Department of Health and Human Services to provide funding for Ryan White Part A and Minority AIDS Initiative services in Kansas City, Missouri; designating requisitioning authority; and authorizing the Director of Health to execute contract amendments for Ryan White Part A and Minority AIDS Initiative Medical Case Management Services from previously appropriated funds.

WHEREAS, Ryan White Part A and Minority AIDS Initiative funds provide core medical and related support services to improve access and reduce disparities in health outcomes in metropolitan areas hardest hit by HIV/AIDS; NOW, THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. That a one-year grant award amendment in the amount of \$3,764,951.00 between the City of Kansas City, Missouri, acting through its Director of Health, and the U.S. Department of Health and Human Services, Division of Health Resources and Services Administration (HRSA), whereby HRSA will provide funding for persons living with HIV/AIDS in the eleven county KC-TGA (Transitional Grant Area) for a period beginning March 1, 2023 through February 29, 2024, for a total grant award amount not to exceed \$4,537,745.00, is hereby accepted and approved. A copy of the award, in substantial form is attached hereto and made a part hereof by reference.

Section 2. That the Director of Health is hereby authorized to expend the sum of \$3,529,940.00 from funds previously appropriated to Account No. 24-2730-505003-G50244824, and \$235,011.00 from funds previously appropriated to Account No. 24-2730-505019-G50501924 for the aforesaid contract.

Section 3. That the Director of Health is authorized to execute contract amendments with University Health, for a total contract not to exceed \$525,858.00, Vivent Health, for a total contract not to exceed \$455,512.00, Kansas City Care Clinic, for a total contract not to exceed \$413,145.00, and the University of Kansas Hospital Authority, for a total contract not to exceed \$425,659.00, respectively, for the provision of Ryan White Part A and Minority AIDS Initiative Medical Case Management Services in the Kansas City, Missouri area to be paid from funds appropriated in Account Nos. 24-2730-505003-G50244824 and 24-2730-505019-G50501924. A copy of the contracts, in substantial form, are on file with the Director of Health.

..end

I hereby certify that there is a balance, otherwise unencumbered, to the credit of the appropriation to which the foregoing expenditure is to be charged, and a cash balance, otherwise unencumbered, in the treasury, to the credit of the fund from which payment is to be made, each sufficient to meet the obligation hereby incurred.

Tammy L. Queen
Director of Finance

Approved as to form:

Joseph A. Guarino
Assistant City Attorney



City of Kansas City, Missouri

Docket Memo

Ordinance/Resolution # 230392

Submitted Department/Preparer: Health

Docket memos are required on all ordinances initiated by a Department Director. More information can be found in [Administrative Regulation \(AR\) 4-1](#).

Executive Summary

Accepting and approving a one-year grant award amendment in the amount of \$3,764,951.00 from the U.S. Department of Health and Human Services to provide funding for Ryan White Part A and Minority AIDS Initiative services in Kansas City, Missouri, designating requisitioning authority, and authorizing the Director of Health to execute contract amendment for Ryan White Part A and Minority AIDS Initiative Medical Case Management Services from previously appropriated funds.

Discussion

Ryan White Part A/MAI funds provide core medical and related support services to improve access and reduce disparities in health outcomes in metropolitan areas hardest hit by HIV/AIDS. The Kansas City Transitional Grant Area (KC-TGA) qualifies as one of those metropolitan areas due to the level of incidence of HIV within the eleven county region. To qualify, a metropolitan area must average 1,000 new cases of HIV over the previous five year period.

Service area consist of Cass, Clay, Clinton, Jackson, Platte, Lafayette, and Ray counties in MO and Johnson, Leavenworth, Miami, and Wyandotte counties in KS. Kansas City Health Department acts as the Administrator for all Ryan White Programing in the KC-TGA.

The KC-TGA Ryan White Continuum of Care provided HIV/AIDS services for approximately 2,805 clients during the period from March 2022 to February 2023 (FY22). Services will be contracted out to sub-recipients to provide the community with outpatient/ambulatory medical care, oral health services, Medical Case Management, Early Intervention Services, Referral for Healthcare Support, Mental Health/Substance Abuse treatment, Health Education, Housing services, and other professional services. The comprehensive system of care is monitored for the quality, programmatic and fiscal integrity by the Kansas City Missouri Health Department, HIV Services Program.

Ryan White funding is appropriated annually by Congress. The awards for Part A are split into formula and supplemental funds. Formula funds are awarded based on the number of new cases of HIV/AIDS in the funded service area. Supplemental funds are awarded based on demonstrated need and quality of local plans in the annual application. The KC-TGA has received Part A Ryan White funding for over 25 years.

MAI funding is used to improve access to HIV care and health outcomes for racial and ethnic minority populations disproportionately affected by HIV.

Fiscal Impact



City of Kansas City, Missouri

Docket Memo

1. Is this legislation included in the adopted budget? Yes No

2. What is the funding source?

24-2730-505003-G50244824 & 24-2730-505019-G50501924

3. How does the legislation affect the current fiscal year?

Click or tap here to enter text.

4. Does the legislation have fiscal impact in future fiscal years? Please notate the difference between one-time and recurring costs.

No

5. Does the legislation generate revenue, leverage outside funding, or deliver a return on investment?

Leverage outside funding

Office of Management and Budget Review

(OMB Staff will complete this section.)

1. This legislation is supported by the general fund. Yes No

2. This fund has a structural imbalance. Yes No

Additional Discussion (if needed)

Click or tap here to enter text.

Citywide Business Plan (CWBP) Impact

View the [FY23 Citywide Business Plan](#)

Which CWBP goal is most impacted by this legislation?

Housing and Healthy Communities (Press tab after selecting.)

Which objectives are impacted by this legislation (select all that apply):

City of Kansas City, Missouri

Docket Memo

- Maintain and increase affordable housing supply to meet the demands of a diverse population
- Broaden the capacity and innovative use of funding sources for affordable housing
- Invest in neighborhood stabilization and revitalization to reduce blight, ensure sustainable housing, and improve the wellbeing of residents while sustaining their diverse cultures
- Ensure all occupants of residences have quality, efficient, and healthy housing with minimal economic or regulatory barriers
- Address the various needs of the City's most vulnerable population
- Utilize planning approaches to improve the City's neighborhoods

Prior Legislation

Ordinance 230093 Ryan White Part A-MAI Partial FY23-Passed 2-9-23

Service Level Impacts

Ryan White Program Part A and MAI ensure that low income residents living with HIV have access to life saving medical treatment and support services that empower individuals to overcome barriers to care. Impacts on public health from Ryan White program can be seen in both unmet need (indicating 2 HIV medical care visits each year) and Viral Load Suppression for those engaged vs not engaged with the Ryan White Program. In the KC-TGA of those enrolled in Ryan White services 8.1% had an unmet need and 11.8% were not virally suppressed compared to the overall population of persons with HIV in the jurisdiction with 19.9% unmet need and 27.7% not virally suppressed (SOURCE CY20 Surveillance data). When individuals with HIV are virally suppressed they are unable to transmit HIV to others and thus the Ryan White programs also impact the community by preventing the spread of HIV.

Other Impacts

1. What will be the potential health impacts to any affected groups?

Impact to overall persons living with HIV will include better health outcomes as described above and improved quality of life. Populations disproportionately impacted by the HIV epidemic include men who have sex with men, men and women of color, transgender women, and intravenous drug users. Minority AIDS Initiative funding is used to serve the following populations in the KC-TGA:

*Young Men who have Sex with Men of Color (AA/Black & Hisp/Lat), Ages 13-29

* African American/Black Males & Females, Non-MSM, Ages 13-44

*Transgender People of Color (AA/Black & Hisp/Lat), All Ages

City of Kansas City, Missouri

Docket Memo

2. How have those groups been engaged and involved in the development of this ordinance?

The Kansas City- TGA has an active Integrated HIV Prevention and Care Planning Council composed of various stakeholders in the community including 33% of the membership made is persons living with HIV, including members of the groups described above. Planning Council makes decisions on appropriations and is provided ongoing reporting from KCHD to monitor progress and impact of the funding.

3. How does this legislation contribute to a sustainable Kansas City?

Prevents the spread of HIV and improves quality of life for those living with HIV. Federal Investments in public health such as Ryan White also reduce the local burden to provide safety net services and care.

4. Does the ordinance/resolution include Civil Rights antidiscrimination requirements in compliance with the Code of Ordinances (Chapter 38, titled "Civil Rights")?

All federal grant funds including those from HHS/HRSA must comply with Title VI of the Civil Rights Act. Title VI prohibits discrimination on the basis of race, color, or national origin in any program or activity that receives Federal funds or other Federal financial assistance. Programs that receive Federal funds cannot distinguish among individuals on the basis of race, color or national origin, either directly or indirectly, in the types, quantity, quality or timeliness of program services, aids or benefits that they provide or the manner in which they provide them.

5. Has the ordinance/resolution been submitted for review of economic equity & inclusion requirements in compliance with the Code of Ordinances (Chapter 3, titled "Contracts and Leases")?

N/A

Minority AIDS Initiative Program

Revenues		Current Budget	Revised	Dollar
Account Number	Revenue Account Title	Estimate	Estimate	Change
23-2730-500001-479880-G50501924	Minority AIDS Initiative Program	\$ 79,873	\$ 79,873	\$ -
24-2730-500001-479880-G50501924	Minority AIDS Initiative Program	\$ 202,937	\$ 202,937	\$ -
		\$ 282,810	\$ 282,810	\$ -

Appropriations		Current	Revised	Dollar
Account Number	Appropriation Account Title		Estimate	Change
23-2730-505019-A-G50501924	Minority AIDS Initiative Program	\$ 7,098	\$ 7,098	\$ -
23-2730-505019-B-G50501924	Minority AIDS Initiative Program	\$ 72,775	\$ 72,775	\$ -
		\$ 79,873	\$ 79,873	\$ -
24-2730-505019-A-G50501924	Minority AIDS Initiative Program	\$ 34,899	\$ 34,899	\$ -
24-2730-505019-B-G50501924	Minority AIDS Initiative Program	\$ 168,038	\$ 168,038	\$ -
		\$ 202,937	\$ 202,937	\$ -
GRAND TOTAL		\$ 282,810	\$ 282,810	\$ -



File #: 230349

ORDINANCE NO. 230349

Sponsor: Director of Parks and Recreation Department

Reducing an appropriation in the amount of \$785,408.91 in the General Obligation Series 2018, 2019, and 2020 Bond Funds; appropriating \$785,408.91 from the Unappropriated Fund Balance in the General Obligation Series 2018, 2019, and 2020 Bond Funds to the 63rd Street and Zoo Drive project account; and recognizing this ordinance as having an accelerated effective date.

WHEREAS, the 63rd Street and Zoo Drive project will reconstruct the intersection of 63rd Street and Zoo Drive to improve traffic safety and enhance traffic flow at this intersection; and

WHEREAS, a number of General Obligation Bond funded projects were recently completed and funds in these project accounts are available to assist with completing the 63rd Street and Zoo Drive project; NOW, THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. That the sum of \$785,408.91 is hereby reduced in the following GO Bond Funds 3518,3519, and 3520:

AL-3518-898044-B-89004764	Broadway Signalization	\$ 86,667.89
AL-3518-898037-B-89005559	Paseo over Brush Creek	7,485.98
AL-3518-897001-B-89008240	Wornall 85th to 89th	17,485.05
AL-3518-898043-B-89008263	Beacon Hill	2,144.90
AL-3518-898012-B-89008573	N Oak -NKC to Indianola	110,661.48
AL-3519-708014-B-70192902	Benton Circle	51,167.56
AL-3520-708011-B-70008822	Chouteau and I-35	273,131.02
AL-3520-708012-B-70182903	Maplewoods Parkway	212,315.99
AL-3520-897702-B-89005585	Beardsley Road Bridge Repair	<u>24,349.04</u>
	TOTAL	\$785,408.91

Section 2. That the sum of \$785,408.91 is hereby appropriated from the Unappropriated Fund Balance to the following account of the GO Bond Funds 3518,3519, and 3520:

AL-3518-708015-B-70194969	63rd Street and Zoo Drive	\$224,445.30
AL-3519-708015-B-70194969	63rd Street and Zoo Drive	51,167.56
AL-3520-708015-B-70194969	63rd Street and Zoo Drive	<u>509,796.05</u>

TOTAL \$785,408.91

Section 3. That this ordinance, relating to the design, repair, maintenance, or construction of a public improvement, is recognized as an ordinance with an accelerated effective date as provided by Section 503(a)(3)(D) of the City Charter and shall take effect in accordance with Section 503, City Charter.

..end

I hereby certify that there is a balance, otherwise unencumbered, to the credit of the appropriation to which the foregoing expenditure is to be charged, and a cash balance, otherwise unencumbered, in the treasury, to the credit of the fund from which payment is to be made, each sufficient to meet the obligation hereby incurred.

Tammy L. Queen
Director of Finance

Approved as to form:

Lana K. Torczon
Senior Associate City Attorney



City of Kansas City, Missouri

Docket Memo

Ordinance/Resolution #

Submitted Department/Preparer: Parks and Recreation

Docket memos are required on all ordinances initiated by a Department Director. More information can be found in [Administrative Regulation \(AR\) 4-1](#).

Executive Summary

Reducing an appropriation in the amount of \$785,408.91 in the General Obligation Series 2018,2019, and 2020 Bond Fund; appropriating \$785,408.91 from the Unappropriated Fund Balance in the General Obligation Series 2018,2019, and 2020 Bond Fund to the 63rd Street and Zoo Drive project account; and recognizing this ordinance as having an accelerated effective date.

Discussion

The 63rd Street Trafficway and Zoo Drive Project will reconstruct the intersection of E 63rd Street Trafficway and Zoo Drive to improve traffic safety and enhance traffic flow. The City received contrsuction bids which exceeded the project budget. Several General Obligation Bond funded projects were recently completed and funds in these project accounts are available to assist in completed the 63rd Street and Zoo Drive project.

This has been reviewed and approved by Bond council.

Fiscal Impact

1. Is this legislation included in the adopted budget? Yes No
2. What is the funding source?
GO Bond Funds 3518, 3519, 3520
3. How does the legislation affect the current fiscal year?
This legislation reallocates funds from previously completed GO Bond projects.
4. Does the legislation have fiscal impact in future fiscal years? Please notate the difference between one-time and recurring costs.
There is no fiscal impact in future years.
5. Does the legislation generate revenue, leverage outside funding, or deliver a return on investment?
No

City of Kansas City, Missouri

Docket Memo



Office of Management and Budget Review (OMB Staff will complete this section.)

1. This legislation is supported by the general fund. Yes No
2. This fund has a structural imbalance. Yes No

Additional Discussion (if needed)

Click or tap here to enter text.

Citywide Business Plan (CWBP) Impact

View the [FY23 Citywide Business Plan](#)

Which CWBP goal is most impacted by this legislation?

Infrastructure and Accessibility

Which objectives are impacted by this legislation (select all that apply):

- Enhance the City's connectivity, resiliency, and equity through a safe, efficient, convenient, inclusive, accessible, sustainable and better connected multi-modal transportation system
- Develop environmentally sound and sustainable infrastructure strategies that improve quality of life and foster economic growth
- Increase and support local workforce development and minority, women, and locally-owned businesses
- Engage in efforts to strategically invest in the City's infrastructure and explore emerging technologies

Prior Legislation

N/A

Service Level Impacts

This project is expected to have a positive impact on connectivity for residents and LOS for street maintenance.

City of Kansas City, Missouri

Docket Memo



Other Impacts

1. What will be the potential health impacts to any affected groups?

This project improves walkability of the surrounding neighborhoods and connectivity to Swope Park and its amenities. Additionally, this project will address a number of safety issues surrounding a dangerous intersection.

2. How have those groups been engaged and involved in the development of this ordinance?

The City has been engaged with the Kansas City Zoo throughout the project.

3. How does this legislation contribute to a sustainable Kansas City?

Recycled asphalt and LED streetlighting have been incorporated into this project.

4. Does the ordinance/resolution include Civil Rights antidiscrimination requirements in compliance with the Code of Ordinances (Chapter 38, titled "Civil Rights")?

N/A

5. Has the ordinance/resolution been submitted for review of economic equity & inclusion requirements in compliance with the Code of Ordinances (Chapter 3, titled "Contracts and Leases")?

N/A

ORDINANCE _____

Reducing an appropriation in the amount of \$785,408.91 in the General Obligation Series 2018,2019, and 2020 Bond Fund; appropriating \$785,408.91 from the Unappropriated Fund Balance in the General Obligation Series 2018,2019, and 2020 Bond Fund to the 63rd Street and Zoo Drive project account; and recognizing this ordinance as having an accelerated effective date.

WHEREAS, the 63rd Street and Zoo Drive project will reconstruct the intersection of 63rd Street and Zoo Drive to improve traffic safety and enhance traffic flow at this intersection; and

WHEREAS, a number of General Obligation Bond funded projects were recently completed and funds in these project accounts are available to assist with completing the 63rd Street and Zoo Drive project; NOW, THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. That the sum of \$785,408.91 is hereby reduced in the following GO Bond Funds 3518,3519, and 3520:

AL-3518-898044-B-89004767 Broadway Signalization	\$86,667.89
AL-3518-898037-B-89005559 Paseo over Brush Creek	\$7,485.98
AL-3518-897001-B-89008240 Wornall 85 th to 89 th	\$17,485.05
AL-3518-898043-B-89008263 Beacon Hill	\$2,144.90
AL-3518-898012-B-89008573 N Oak -NKC to Indianola	\$110,661.48
AL-3519-708014-B-70192902 Benton Circle	\$51,167.56
AL-3520-708011-B-70008822 Chouteau and I-35	\$273,131.02
AL-3520-708012-B-70182903 Maplewoods Parkway	\$212,315.99
<u>AL-3520-897702-B-89005585 Beardsley Road Bridge Repair</u>	<u>\$24,349.04</u>
Total	\$785,408.91

Section 2. That the sum of \$785,408.91 is hereby appropriated from the Unappropriated Fund Balance to the following account of the GO Bond Funds 3518,3519, and 3520:

AL-3518-708015-B-70194969 63 rd Street and Zoo Drive	\$224,445.30
AL-3519-708015-B-70194969 63 rd Street and Zoo Drive	\$51,167.56
<u>AL-3520-708015-B-70194969 63rd Street and Zoo Drive</u>	<u>\$509,796.05</u>
Total	\$785,408.91

Section 3. That this ordinance, relating to the design, repair, maintenance or construction of a public improvement, is recognized as an ordinance with an accelerated effective date as provided by Section 503(a)(3)(D) of the City Charter and shall take effect in accordance with Section 503, City Charter.

I hereby certify that there is a balance, otherwise unencumbered, to the credit of the appropriation to which the foregoing expenditure is to be charged, and a cash balance, otherwise unencumbered, in the treasury, to the credit of the fund from which payment is to be made, each sufficient to meet the obligation hereby incurred.

Tammy Queen
Director of Finance

Approved as to form:

Lana Torczon
Assistant City Attorney



File #: 230356

RESOLUTION NO. 230356

Sponsor: Councilmember Heather Hall

RESOLUTION - Directing the City Manager to develop a Supported Employment Hiring Initiative for the purposes of employing individuals with intellectual and developmental disabilities and to report back to Council within 60 days, and to fully develop the Hiring Initiative and advertise open positions created by the Hiring Initiative by August 1, 2023.

WHEREAS, the City of Kansas City, Missouri is committed to developing and maintaining a talented workforce that reflects the rich diversity of the citizens of our city; and

WHEREAS, it is the policy of the City of Kansas City to support and encourage individuals with disabilities to fully participate in the community and economic life of our community and engage in competitive integrated employment; and

WHEREAS, the Council desires for the City to practice inclusion in its own hiring and to increase persons with intellectual and developmental disabilities in its own workforce; and

WHEREAS, members of the City Council and the Human Resources and CREO Departments have researched the benefits of other similar efforts nationwide during the last year; NOW, THEREFORE,

BE IT RESOLVED BY THE COUNCIL OF KANSAS CITY:

Section 1. That the City Manager is directed to develop a Supported Employment Hiring Initiative to increase employment of individuals with intellectual and developmental disabilities with the City's workforce and report back to the Council within 60 days. The development of the Hiring Initiative shall include provisions for:

- a) evaluating work in each department that can be performed by those hired through the Hiring Initiative; and
- b) application criteria for individuals who seek employment through the Hiring Initiative; and
- c) processes for matching Hiring Initiative applicants with departments; and

- d) developing salary and benefit requirements for individuals hired through the Hiring Initiative; and
- e) evaluating accommodations that may need to be made to encourage success for individuals hired through the Hiring Initiative; and
- f) outreach to community agencies involved with individuals who may qualify for positions related to the Hiring Initiative.

Section 2. That the Supported Employment Hiring Initiative shall be fully developed on or before August 1, 2023, and that, subject to the appropriation of funds, the first open positions related to the Hiring Initiative shall be advertised on or before that date.

..end



City of Kansas City, Missouri

Docket Memo

Ordinance/Resolution #

Submitted Department/Preparer: Mayor/Council's Office

Docket memos are required on all ordinances initiated by a Department Director. More information can be found in [Administrative Regulation \(AR\) 4-1](#).

Executive Summary

Directing the City Manager to develop a Supported Employment Hiring Initiative for the purposes of employing individuals with intellectual and developmental disabilities and to report back to Council within 60 days, and to fully develop the Hiring Initiative and advertise open positions created by the Hiring Initiative by August 1, 2023.

Discussion

The fiscal impact of this legislation is indeterminable at this time, pending the results of the Supported Employment Hiring Initiative.

Fiscal Impact

1. Is this legislation included in the adopted budget? Yes No
2. What is the funding source?
N/A
3. How does the legislation affect the current fiscal year?
N/A
4. Does the legislation have fiscal impact in future fiscal years? Please notate the difference between one-time and recurring costs.
N/A
5. Does the legislation generate revenue, leverage outside funding, or deliver a return on investment?
N/A

Office of Management and Budget Review
(OMB Staff will complete this section.)

City of Kansas City, Missouri



Docket Memo

1. This legislation is supported by the general fund. Yes No
2. This fund has a structural imbalance. Yes No

Additional Discussion (if needed)

Click or tap here to enter text.

Citywide Business Plan (CWBP) Impact

View the [FY23 Citywide Business Plan](#)

Which CWBP goal is most impacted by this legislation?

Finance and Governance (Press tab after selecting.)

Which objectives are impacted by this legislation (select all that apply):

- Reform the City's economic incentives to meet the policy objectives of the City Council
- Ensure the resiliency of City government
- Engage in workforce planning including employee recruitment, development, retention, and engagement
- Ensure a responsive, representative, engaged, and transparent City government
-
-

Prior Legislation

Click or tap here to list prior related ordinances/resolutions.

Service Level Impacts

Click or tap here to provide a description of how this ordinance will impact service levels. List any related key performance indicators and impact.

Other Impacts

1. What will be the potential health impacts to any affected groups?

Community integrated employment services and supports are the first service option and primary outcome for people with disabilities. This program will positively impact those with



City of Kansas City, Missouri

Docket Memo

intellectual and developmental disabilities to be better able to fully participate in the community, which impacts their overall wellbeing.

2. How have those groups been engaged and involved in the development of this ordinance?

Representatives from the Human Resources and CREO departments have worked with Summit Future Foundation, a Kansas City based nonprofit organization who is dedicated to building a more inclusive community for teens and adults who have developmental disabilities, and the Missouri Division of Developmental Disabilities' Employment First Program.

3. How does this legislation contribute to a sustainable Kansas City?

It supports inclusion and diversity in the workforce and in the community.

4. Does the ordinance/resolution include Civil Rights antidiscrimination requirements in compliance with the Code of Ordinances (Chapter 38, titled "Civil Rights")?

N/A

5. Has the ordinance/resolution been submitted for review of economic equity & inclusion requirements in compliance with the Code of Ordinances (Chapter 3, titled "Contracts and Leases")?

N/A



File #: 230362

ORDINANCE NO. 230362

Sponsor: Mayor Quinton Lucas

Amending Chapter 68, Code of Ordinances, by enacting new Section 68-451 entitled “Sales tax (adult use marijuana)” and establishing an effective date.

WHEREAS, Missouri Constitution Article XIV, Section 2 authorizes the governing body of any local government to impose a sales tax of no more than three percent (3%) on the tangible personal property retail sales of adult use marijuana; and

WHEREAS, in an election on April 4, 2023 the qualified voters of the City authorized the imposition of a 3% sales tax on the tangible personal property retail sales of recreational (non-medicinal) adult use marijuana to be used exclusively for the purposes of providing neighborhood quality of life improvements and funding refuse and cleanup services, homeless prevention services, and violence prevention services administered by the City; and

WHEREAS, the City Council declared its intent in Resolution No. 230159 to use revenue generated by the tax for the purposes of trash pick-up, neighborhood clean-up, homelessness response efforts, and violence prevention efforts; NOW, THEREFORE

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. That with approval of the qualified voters of the City, Chapter 68 of the Code of Ordinances shall be amended by enacting new Section 68-451 entitled “Sales tax (adult use marijuana) to read as follows:

Section 68-451. Sales tax (adult use marijuana).

(a) *Imposition of tax.* Pursuant to the authority granted by and subject to the provisions of Missouri Constitution Article XIV, Section 2.6(5), a tax is hereby imposed upon all sellers for the privilege of engaging in the business of selling at retail tangible personal property of recreational adult use marijuana and in the manner provided in RSMo 144.010—144.525, and the rules and regulations of the director of revenue issued pursuant thereto. The rate of the tax shall be three percent (3%) on the receipts from the sale at retail of all tangible personal property of recreational adult use marijuana. The tax shall become effective October 1, 2023 and shall be collected as provided in RSMo 94.500—94.550.

(b) *Use of proceeds.* One-third (1/3) of the revenue generated by the sale at retail of all tangible personal property of non-medicinal adult use marijuana shall be used for neighborhood clean up via the Public Works Department. One-third (1/3) of the revenue shall be used for homelessness response efforts via the Housing Department. One-third (1/3) of the revenue shall be used for violence prevention efforts via the Health Department.

..end

Approved as to form:

Samuel E. Miller
Assistant City Attorney



City of Kansas City, Missouri

Docket Memo

Ordinance/Resolution #

Submitted Department/Preparer: Mayor/Council's Office

Docket memos are required on all ordinances initiated by a Department Director. More information can be found in [Administrative Regulation \(AR\) 4-1](#).

Executive Summary

Amending Chapter 68, Code of Ordinances, by enacting new Section 68-451 entitled "Sales tax (adult use marijuana)"; and establishing an effective date.

Discussion

Codifies 3% sales tax on recreational marijuana which was approved by voters on April 4, 2023.

Fiscal Impact

1. Is this legislation included in the adopted budget? Yes No

2. What is the funding source?

Recreational Marijuana Sales Tax

3. How does the legislation affect the current fiscal year?

FY2022-23 prorated revenue will be approximately \$1.25 million.

4. Does the legislation have fiscal impact in future fiscal years? Please notate the difference between one-time and recurring costs.

Yes, this legislation will be a source of revenue for future fiscal years.

Additional \$3 million annually for the purposes of neighborhood cleanup, homelessness response efforts, and violence prevention efforts.

5. Does the legislation generate revenue, leverage outside funding, or deliver a return on investment?

Yes, this legislation will generate new revenue.



City of Kansas City, Missouri

Docket Memo

Office of Management and Budget Review

(OMB Staff will complete this section.)

- 1. This legislation is supported by the general fund. Yes No
- 2. This fund has a structural imbalance. Yes No

Additional Discussion (if needed)

One-third of the revenues will be used for neighborhood clean up, one-third will be used for homelessness response efforts, and the remaining one-third will be used for violence prevention efforts.

Citywide Business Plan (CWBP) Impact

View the [FY23 Citywide Business Plan](#)

Which CWBP goal is most impacted by this legislation?

Public Safety (Press tab after selecting.)

Which objectives are impacted by this legislation (select all that apply):

- Reduce violent crime among all age groups, placing an emphasis on young offenders
- Evaluate and identify areas of opportunity in the emergency response delivery system to ensure the best possible patient outcome
- Improve the diversity of employee recruitment, succession planning, and retention in the Police and Fire Departments
- Increase effectiveness and efficiencies of operations at Municipal Court and work to achieve the best possible outcomes for those served
-
-

Prior Legislation

Resolution No. 230159 - Allowable Uses
Ordinance No. 220998 - Submission to Voters

Service Level Impacts

City of Kansas City, Missouri



Docket Memo

Click or tap here to provide a description of how this ordinance will impact service levels. List any related key performance indicators and impact.

Other Impacts

1. What will be the potential health impacts to any affected groups?
N/A
2. How have those groups been engaged and involved in the development of this ordinance?
N/A
3. How does this legislation contribute to a sustainable Kansas City?
N/A
4. Does the ordinance/resolution include Civil Rights antidiscrimination requirements in compliance with the Code of Ordinances (Chapter 38, titled "Civil Rights")?
N/A
5. Has the ordinance/resolution been submitted for review of economic equity & inclusion requirements in compliance with the Code of Ordinances (Chapter 3, titled "Contracts and Leases")?
N/A

Ordinance No. 230362

Recreational Marijuana Sales Tax

Finance Department

Finance, Governance, and Public Safety Committee

May 10, 2023



Ordinance No. 230362

3% Sales Tax - Recreational Marijuana

- Purpose

- Codifies 3% sales tax approved by voters on April 4, 2023

- Effective Date

- October 1, 2023 – per Missouri Dept of Revenue
- First revenues to City expected in December 2023

- Uses (Resolution No. 230159)

- One-third to each of:
 1. Neighborhood clean up
 2. Homelessness response efforts
 3. Violence prevention efforts

- Estimated Revenue

- **\$3 million** annually
- FY2023-24 prorated revenue = **\$1.25 million**

Ordinance No. 230363

Hotel and Short Term Rental License Fees

Finance Department

Finance, Governance, and Public Safety Committee

May 10, 2023



Ordinance No. 230363

Hotel and Short Term Rental License Fees

- Purpose

- Codifies hotel and short-term rental license fees approved by voters on April 4, 2023
 - Modifies Section 40-111, Code of Ordinances, to increase the hotel license fee from \$1.50 to \$3.00
 - Creates Section 40-168, Code of Ordinances, to impose the \$3.00 license fee on short term rental units

- Uses

- 50% for repayment of project financing for T-Mobile Center
- 50% for Convention and Tourism purposes

Ordinance No. 230363

Hotel and Short Term Rental License Fees

- Effective Date
 - **August 1, 2023**
 - Collected by Finance Department, Revenue Division in same manner as current license fee.
 - Staff has begun working with hosting platforms (AirBNB, VRBO, Expedia, etc.) to determine the best way to collect these new fees.
- Estimated Revenue
 - Additional Convention and Tourism revenue - **\$4.1 million** annually
 - Additional Arena Fee revenue - **\$250,000** annually
 - FY2023-24 prorated amount - **\$3.1 million** and **\$187,500**, respectively

Ordinance No. 230364

7.5% Transient Boarding and Accommodation Tax

Finance Department

Finance, Governance, and Public Safety Committee

May 10, 2023



Ordinance No. 230364

7.5% Transient Boarding and Accommodation Tax

- Purpose

- Codifies 7.5% tax on short term rental units approved by voters on April 4, 2023

- Effective Date

- **August 1, 2023**
- Collected by Finance Department, Revenue Division in same manner as existing hotel/motel tax
- Staff has begun working with hosting platforms (AirBNB, VRBO, Expedia, etc.) to determine the best way to collect these new taxes.

- Uses

- Convention and Tourism purposes

- Estimated Revenue

- Approximately **\$2.1 million** annually
- FY2023-24 prorated amount = **\$1.575 million**



File #: 230363

ORDINANCE NO. 230363

Sponsor: Mayor Quinton Lucas

Amending Chapter 40, Code of Ordinances, by repealing Section 40-111 and enacting a new section of like number and subject matter; amending Chapter 40, Code of Ordinances, by enacting new Section 40-168 entitled “Short-term rental units”; and establishing an effective date.

WHEREAS, Code of Ordinances Section 40-111 presently imposes a \$1.50 business license fee on each room rental of hotels, motels, and tourist courts in the City to provide funds for the acquisition, development, construction, operation, and maintenance of a downtown arena; and

WHEREAS, there is currently no license fee imposed by the City for short-term rentals; and

WHEREAS, in an election on April 4, 2023 the qualified voters of the City authorized an additional One Dollar and Fifty Cent (\$1.50) license fee on hotels, motels, and tourist courts, and imposed a like fee on short-term rentals in the City; and

WHEREAS, the City desires to implement the will of the voters by increasing the license fee imposed on hotels, motels, and tourist courts by \$1.50 and imposing a like fee on short-term rentals in the City, for a total of a Three Dollar (\$3.00) fee on the occupied room by a guest per day of all lodging establishments; and

WHEREAS, the City desires to use revenue generated by the license fees on lodging establishments to provide debt service on the downtown arena until fully paid as approved by the voters in the election held on August 3, 2004, and for convention and tourism purposes within the City; NOW, THEREFORE

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. That with approval of the qualified voters of the City, Chapter 40 of the Code of Ordinances shall be amended by repealing Section 40-111 entitled “Hotel, motel or tourist court” and enacting a new section of like number and subject matter, to read as follows:

Sec. 40-111. Hotel, motel or tourist court.

(a) *Amount of fee.* Every individual person or business entity as described in [Section 40-61](#), engaged in the business of renting, leasing, or letting living quarters, sleeping accommodations, rooms or a part thereof, in connection with any hotel, motel or tourist court in the city shall pay to the city a license fee of three dollars (\$3.00) per occupied room by a guest per day on all hotels, motels, and tourist courts in the city.

(b) *Use of proceeds.* Fifty percent (50%) of the fee described in subsection (a) shall be used by the City for repayment of the project financing for the downtown arena. The remaining 50% of such fee shall be used for convention and tourism purposes.

(c) *Definitions.* Definitions for purposes of this section are as follows:

- (1) *Guest* means a person who occupies a room in a hotel, motel or tourist court.
- (2) *Hotel, motel or tourist court* means any structure or building, under one management, which contains rooms furnished for the accommodation or lodging of guests, with or without meals being so provided, and kept, used, maintained, advertised or held out to the public as a place where sleeping accommodations are sought for pay or compensation by transient guests or permanent guests, and having more than eight bedrooms furnished for the accommodation of such guests.
- (3) *Occupied room* includes a room occupied by a non-paying guest. Complimentary rooms shall be considered occupied rooms for purposes of the license fee, except for:
 - a. Rooms donated by a hotel, motel or tourist court to families of patients receiving medical care in hospitals in the Kansas City metropolitan area;
 - b. Rooms donated by a hotel, motel or tourist court for raffles, auctions or similar fund-raising events to benefit charitable, educational, religious or other tax-exempt organizations;
 - c. Rooms provided without charge by a hotel, motel or tourist court to meeting or convention planners during a pre-event site inspection;
 - d. Rooms provided without charge by a hotel, motel or tourist court to representatives of business entities making a visit to evaluate the city as a business location or relocation site;
 - e. Rooms provided without charge by a hotel, motel or tourist court to its employees, management or owners, or to the employees or management of its parent company or hotel or motel franchise entity.

(d) *Due date; returns.* The taxpayer must submit a quarterly return accompanied by payment of the license fee. The license fee under this section shall be paid to the commissioner

of revenue quarterly, due and payable on the following dates, for the preceding periods as listed, based on the actual number of occupied rooms within the respective period. The taxpayer shall make true reports on the dates listed below to the commissioner of revenue, in a form prescribed by the commissioner, giving such information that may be necessary to determine the number of occupied rooms to which the license fee shall apply within the preceding three-month period.

<i>Date License Fee/Return Due</i>	<i>Period Covered</i>
<i>April 30</i>	<i>January 1 through March 31</i>
<i>July 31</i>	<i>April 1 through June 30</i>
<i>October 31</i>	<i>July 1 through September 30</i>
<i>January 31</i>	<i>October 1 through December 31</i>

The taxpayer must make any adjustments within 60 days of the end of the relevant quarterly license period (which is March 31, June 30, September 30 or December 31) or within 60 days after ceasing to engage in the business so licensed, whichever first occurs, on the basis of the actual number of occupied rooms to which the license fee applies during the quarterly license period. Any overpayment shall be credited to the next succeeding quarter's license fee, or otherwise paid or refunded to the licensee.

(e) *Examination of books and records.* The commissioner of revenue and their authorized representative shall have the right at all reasonable times during business hours to make such examination and inspection of the books and records of the licensee as may be necessary to determine the correctness of such returns.

(f) *Penalties for nonpayment.* For each and every month, or part thereof, any such license fee provided for under this section remains unpaid after the fee becomes due and payable, there shall be added to such license fee, as a penalty, ten percent of the amount of such license fee for the first month, or part thereof, the fee is unpaid, and for each and every month thereafter two percent of the amount of such license fee shall be added until the fee is fully paid. In no case shall the total penalty exceed 30 percent of the fee.

(g) *Interest.* For each and every month, or part thereof, any such license fee provided for under this section remains unpaid after the fee becomes due and payable, there shall be added to such license fee interest based on the prime interest rate as set each October.

Section 2. That Chapter 40 of the Code of Ordinances shall be amended by enacting a new Section 40-168 entitled "Short-term rental units," to read as follows:

Sec. 40-168. Short-term rental units.

(a) *Amount of fee.* Every Operator or Booking Service Provider responsible for the collection and remittance of the license fee described in this section, who is engaged in the business of renting, leasing, or letting living quarters, sleeping accommodations, rooms or a part thereof, in connection with any Short-Term Rental Unit in the city shall pay to the city a license fee of three dollars (\$3.00) per occupied room by a guest per day on all such Short-Term Rental Units.

(b) *Use of proceeds.* Fifty percent (50%) of the fee described in subsection (a) shall be used by the City for repayment of the project financing for the downtown arena. The remaining 50% of such fee shall be used for convention and tourism purposes.

(c) *Definitions.* Definitions for purposes of this section are as follows:

- (1) *Transient Guest* is any person who occupies or is entitled to occupancy of any rooms, lodgings, or accommodations in a Short-Term Rental Unit for a period of thirty (30) or fewer consecutive days.
- (2) *Short-Term Rental Unit* is any dwelling unit, or portion of a dwelling unit, which contains eight or fewer rooms furnished for the accommodation or lodging of transient guests, and kept, used, maintained, advertised, or held out to the public as a place where sleeping accommodations are sought for pay or compensation to such transient guests for a period of thirty (30) or fewer consecutive days. Sleeping accommodations consisting of one bedroom or more, that rent for less than twenty dollars per day or less than eighty-five dollars per week and shelters for the homeless operated by not-for-profit organizations are not considered "short-term rental units" for the purposes of this section;
- (3) *Occupied room* includes a room occupied by a non-paying guest. Complimentary rooms shall be considered occupied rooms for purposes of the license fee, except for:
 - a. Rooms donated by a hotel, motel or tourist court to families of patients receiving medical care in hospitals in the Kansas City metropolitan area;
 - b. Rooms donated by a hotel, motel or tourist court for raffles, auctions or similar fund-raising events to benefit charitable, educational, religious or other tax-exempt organizations;
 - c. Rooms provided without charge by a hotel, motel or tourist court to meeting or convention planners during a pre-event site inspection;
 - d. Rooms provided without charge by a hotel, motel or tourist court to representatives of business entities making a visit to evaluate the city as a business location or relocation site;

- e. Rooms provided without charge by a hotel, motel or tourist court to its employees, management or owners, or to the employees or management of its parent company or hotel or motel franchise entity.
- (4) *Operator is a person or entity, if applicable, offering a Short-Term Rental Unit, whether as the owner, lessee, or otherwise.*
- (5) *Booking Service Provider is a person or entity that facilitates the booking of a Short-Term Rental Unit. "Facilitate" includes, but is not limited to, the act of allowing an Operator to offer to list or advertise, typically for a charge or fee, the Short-Term Rental Unit on an Internet website, in a print publication, or through another forum provided or maintained by the Booking Service Provider.*
- (6) *Occupancy refers to the use or possession, or the right to use or possess, any room, lodging, or accommodation in any Short-Term Rental Unit.*

(d) *Due date; returns.* The Operator or Booking Service Provider responsible for the collection and remittance of the license fee must submit a quarterly return accompanied by payment of such fee. The license fee under this section shall be paid to the commissioner of revenue quarterly, due and payable on the following dates, for the preceding periods as listed, based on the actual number of occupied rooms within the respective period. The Operator or Booking Service Provider responsible for the collection and remittance of the license fee shall make true reports on the dates listed below to the commissioner of revenue, in a form prescribed by the commissioner, giving such information that may be necessary to determine the number of occupied rooms to which the license fee shall apply within the preceding three-month period.

<i>Date License Fee/Return Due</i>	<i>Period Covered</i>
<i>April 30</i>	<i>January 1 through March 31</i>
<i>July 31</i>	<i>April 1 through June 30</i>
<i>October 31</i>	<i>July 1 through September 30</i>
<i>January 31</i>	<i>October 1 through December 31</i>

The Operator or Booking Service Provider responsible for collection and remittance of the license fee must make any adjustments within 60 days of the end of the relevant quarterly license period (which is March 31, June 30, September 30 or December 31) or within 60 days after ceasing to engage in the business so licensed, whichever first occurs, on the basis of the actual number of occupied rooms to which the license fee applies during the quarterly license period. Any overpayment shall be credited to the next succeeding quarter's license fee, or otherwise paid or refunded to the licensee.

(e) *Examination of books and records.* The commissioner of revenue and their authorized representative shall have the right at all reasonable times during business hours to make such examination and inspection of the books and records of the Operator or Booking Service Provider as may be necessary to determine the correctness of such returns.

(f) *Penalties for nonpayment.* For each and every month, or part thereof, any such license fee provided for under this section remains unpaid after the fee becomes due and payable, there shall be added to such license fee, as a penalty, ten percent of the amount of such license fee for the first month, or part thereof, the fee is unpaid, and for each and every month thereafter two percent of the amount of such license fee shall be added until the fee is fully paid. In no case shall the total penalty exceed 30 percent of the fee.

(g) *Interest.* For each and every month, or part thereof, any such license fee provided for under this section remains unpaid after the fee becomes due and payable, there shall be added to such license fee interest based on the prime interest rate as set each October.

Section 3. This ordinance shall become effective on August 1, 2023.

..end

Approved as to form:

Samuel E. Miller
Assistant City Attorney

COMPARED VERSION
NEW ORDINANCE TO CODE BOOKS

ORDINANCE NO. 230363

Amending Chapter 40, Code of Ordinances, by repealing Section 40-111 and enacting a new section of like number and subject matter; amending Chapter 40, Code of Ordinances, by enacting new Section 40-168 entitled “Short-term rental units”; and establishing an effective date.

WHEREAS, Code of Ordinances Section 40-111 presently imposes a \$1.50 business license fee on each room rental of hotels, motels, and tourist courts in the City to provide funds for the acquisition, development, construction, operation, and maintenance of a downtown arena; and

WHEREAS, there is currently no license fee imposed by the City for short-term rentals; and

WHEREAS, in an election on April 4, 2023 the qualified voters of the City authorized an additional One Dollar and Fifty Cent (\$1.50) license fee on hotels, motels, and tourist courts, and imposed a like fee on short-term rentals in the City; and

WHEREAS, the City desires to implement the will of the voters by increasing the license fee imposed on hotels, motels, and tourist courts by \$1.50 and imposing a like fee on short-term rentals in the City, for a total of a Three Dollar (\$3.00) fee on the occupied room by a guest per day of all lodging establishments; and

WHEREAS, the City desires to use revenue generated by the license fees on lodging establishments to provide debt service on the downtown arena until fully paid as approved by the voters in the election held on August 3, 2004, and for convention and tourism purposes within the City; NOW, THEREFORE

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. That with approval of the qualified voters of the City, Chapter 40 of the Code of Ordinances shall be amended by repealing Section 40-111 entitled “Hotel, motel or tourist court” and enacting a new section of like number and subject matter, to read as follows:

Sec. 40-111. Hotel, motel or tourist court.

(a) *Amount of fee.* Every individual person or business entity as described in [Section 40-61](#), engaged in the business of renting, leasing, or letting living quarters, sleeping accommodations, rooms or a part thereof, in connection with any hotel, motel or tourist court in the city shall pay to the city a license fee of three dollars (\$3.00) per occupied room by a guest per day on all hotels, motels, and tourist courts in the city.

(b) *Use of proceeds.* Fifty percent (50%) of the fee described in subsection (a) shall be used by the City for repayment of the project financing for the downtown arena. The remaining 50% of such fee shall be used for convention and tourism purposes.

(c) *Definitions.* Definitions for purposes of this section are as follows:

- (1) *Guest* means a person who occupies a room in a hotel, motel or tourist court.
- (2) *Hotel, motel or tourist court* means any structure or building, under one management, which contains rooms furnished for the accommodation or lodging of guests, with or without meals being so provided, and kept, used, maintained, advertised or held out to the public as a place where sleeping accommodations are sought for pay or compensation by transient guests or permanent guests, and having more than eight bedrooms furnished for the accommodation of such guests.
- (3) *Occupied room* includes a room occupied by a non-paying guest. Complimentary rooms shall be considered occupied rooms for purposes of the license fee, except for:
 - a. Rooms donated by a hotel, motel or tourist court to families of patients receiving medical care in hospitals in the Kansas City metropolitan area;
 - b. Rooms donated by a hotel, motel or tourist court for raffles, auctions or similar fund-raising events to benefit charitable, educational, religious or other tax-exempt organizations;
 - c. Rooms provided without charge by a hotel, motel or tourist court to meeting or convention planners during a pre-event site inspection;
 - d. Rooms provided without charge by a hotel, motel or tourist court to representatives of business entities making a visit to evaluate the city as a business location or relocation site;
 - e. Rooms provided without charge by a hotel, motel or tourist court to its employees, management or owners, or to the employees or management of its parent company or hotel or motel franchise entity.

(d) *Due date; returns.* The taxpayer must submit a quarterly return accompanied by payment of the license fee. The license fee under this section shall be paid to the commissioner of revenue quarterly, due and payable on the following dates, for the preceding periods as listed, based on the actual number of occupied rooms within the respective period. The taxpayer shall make true reports on the dates listed below to the commissioner of revenue, in a form prescribed by the commissioner, giving such information that may be necessary to determine the number of occupied rooms to which the license fee shall apply within the preceding three-month period.

Date License Fee/Return Due	Period Covered
April 30	January 1 through March 31
July 31	April 1 through June 30
October 31	July 1 through September 30
January 31	October 1 through December 31

The taxpayer must make any adjustments within 60 days of the end of the relevant quarterly license period (which is March 31, June 30, September 30 or December 31) or within 60 days after ceasing to engage in the business so licensed, whichever first occurs, on the basis of the actual number of occupied rooms to which the license fee applies during the quarterly license period. Any overpayment shall be credited to the next succeeding quarter's license fee, or otherwise paid or refunded to the licensee.

(e) *Examination of books and records.* The commissioner of revenue and their authorized representative shall have the right at all reasonable times during business hours to make such examination and inspection of the books and records of the licensee as may be necessary to determine the correctness of such returns.

(f) *Penalties for nonpayment.* For each and every month, or part thereof, any such license fee provided for under this section remains unpaid after the fee becomes due and payable, there shall be added to such license fee, as a penalty, ten percent of the amount of such license fee for the first month, or part thereof, the fee is unpaid, and for each and every month thereafter two percent of the amount of such license fee shall be added until the fee is fully paid. In no case shall the total penalty exceed 30 percent of the fee.

(g) *Interest.* For each and every month, or part thereof, any such license fee provided for under this section remains unpaid after the fee becomes due and payable, there shall be added to such license fee interest based on the prime interest rate as set each October.

Section 2. That Chapter 40 of the Code of Ordinances shall be amended by enacting a new Section 40-168 entitled "Short-term rental units," to read as follows:

Sec. 40-168. Short-term rental units.

(a) *Amount of fee.* Every Operator or Booking Service Provider responsible for the collection and remittance of the license fee described in this section, who is engaged in the business of renting, leasing, or letting living quarters, sleeping accommodations, rooms or a part thereof, in connection with any Short-Term Rental Unit in the city shall pay to the city a license fee of three dollars (\$3.00) per occupied room by a guest per day on all such Short-Term Rental Units.

(b) *Use of proceeds.* Fifty percent (50%) of the fee described in subsection (a) shall be used by the City for repayment of the project financing for the downtown arena. The remaining 50% of such fee shall be used for convention and tourism purposes.

(c) *Definitions.* Definitions for purposes of this section are as follows:

- (1) *Transient Guest* is any person who occupies or is entitled to occupancy of any rooms, lodgings, or accommodations in a Short-Term Rental Unit for a period of thirty (30) or fewer consecutive days.
- (2) *Short-Term Rental Unit* is any dwelling unit, or portion of a dwelling unit, which contains eight or fewer rooms furnished for the accommodation or lodging of transient guests, and kept, used, maintained, advertised, or held out to the public as a place where sleeping accommodations are sought for pay or compensation to such transient guests for a period of thirty (30) or fewer consecutive days. Sleeping accommodations consisting of one bedroom or more, that rent for less than twenty dollars per day or less than eighty-five dollars per week and shelters for the homeless operated by not-for-profit organizations are not considered "short-term rental units" for the purposes of this section;
- (3) *Occupied room* includes a room occupied by a non-paying guest. Complimentary rooms shall be considered occupied rooms for purposes of the license fee, except for:
 - a. Rooms donated by a hotel, motel or tourist court to families of patients receiving medical care in hospitals in the Kansas City metropolitan area;
 - b. Rooms donated by a hotel, motel or tourist court for raffles, auctions or similar fund-raising events to benefit charitable, educational, religious or other tax-exempt organizations;
 - c. Rooms provided without charge by a hotel, motel or tourist court to meeting or convention planners during a pre-event site inspection;
 - d. Rooms provided without charge by a hotel, motel or tourist court to representatives of business entities making a visit to evaluate the city as a business location or relocation site;
 - e. Rooms provided without charge by a hotel, motel or tourist court to its employees, management or owners, or to the employees or management of its parent company or hotel or motel franchise entity.
- (4) *Operator* is a person or entity, if applicable, offering a Short-Term Rental Unit, whether as the owner, lessee, or otherwise.

- (5) *Booking Service Provider* is a person or entity that facilitates the booking of a Short-Term Rental Unit. “Facilitate” includes, but is not limited to, the act of allowing an Operator to offer to list or advertise, typically for a charge or fee, the Short-Term Rental Unit on an Internet website, in a print publication, or through another forum provided or maintained by the Booking Service Provider.
- (6) *Occupancy* refers to the use or possession, or the right to use or possess, any room, lodging, or accommodation in any Short-Term Rental Unit.

(d) *Due date; returns.* The Operator or Booking Service Provider responsible for the collection and remittance of the license fee must submit a quarterly return accompanied by payment of such fee. The license fee under this section shall be paid to the commissioner of revenue quarterly, due and payable on the following dates, for the preceding periods as listed, based on the actual number of occupied rooms within the respective period. The Operator or Booking Service Provider responsible for the collection and remittance of the license fee shall make true reports on the dates listed below to the commissioner of revenue, in a form prescribed by the commissioner, giving such information that may be necessary to determine the number of occupied rooms to which the license fee shall apply within the preceding three-month period.

Date License Fee/Return Due	Period Covered
April 30	January 1 through March 31
July 31	April 1 through June 30
October 31	July 1 through September 30
January 31	October 1 through December 31

The Operator or Booking Service Provider responsible for collection and remittance of the license fee must make any adjustments within 60 days of the end of the relevant quarterly license period (which is March 31, June 30, September 30 or December 31) or within 60 days after ceasing to engage in the business so licensed, whichever first occurs, on the basis of the actual number of occupied rooms to which the license fee applies during the quarterly license period. Any overpayment shall be credited to the next succeeding quarter's license fee, or otherwise paid or refunded to the licensee.

(e) *Examination of books and records.* The commissioner of revenue and their authorized representative shall have the right at all reasonable times during business hours to make such examination and inspection of the books and records of the Operator or Booking Service Provider as may be necessary to determine the correctness of such returns.

(f) *Penalties for nonpayment.* For each and every month, or part thereof, any such license fee provided for under this section remains unpaid after the fee becomes due and payable, there shall be added to such license fee, as a penalty, ten percent of the amount of such license fee for

the first month, or part thereof, the fee is unpaid, and for each and every month thereafter two percent of the amount of such license fee shall be added until the fee is fully paid. In no case shall the total penalty exceed 30 percent of the fee.

(g) *Interest.* For each and every month, or part thereof, any such license fee provided for under this section remains unpaid after the fee becomes due and payable, there shall be added to such license fee interest based on the prime interest rate as set each October.

Section 3. This ordinance shall become effective on August 1, 2023.

Approved as to form:

Samuel E. Miller
Assistant City Attorney



City of Kansas City, Missouri

Docket Memo

Ordinance/Resolution #

Submitted Department/Preparer: Mayor/Council's Office

Docket memos are required on all ordinances initiated by a Department Director. More information can be found in [Administrative Regulation \(AR\) 4-1](#).

Executive Summary

Amending Chapter 40, Code of Ordinances, by repealing Section 40-111 and enacting a new section of like number and subject matter; amending Chapter 40, Code of Ordinances, by enacting new Section 40-168 entitled "Short-term rental units"; and establishing an effective date.

Discussion

Codifies hotel and short term rental license fees approved by voters on April 4, 2023.
Modifies Section 40-111, Code of Ordinances, to increase the hotel license fee from \$1.50 to \$3.00.
Modifies Section 40-168, Code of Ordinances, to impose the \$3.00 license fee on short term rental units.

Fiscal Impact

- 1. Is this legislation included in the adopted budget? Yes No
- 2. What is the funding source?

Short term rental license fee

- 3. How does the legislation affect the current fiscal year?
FY2022-23 prorated revenue will be approximately \$3.1 million for convention and tourism, and approximately \$187,500 for arena fees.
- 4. Does the legislation have fiscal impact in future fiscal years? Please notate the difference between one-time and recurring costs.

Yes, this legislation will be a source of revenue for future fiscal years.
Additional Convention and Tourism revenue of \$4.1 million annually and additional Arena Fee revenue of \$250,000 annually.

- 5. Does the legislation generate revenue, leverage outside funding, or deliver a return on investment?

Yes, this legislation will generate new revenue.

City of Kansas City, Missouri

Docket Memo



Office of Management and Budget Review

(OMB Staff will complete this section.)

1. This legislation is supported by the general fund. Yes No
2. This fund has a structural imbalance. Yes No

Additional Discussion (if needed)

Fifty percent (50%) of the fee described in subsection (a) shall be used by the City for repayment of the project financing for the downtown arena. The remaining 50% of such fee shall be used for convention and tourism purposes.

Citywide Business Plan (CWBP) Impact

View the [FY23 Citywide Business Plan](#)

Which CWBP goal is most impacted by this legislation?

Infrastructure and Accessibility (Press tab after selecting.)

Which objectives are impacted by this legislation (select all that apply):

- Enhance the City's connectivity, resiliency, and equity through a safe, efficient, convenient, inclusive, accessible, sustainable and better connected multi-modal transportation system
- Develop environmentally sound and sustainable infrastructure strategies that improve quality of life and foster economic growth
- Increase and support local workforce development and minority, women, and locally-owned businesses
- Engage in efforts to strategically invest in the City's infrastructure and explore emerging technologies
-
-

Prior Legislation

Ordinance No. 230014 - Submission to Voters

City of Kansas City, Missouri



Docket Memo

Service Level Impacts

Click or tap here to provide a description of how this ordinance will impact service levels. List any related key performance indicators and impact.

Other Impacts

1. What will be the potential health impacts to any affected groups?
N/A
2. How have those groups been engaged and involved in the development of this ordinance?
N/A
3. How does this legislation contribute to a sustainable Kansas City?
N/A
4. Does the ordinance/resolution include Civil Rights antidiscrimination requirements in compliance with the Code of Ordinances (Chapter 38, titled "Civil Rights")?
N/A
5. Has the ordinance/resolution been submitted for review of economic equity & inclusion requirements in compliance with the Code of Ordinances (Chapter 3, titled "Contracts and Leases")?
N/A



File #: 230364

ORDINANCE NO. 230364

Sponsor: Mayor Quinton Lucas

Amending Chapter 68 of the Code of Ordinances entitled "Taxation" by enacting a new Article XI, Sections 68-585 through 68-606 entitled "Transient Boarding and Accommodation Tax" to provide for uniform taxation of short-term rentals not otherwise subject to the requirements of Sec. 68-551 of the Code of Ordinances; and establishing an effective date.

WHEREAS, pursuant to the Missouri Constitution, Missouri Charter Cities are authorized to impose any tax which the legislature of Missouri could grant, so long as the exercise of such authority does not otherwise conflict with the Missouri Constitution, state statutes, or the City's Charter and the tax is approved by a majority of the qualified voters; and

WHEREAS, the City presently imposes a convention and tourism tax of seven and one-half percent (7.5%) on the sale or charges of certain sleeping rooms paid by the transient guests of hotels, motels, and tourist courts situated within the City and doing business within the City pursuant to Section 68-551, Code of Ordinances; and

WHEREAS, the question of whether to impose a 7.5% tax on the sales or charges of all other sleeping rooms not otherwise subject to the convention and tourism tax was approved by the qualified voters of Kansas City on April 4, 2023; NOW, THEREFORE

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. That with approval of the qualified voters of the City, Chapter 68, Article IX of the Code of Ordinances shall be amended by enacting Sections 68-585 through 68-606 entitled "Transient Boarding and Accommodation Tax" to read as follows:

Sec. 68-585. Definitions.

"Short-Term Rental Unit," any dwelling unit, or portion of a dwelling unit, which contains eight or fewer rooms furnished for the accommodation or lodging of transient guests, and kept, used, maintained, advertised, or held out to the public as a place where sleeping accommodations are sought for pay or compensation to such transient

guests for a period of thirty (30) or fewer consecutive days. Sleeping accommodations consisting of one bedroom or more, that rent for less than twenty dollars per day or less than eighty-five dollars per week and shelters for the homeless operated by not-for-profit organizations are not considered "short-term rental units" for the purposes of this section;

"Operator" is a person or entity, if applicable, offering a Short-Term Rental Unit, whether as the owner, lessee, or otherwise.

"Booking Service Provider" a person or entity that facilitates the booking of a Short-Term Rental Unit. "Facilitate" includes, but is not limited to, the act of allowing an Operator to offer to list or advertise, typically for a charge or fee, the Short-Term Rental Unit on an Internet website, in a print publication, or through another forum provided or maintained by the Booking Service Provider.

"Transient Guest" is any person who occupies or is entitled to occupancy of any rooms, lodgings, or accommodations in a Short-Term Rental Unit for a period of thirty (30) or fewer consecutive days.

"Occupancy" refers to the use or possession, or the right to use or possess, any room, lodging, or accommodation in any Short-Term Rental Unit.

Sec. 68-586. Transient Boarding and Accommodation Tax.

Pursuant to the authority granted by and subject to the provisions of Article VI, Section 19(a) of the Missouri Constitution, a Transient Boarding and Accommodation Tax is imposed as follows:

(a) A tax of seven and one-half percent (7.5%) shall be imposed on all sales or charges of all sleeping rooms paid by the transient guests of all Short-Term Rental Units not otherwise subject to the Convention and Tourism tax authorized by Section 68-551 of the Code of Ordinances.

(b) This tax shall be known as the Transient Boarding and Accommodation tax, and shall be collected and deposited by the city treasurer as described in Section 68-588.

Sec. 68-587. Effective date.

All Operators of Short-Term Rental Units shall be subject to the Transient Boarding and Accommodation Tax beginning on August 1, 2023 and shall remit such tax in accordance with the requirements stated in Sections 68-585 through 68-607.

Sec. 68-588. Operation and maintenance of funds.

The revenues received from the tax imposed by this article shall be used solely for convention and tourism purposes.

Sec. 68-589. Tax in lieu of gross receipts tax.

No gross receipts tax imposed solely on Short-Term Rental Units shall be levied or collected by the City so long as the Transient Boarding and Accommodation Tax imposed under this article is in effect.

Sec. 68-590. Tax clearance required for issuance and renewal of registration.

All Operators shall present a tax clearance letter, issued by the City, as evidence that such Operator has paid all previously outstanding balances of the Transient Boarding and Accommodation Tax, upon registration and annual renewal of registration of a Short-Term Rental Unit as described Chapter 56 of the Code of Ordinances.

Sec. 68-591. Violations.

(a) Any Operator or Booking Service Provider required to collect, account for and remit the Transient Boarding and Accommodation Tax who willfully fails to collect such tax or truthfully account for and remit such tax, or willfully attempts in any manner to evade or defeat the tax or the payment thereof, shall, in addition to other penalties provided by law, be liable to a penalty equal to the total amount of the tax evaded, or not collected, or not accounted for and remitted.

(b) In case of failure to file any return required under this article on or before the date prescribed therefor (determined with regard to any extension of time for making a return), unless it is shown that such failure is due to reasonable cause and not the result of willful neglect, evasion or fraudulent intent, there shall be added to the amount required to be shown as tax on such return five percent of the amount of such tax if the failure is not for more than one month, with an additional five percent for each additional month or fraction thereof during which such failure continues, not exceeding 25 percent in the aggregate.

(c) In case of failure to pay any tax required under this article on or before the date prescribed therefor (determined with regard to any extension of time for payment), unless it is shown that such failure is due to reasonable cause and not the result of willful neglect, evasion or fraudulent intent, there shall be added to the tax an amount equal to five percent of the deficiency.

(d) In the event that a Booking Service Provider has contracted with the City for the purposes of collection and remittance of the Transient Boarding and Accommodation Tax, an Operator shall not be subject to the penalties described in subsection (c) for the Booking Service Provider's failure to timely remit such tax to the City.

Sec. 68-592. Collection of tax from patrons; allowance to collector

(a) Any Operator or Booking Service Provider responsible for the collection and remittance of the Transient Boarding and Accommodation Tax shall collect the tax from Transient Guests, and each such Transient Guest shall pay the amount of the tax, provided that a Transient Guest pay an amount no more than seven and one-half percent (7.5%) of the total charges for the services provided.

(b) The city shall allow the Operator or Booking Service Provider required to collect and remit the tax to deduct and retain an amount equal to two percent of the tax collected for the timely remittance of the tax.

Sec. 68-593. Statement of tax; responsibility for collection.

(a) It shall be a violation of this article for any Operator or Booking Service Provider to advertise, hold out, or state to the public or to any customer, directly or indirectly, that the tax or any part thereof imposed by this article, will be assumed or absorbed by the Operator or Booking Service Provider.

(b) The tax imposed by this article must be separately stated on any bill, invoice or other document that is used by the Operator or Booking Service Provider to collect for items or services from Transient Guests, and must be added to the total taxable amount.

(c) Every Operator receiving payment for sales or services subject to this article shall be responsible for the collection of the Transient Boarding and Accommodation Tax, and their inability to collect any or all of the applicable amount does not relieve them of the obligation to pay the tax to the city.

(d) Notwithstanding the requirements in subsection (c), in the event that a Booking Service Provider is responsible for the collection and remittance of the Transient Boarding and Accommodation Tax on behalf of an Operator, that Operator shall not be responsible for payment of the tax collected by the Booking Service Provider.

(e) Any Operator or Booking Service Provider violating any of the provisions of this section shall be guilty of an ordinance violation.

Sec. 68-594. Refusal of purchaser to pay tax.

It shall be the duty of every Transient Guest making any purchase or receiving any service upon which a tax is imposed by this article to pay the amount of such tax to the Operator or applicable Booking Service Provider, provided that a Transient Guest pay no more than seven and one-half percent (7.5%) of the total charges for services rendered. Any person who shall willfully and intentionally refuse to pay such tax shall be guilty of an ordinance violation.

Sec. 68-595. Exemptions.

Persons on United States government official business are exempt from payment of the Transient Boarding and Accommodation tax.

Sec. 68-596. Authority to require bond.

When, in the judgment of the commissioner of revenue, it is necessary, in order to secure the collection of any tax, penalties or interest due, or to become due, under this article, the commissioner may require any person subject to such tax to file a bond with the commissioner in such form and amount as prescribed.

Sec. 68-597. Filing of returns; remittance schedule.

(a) Every Operator or Booking Service Provider responsible for the collection and remittance of the Transient Boarding and Accommodation tax shall make a return to the commissioner showing taxable sales and the amount of tax levied for a specified period of time and shall remit to the commissioner, with the return, the taxes levied. The return shall be in a form as prescribed by the commissioner, and must include the Operator or Booking Service Provider's federal tax identification number.

(b) The Transient Boarding and Accommodation Tax shall be paid to the commissioner of revenue quarterly, due and payable on the following dates, for the preceding periods as listed, based on the total amount of sales or charges of all sleeping rooms paid by the transient guests of all Short-Term Rental Units. The Operator shall make true reports on the dates listed below to the commissioner or revenue, in a form prescribed by the commissioner, giving such information that may be necessary to determine an accurate taxable amount within the preceding three-month period. The Operator shall be responsible for timely remittance of all tax not otherwise collected and remitted by the Booking Service Provider.

<i>Remittance Due Date for Transient Boarding and Accommodation Tax</i>	<i>Period Covered</i>
<i>April 30</i>	<i>January 1 through March 31</i>
<i>July 31</i>	<i>April 1 through June 30</i>
<i>October 31</i>	<i>July 1 through September 30</i>
<i>January 31</i>	<i>October 1 through December 31</i>

Sec. 68-598. Extension of time for payment.

(a) The commissioner of revenue may, before any delinquency and for good

cause shown, extend the time of payment of the tax imposed by this article for a period not to exceed 60 days.

(b) After delinquency, extensions of time to pay the Transient Boarding and Accommodation tax shall not be granted except for exceptional mitigating circumstances for the cause of the delinquency and demonstrated proof of financial ability to repay the delinquency. If the remitter of the tax meets such criteria, the commissioner, in their discretion, may permit the Operator to enter into a payment agreement, in a form prescribed by the commissioner, to pay the tax, along with interest and penalties, in installments for a period not to exceed six months. Failure to make any installment payment due under the agreement shall cause the entire balance due to become payable immediately, and subject to recovery and collection as provided in this article.

Sec. 68-599. Powers and duties of commissioner.

The commissioner is hereby charged with the administration and enforcement of the provisions of this article, and is hereby authorized and empowered to:

(a) Collect and deposit taxes. To collect and receive the tax, interest and penalties imposed by this article and pay over the proceeds thereof to the city treasurer.

(b) Keep accounts. To keep an accurate account of all such payments received and refunds issued.

(c) Adopt rules and regulations. To adopt, promulgate, amend and enforce rules and regulations relating to any manner or thing pertaining to the administration and enforcement of the provisions of this article. All such rules and regulations must be approved by the city council before they shall become effective.

(d) Adopt and prepare applications, returns and forms. To adopt, prepare and make available to all taxpayers the applications, returns and forms necessary to comply with this article.

(e) Examine records. Through agents or employees authorized by the commissioner to examine the books, papers, state sales tax returns and records of any person in order to verify the accuracy of any return made, or, if no return is made, to ascertain the tax imposed by this article.

(f) Examine under oath. To examine any person, under oath or affirmation, concerning any part of this article, and to this end may compel the production of books, papers, tax returns and records and the attendance of all persons before the commissioner, whether as parties or witnesses, who the commissioner believes to have knowledge of such taxes.

(g) Waive penalties and enter into voluntary disclosure agreements. The

commissioner, in their sole discretion, may waive all or any portion of penalties imposed under this article as a result of nonpayment of tax where the taxpayer shows the nonpayment was due to reasonable cause. This authority may be exercised at the discretion of the commissioner under special circumstances. The commissioner may also waive penalties under this article by entering into voluntary disclosure agreements with taxpayers under criteria established by the commissioner. This authority shall in no way be construed so as to authorize the waiver of interest by the commissioner.

Sec. 68-600. Refunds.

Should it appear that any person has paid during any one period more than the amount of the tax to which the city is entitled under the provisions of this article, a refund or credit of the amount so overpaid shall be made, provided a proper claim for refund or credit of such overpayment of tax is filed by the person within three years from the date when the return for the taxable period was due as described in Section 68-597.

Sec. 68-601. Assessment of unpaid tax.

(a) If the commissioner determines that any Operator or Booking Service Provider responsible for the collection and remittance of the Transient Boarding and Accommodation Tax has a liability for which the Operator or Booking Service Provider has filed no return or has filed an incorrect return, thereby failing to pay the full amount due, the commissioner shall issue an assessment showing the amount of tax due, together with any applicable penalty and interest as described in Section 68-591. The commissioner may issue assessments manually or through the use of an automated system or systems. Such assessment shall be served upon the taxpayer by mail or electronic means reasonably calculated to provide notice to the taxpayer.

(b) If the Operator or Booking Service Provider responsible for the collection and remittance of the tax does not pay the assessment within 30 days of the date of the notice of assessment, or within such time file with the commissioner a written notice of appeal to the director, such assessment may be recovered under the provisions of this article.

(c) Except in the case of a fraudulent return, or neglect or refusal to make a return, every notice of additional amount proposed to be assessed under this section shall be provided in writing to the Operator or Booking Service Provider within three years after the return was filed or was required to be filed.

Sec. 68-602. Confidentiality of information.

(a) It is unlawful to publish or disseminate any information that appears on forms, returns, or that is obtained as a result of any return investigation, hearing or verification required or authorized by this article; and such information shall be confidential, except for official tax administration purposes. The city may enter into formal tax information

exchange agreements with the Internal Revenue Service and revenue agencies at the state level to enhance the collection of tax and enforcement of the provisions of this article.

(b) Any person otherwise willfully divulging such information shall, upon conviction thereof, be deemed guilty of an ordinance violation. In addition to such penalties, any officer or employee of the city who willfully violates the provisions of this section relative to the disclosure of confidential information shall be immediately dismissed from the service of the city.

Sec. 68-603. Audits.

(a) The commissioner of revenue and the director of finance, or any deputy or agent thereof, or certified public accountant employed thereby, shall have the right at all reasonable times during regular business hours to audit or examine the books and records of a person who has applied for a registration number under Chapter 56 of the Code of Ordinances or a person who possesses a current registration number. The purpose of an audit is to determine the truthfulness and accuracy of any statements made by the applicant or registrant on an application or return and to verify amounts remitted. Reported sales receipts will be compared to figures obtained by business books and records, by federal and state income tax returns, by state sales tax returns, or by other records, invoices, bills or receipts which show sales subject to the tax and sales which are exempt.

(b) No registration number provided pursuant to Chapter 56 of the Code of Ordinances shall be issued to any applicant so long as the applicant refuses to permit audit or examination.

Sec. 68-604. Appeals.

Final decisions of the commissioner under this article may be appealed within 30 days after receiving notice of such decision by filing with the director of finance a written notice of appeal setting forth the grounds therefor. An appeal to the director of finance stays all enforcement of the determination from which the appeal is being taken. Final decisions of the director of finance may be appealed as provided in RSMo Chapter 536.

Sec. 68-605. Liens for collection of tax.

(a) In any case in which any assessment of tax, interest, additions to tax or penalty imposed under this article has been made and has become final, the commissioner may file for record in the recorder's office of the county in which the Operator owing such tax, interest, additions to tax or penalty resides or has his place of business a notice of lien specifying the amount of the tax, additions to tax, interest or penalty due and the name of the person liable for the tax. From the time of filing, any such notice shall, for purpose of collecting the tax, interest, additions to tax or penalty, have the force and effect of the lien of a judgment in favor of the city against the real

estate or any interest in real estate owned by the Operator named in such notice of lien, for the amount specified in such notice. The commissioner shall, within a reasonable time after filing the lien, notify the taxpayer by first class mail, postage prepaid.

(b) The lien shall be continuing and shall attach to real property or interest in real property acquired in any manner by the Operator after the filing of the notice of lien. Unless sooner released or discharged, the lien shall expire ten years after the notice of lien was filed unless, within such ten-year period, the notice of lien has been refiled by the commissioner with the recorder. Unless sooner released or discharged, a timely refiled lien shall be treated as if filed on the date of filing of the original lien and shall expire ten years from the refiling. A lien may not be refiled more than one time.

(c) If any liens have been erroneously or improvidently filed, the Operator or any other person affected by the lien may notify the commissioner. The Operator or other affected person shall provide the reasons why the filing of the lien is erroneous or improvident as to such person, including the affected person's name or other identification similar to the Operator's, and a list of creditors with current addresses who are affected. Upon receipt of this list, reasons and verification of the erroneous or improvident filing, the commissioner shall release the lien as to the Operator or the affected person, as necessary, and notify all creditors, stating that the liens filed were erroneously or improvidently attached. The commissioner shall take whatever steps are necessary to ensure that the lien is expunged.

(d) The lien imposed under subsection (a) of this section may be wholly or partly released by filing for record in the office of the county recorder a release thereof executed by the commissioner upon payment of the tax, interest, additions to tax and penalties or upon receipt of security sufficient to secure payment thereof, or by final judgment holding such lien to have been erroneously or improvidently imposed.

(e) The commissioner may release any part of the property subject to the lien by filing with the county recorder a copy of the original lien document and an affidavit containing a legal description of the property and stating that the property is to be released from the lien. The release of any specific property shall not affect in any manner other property subject to lien.

(f) The commissioner is authorized to collect an additional penalty from each taxpayer equal to the cost of filing a notice of lien or release with respect to such taxpayer.

(g) The commissioner shall establish and maintain records for all liens filed under this section. He shall also maintain records of all certificates or release of lien. Such records established and maintained by the city shall not be the official record and are not conclusive evidence of any liability of any taxpayer.

(h) No lien described subsection (a) shall be filed against an Operator whenever the commissioner has found that the unpaid tax is the result of error or neglect on the

part of the Booking Service Provider responsible for collection and remittance of the tax on behalf of the Operator.

Sec. 68-606. Sale of business; rights of secured creditors.

(a) If any Operator or Booking Service Provider required to remit a tax levied under this article or if that person's successors shall sell their business or stock of goods or shall quit the business, such person shall make a final return under oath within 15 days after the date of selling or quitting business.

(b) Except as provided in this section, all successors, if any, shall be required to withhold sufficient amounts of the purchase money to cover any such taxes, interest or penalties due and unpaid until such time as the former owner or predecessor, whether immediate or not, shall provide a receipt from the city showing that the taxes have been paid, or a certificate stating that no taxes are due. If the purchaser of a business or stock of goods shall fail to withhold the purchase money as provided in this section, the purchaser shall be personally liable for the payment of the taxes, interest and penalties accrued and unpaid on account of the operation of the business by the former owner and person.

(c) The city shall, notwithstanding the provisions of RSMo § 32.057, upon written request, furnish within 15 business days from the receipt of such request by certified mail, return receipt requested, to any owner, successor, secured creditor or purchaser, or in the case of a proposed purchaser if joined in writing by the owner, a statement showing the amount of taxes, interest or penalty due and owing or a certificate showing that no taxes, interest or penalties are due under this article, including the date of the last payment for such taxes, interest or penalties as shown by the records of the city. The person obtaining this certificate may rely upon such for a period of 120 days.

(d) A secured creditor who shall enforce a lien against a business or stock of goods of a business subject to this article shall be entitled to obtain from the city a statement of tax due and the status of tax payments. If the city does not respond within 15 business days from the date of receipt of such request by the secured creditor seeking to enforce its lien, it shall be conclusively presumed that all such taxes have been paid as to the secured creditor or any successor of the secured creditor, whether such successor is immediate or not. Nothing in this section shall eliminate the liability of the owner of the business owing tax from the liability to pay such tax. Any purchaser who acquires the business or stock of goods as a result of the enforcement action by a creditor, including the creditor, shall be exempt from the liability set forth in subsection (b) of this section, whether such purchaser is immediate or subsequent thereto.

(e) Any such creditor who shall enforce a lien against the business or stock of goods subject to the provisions of this section shall be entitled to be paid the principal sums due, and all accrued interest thereto under the laws of the state or the United States of America. Any balance then remaining, up to the amount of the tax, interest and penalties then due, shall be remitted to the city as provided by this section. Nothing

in this section shall affect the priority of any lien filed by the city against the former owner or predecessor.

(f) Mailing of notices or requests, by first class mail, postage prepaid, certified with return receipt requested, shall be prima facie evidence that the party to whom it is addressed received the correspondence, notice or request.

Sec. 68-607. Uncollectible assessments.

Upon the advice of the city attorney, the commissioner of revenue shall abate any Transient Boarding and Accommodation Tax assessment that the city attorney determines is legally unenforceable because the time to file suit to recover the tax has expired under the statute of limitations.

..end

Approved as to form:

Samuel E. Miller
Assistant City Attorney



City of Kansas City, Missouri

Docket Memo

Ordinance/Resolution #

Submitted Department/Preparer: Mayor/Council's Office

Docket memos are required on all ordinances initiated by a Department Director. More information can be found in [Administrative Regulation \(AR\) 4-1](#).

Executive Summary

Amending Chapter 68 of the Code of Ordinances entitled "Taxation" by enacting a new Article XI, Sections 68-585 through 68-606 entitled "Transient Boarding and Accommodation Tax" to provide for uniform taxation of short-term rentals not otherwise subject to the requirements of Sec. 68-551 of the Code of Ordinances; and establishing an effective date.

Discussion

Codifies 7.5% tax on short term rental units approved by voters on April 4, 2023.

Fiscal Impact

1. Is this legislation included in the adopted budget? Yes No

2. What is the funding source?

7.5% tax on short term rentals

3. How does the legislation affect the current fiscal year?

FY2022-23 prorated revenue will be approximately \$1.575 million for convention and tourism purposes.

4. Does the legislation have fiscal impact in future fiscal years? Please notate the difference between one-time and recurring costs.

Yes, this legislation will be a source of revenue for future fiscal years.
Additional Convention and Tourism revenue of \$2.1 million annually.

5. Does the legislation generate revenue, leverage outside funding, or deliver a return on investment?

Yes, this legislation will generate new revenue.



City of Kansas City, Missouri

Docket Memo

Office of Management and Budget Review

(OMB Staff will complete this section.)

- 1. This legislation is supported by the general fund. Yes No
- 2. This fund has a structural imbalance. Yes No

Additional Discussion (if needed)

This tax on short term rental units shall be used for convention and tourism purposes.

Citywide Business Plan (CWBP) Impact

View the [FY23 Citywide Business Plan](#)

Which CWBP goal is most impacted by this legislation?

Infrastructure and Accessibility (Press tab after selecting.)

Which objectives are impacted by this legislation (select all that apply):

- Enhance the City's connectivity, resiliency, and equity through a safe, efficient, convenient, inclusive, accessible, sustainable and better connected multi-modal transportation system
- Develop environmentally sound and sustainable infrastructure strategies that improve quality of life and foster economic growth
- Increase and support local workforce development and minority, women, and locally-owned businesses
- Engage in efforts to strategically invest in the City's infrastructure and explore emerging technologies
-
-

Prior Legislation

Ordinance No. 230015 - Submission to Voters

Service Level Impacts

Click or tap here to provide a description of how this ordinance will impact service levels. List any related key performance indicators and impact.

City of Kansas City, Missouri

Docket Memo



Other Impacts

1. What will be the potential health impacts to any affected groups?
N/A
2. How have those groups been engaged and involved in the development of this ordinance?
N/A
3. How does this legislation contribute to a sustainable Kansas City?
N/A
4. Does the ordinance/resolution include Civil Rights antidiscrimination requirements in compliance with the Code of Ordinances (Chapter 38, titled "Civil Rights")?
N/A
5. Has the ordinance/resolution been submitted for review of economic equity & inclusion requirements in compliance with the Code of Ordinances (Chapter 3, titled "Contracts and Leases")?
N/A



File #: 230157

ORDINANCE NO. 230157

Sponsor: Mayor Quinton Lucas

Amending Chapter 2, Code of Ordinances, by repealing Section 2-1954 relating to the City's fund balance and reserve policy and enacting in lieu thereof one new section of like number and subject to modify the required funding floor and ceiling, respectively, of the emergency reserve funds and countercyclical reserve funds of the general fund and amending permissible uses for unassigned general fund balance.

WHEREAS, the City has a thorough annual budget process, including quarterly budget analysis, and five-year business planning cycle during which Council, City staff, and residents have the opportunity to shape how the City spends taxpayer resources; and

WHEREAS, the City currently has a structural imbalance driven by expenditure growth exceeding revenue growth in the General Fund; and

WHEREAS, the City Council desires to maintain a prudent level of financial reserves to guard its citizens against service disruption in the event of unexpected temporary revenue shortfalls or unpredicted one-time expenditures, such as those seen in 2020 and 2021; and

WHEREAS, maintaining a strong fund balance can be critical in weathering an economic downturn, emergency capital repairs, or volatile revenue or unexpected expenditure; and

WHEREAS, fund balance is a focal point of credit rating agencies and investors; when governments maintain more fund balance, they are viewed more favorably and can achieve lower borrowing costs; and

WHEREAS, the Government Finance Officers Association (GFOA) recommends, at a minimum, no less than two months of regular general fund operating revenues or regular general fund operating expenditures for reserves; and

WHEREAS, the Moody's Investors Service recommends a fund balance between fifteen (15) percent and thirty (30) percent of revenues (or 16.67%); and

WHEREAS, credit rating agencies generally regularly assign thirty (30) percent of credit rating methodology to the financial performance of a municipality which includes the amount within the fund balance; and

WHEREAS, the City Council desires to promulgate a fiscally prudent emergency reserve, countercyclical reserve fund, and unassigned general fund balances exceeding the minimum standards directed by GFOA and credit rating agencies to ensure the City's ongoing ability to meet future fiscal challenges; NOW, THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. That Chapter 2, Code of Ordinances of the City of Kansas City, Missouri, is hereby amended by repealing Section 2-1954 relating to the City's fund balance and reserve policy and enacting in lieu thereof one new section of like number and subject, to read as follows:

Sec. 2-1954. Fund balance and reserve policy.

(a) *Policy.*

- (1) It is the policy of the city to maintain its various fund balances and financial reserves at levels sufficient to pay obligations when due, address emergencies, cover temporary revenue shortfalls, provide stability throughout economic cycles and to protect the city's creditworthiness in accordance with applicable federal, state and local laws, and established best governmental practices.
- (2) The city's fund balance and reserve policy is the city's official guideline for use by city staff in conjunction with the city's budgeting and financial planning efforts. The policy shall be reviewed on an annual basis by the director of finance and any modifications made thereto must be approved by the city council.

(b) *Authority.* Under the authority granted by the state Constitution and the city Charter, the city council is authorized to direct the financial affairs of the city. It is the city council's intent to responsibly use this authority in order to fulfill the service objectives of the city and its agencies. Management responsibility for the city's fund balances is hereby delegated to the director of finance.

(c) *Scope.* This fund balance and reserve policy shall be inclusive of all funds of the city. The policy incorporates recommended best practices of the Government Finance Officers Association (GFOA) and Governmental Accounting Standards Board (GASB), as amended over time.

(d) *Objectives.*

- (1) To establish appropriate fund balance and/or reserve levels for each fund or fund type, after accounting for the "nonspendable" portions of the respective funds.
- (2) To set guidelines for each fund or fund type's fund balance and/or reserve levels.
- (3) To determine procedures for replenishment of fund balances or reserves if drawn below recommended levels, if necessary.
- (4) To establish financial reporting guidelines for amounts designated as fund balances and/or reserves.

(e) *Glossary.*

- (1) *Assigned fund balance.* Amounts that are constrained by the city's intent to be used for specific purposes but are neither restricted nor committed will be classified as "Assigned" fund balance. The intent will be identified by a city official to whom the governing body has delegated the authority to assign amounts for specific purposes.
 - (2) *Committed fund balance.* Amounts that can only be used for specific purposes pursuant to constraints imposed by a formal action of the city council will be classified as "Committed" fund balance.
 - (3) *Nonspendable fund balance.* Amounts that cannot be spent because they are not in spendable form (e.g. inventories, receivables, advances, etc.) or are legally and/or contractually required to be maintained intact will be classified as "Nonspendable" fund balance.
 - (4) *Restricted fund balance.* Amounts that are bound by externally imposed restrictions by creditors, grantors, contributors, laws or regulations of other governments or through constitutional provisions or enabling legislation will be classified as "Restricted" fund balance.
 - (5) *Unassigned fund balance.* Represents the remaining amount of fund balance which has not been classified as non-spendable, restricted, committed or assigned.
- (f) *Guidelines.*
- (1) *General fund.* The general fund is the main operating fund of the city and accounts for all financial transactions not accounted for in other funds. The general operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are financed through revenues received by the general fund.
 - a. *Committed general fund balance.* The committed general fund balance will include the following amounts:
 1. Encumbrances. Those encumbrances imposed by ordinance of the city council.
 2. Re-appropriations of unexpended and unencumbered appropriations and the re-estimation of uncollected revenues as authorized by ordinance of the city council.
 3. Emergency reserve (floor). The emergency reserve portion of committed fund balance shall not be less than two months of general fund operating expenditures.

4. The emergency reserve is available to address one-time operational emergencies, unexpected revenue reductions and/or unanticipated expenditure requirements occurring within a fiscal year. Funds may be withdrawn from this emergency reserve when an emergency has been recognized by ordinance prior to fiscal year end, the fund's budgeted contingency is exhausted, the countercyclical reserve has been exhausted, and the withdrawal is needed to prevent the fund from ending the fiscal year with a negative unassigned fund balance. An ordinance appropriating funds from the emergency reserve shall include language stating the city council is waiving the fund balance and reserve policy for a use of the emergency reserve.
- b. *Assigned general fund balance.* The assigned fund balance will include the following amounts:
1. *Encumbrances.* Those encumbrances authorized by department directors or the manager of procurement services.
 2. *Countercyclical reserve (ceiling).* The countercyclical reserve, when combined with the emergency reserve, shall not be greater than three months of general fund operating expenditures.
 - (i) The countercyclical reserve may be established by the director of finance in the maximum amount described above for varying purposes including, but not limited to: reserves for tax increment financing, debt service stabilization, interest rate risk, capital maintenance, swap termination payments, legal claims, and disaster recovery.
 - (ii) The director of finance may authorize the use of the countercyclical reserve when the withdrawal is needed to prevent the fund from ending the fiscal year with a negative unassigned fund balance.
 3. *Unassigned general fund balance.* Any amount in excess of the non-spendable, restricted, committed and assigned portions of fund balance is by definition unassigned general fund balance. If necessary, all or a portion of unassigned fund balance may only be appropriated in the following fiscal year's budget or in connection with the quarterly budget analysis process pursuant to Section 2-1956 of the Code of Ordinances of Kansas City, Missouri unless there is a commensurate revenue increase or decrease in another general fund obligation or a state of emergency is declared pursuant to Section 50-155 of the Code of Ordinances of the City

of Kansas City, Missouri. Uses of unassigned general fund balance are limited to the following:

- (i) Prepayment of principal and interest on city debt or contributions designed to reduce long-term liabilities (e.g. pension);
- (ii) Offsets to temporary revenue reductions from local, state, and federal sources;
- (iii) One-time expenditures that do not increase recurring operating costs;
- (iv) Establishment of or increase in assigned reserves; or
- (v) Start-up expenditures for new programs provided there is an identified source of new funding for future costs of the program.

4. *General fund balance replenishment.* Once the emergency reserve has initially been fully funded, if the emergency reserve should fall below its floor, the director of finance or budget officer will prepare and present to the city council a plan to replenish the emergency reserve. The city council must approve and adopt a plan within 12 months after the emergency reserve first falls below its floor, which establishes a time frame to restore the reserve to, at minimum, its floor level.

(2) *Proprietary funds.* Each proprietary fund shall strive to maintain an unassigned fund balance equal to, at minimum, two months' worth of operating costs, as defined in the respective bond ordinances for that fund. For the purposes of this calculation, the current fiscal year budget shall be the budget as originally adopted by ordinance in March for the subsequent fiscal year. This reservation of fund balance shall be in addition to all other required reservations including, but not limited to, amounts reserved for debt service and/or amounts reserved for renewal and replacement of long lived assets.

a. *Water fund.* The water fund accounts for activities of the city's water distribution system. Revenues are derived mainly from water service and installation charges.

b. *Kansas City airports fund.* The Kansas City airports fund accounts for the operations of the city's two airports: Kansas City International Airport (KCI) and the Charles B. Wheeler Downtown Airport. Revenues are derived principally from hangar and terminal building rental, landing fees, and parking.

- c. *Sewer fund.* The sewer fund accounts for the activities of the wastewater collection and treatment system. Revenues are derived primarily from sewer users' service charges and fees.
 - d. *Enterprise funds.* These funds account for the proceeds from a special facility bond issue and the related lease agreement for the aircraft maintenance and overhaul base located at the Kansas City International Airport.
- (3) *Special revenue funds.* Special revenue funds are used to account for the proceeds of specific revenue sources (other than certain capital projects and expendable trusts) that are legally restricted to expenditure for specified purposes. No specific reservation of fund balance is created by virtue of enactment of this policy. The amount of any reservation of fund balance shall be governed by the legal authority underlying the creation of the individual funds.
- (4) *Capital projects funds.* The capital projects funds account for resources used for the acquisition of capital facilities, except those financed by the proprietary funds and those budgeted in the general or special revenue funds, when resources are derived exclusively from the direct revenues for the fund and do not involve long-term borrowing. The city council, by ordinance, may elect to commit or assign a portion of its capital projects funds' balances to a general project contingency, capital maintenance or replacement reserve. All remaining restricted fund balance in the capital projects funds will be re-appropriated in the following year for eligible construction and renovation projects. No specific reserve requirements are established for capital projects funds; however, at a minimum, the fiscal year end unreserved fund balance, and estimated revenues for the ensuing fiscal year must be sufficient to meet all outstanding fund encumbrances.
- (5) *Debt service funds.* The debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The city shall maintain sufficient reserves in its debt service funds, which shall equal or exceed the requirements dictated by its bond ordinances. Funds restricted for debt service are monies held as required by a bond indenture or similar agreement and maintained either by the city or by a trustee. Any assignment of fund balance within the debt service funds represents the city's efforts to cover specific risks associated with business interruption, interest rates, swap termination, counterparties and difference in basis.
- (6) *Claims and workers compensation funds.* The claims and workers compensation funds are used to cover general liability claims, automobile liability, fire, and extended coverage on city vehicles, public official liability claims, and workers' compensation claims on both police department and city employees. The city shall seek to build and maintain reserves in its claims and workers compensation

funds in amounts equivalent to at least one times annual projected claims exposure.

- (7) *Waiving recommended levels.* The city council may waive, by ordinance, the requirement to maintain reserves at the recommended levels if it finds that it is in the best interests of the city.

(g) *Financial reporting.* In the city's fund financial statements, governmental and proprietary funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for specific purposes. Encumbrances outstanding at year end are reported as commitments or assignments of fund balances because they do not constitute expenditures or liabilities. Such encumbrances serve as authorizations for expenditures in the subsequent year. Commitments of fund balances represent tentative plans for future use of financial resources that are subject to change.

(h) *Allocations outside annual budget process.* Except in the case of a state of emergency, declared pursuant to Section 50-155 of the Code of Ordinances of the City of Kansas City, Missouri, allocations from the Unappropriated General Fund Balance outside of the annual budget process or quarterly budget analysis process as defined in Section 2-1956 of the Code of Ordinances shall only be made if the allocation is accompanied by a commensurate increase in revenue or a decrease in another General Fund obligation.

..end

Approved as to form:

Matthew Gigliotti
City Attorney



City of Kansas City, Missouri

Docket Memo

Ordinance/Resolution #

Submitted Department/Preparer: Mayor/Council's Office

Docket memos are required on all ordinances initiated by a Department Director. More information can be found in [Administrative Regulation \(AR\) 4-1](#).

Executive Summary

Amending Chapter 2, Code of Ordinances, by repealing Section 2-1954 relating to the City's fund balance and reserve policy and enacting in lieu thereof one new section of like number and subject to modify the required funding floor and ceiling, respectively, of the emergency reserve funds and countercyclical rserve funds of the general fund and amending permissible uses for unassigned general fund balance

Discussion

A strong fund balance is critical to weathering strains such as economic downturns, emergency capital repairs, or volatility in revenues and expenditures. Additionally, a strong fund balance is a focal point of credit rating agencies and investors. The Government Finance Officers Association (GFOA) recommends a reserve of at least no less than tewo months' regular general fund operating expenditures for reserves; Moody's Investors Service recommends a fund balance between 15% and 30% of revenues.

The City's current fund balance and reserve policy requires a reserve of at least two months of regular operating expenditures in the General Fund. The City also currently has a structural imbalance in the general fund due to expenditure growth exceeding revenue growth. This legislation seeks to establish a fiscally prudent emergency reserve in excess of the minimum standards directed by GFOA and credit rating agencies in an effort to meet future fiscal challenges.

Fiscal Impact

1. Is this legislation included in the adopted budget? Yes No
2. What is the funding source?
General Fund
3. How does the legislation affect the current fiscal year?
This legislation would require a minimum fund balance of three months' of operating expenses for the General Fund.
4. Does the legislation have fiscal impact in future fiscal years? Please notate the difference between one-time and recurring costs.



City of Kansas City, Missouri

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This legislation has a fiscal impact in future fiscal year. The table below uses data from the baseline scenario of the Five Year Financial Plan and the FY24 Submitted Budget to illustrate the difference in fund balance under a policy of two months' operative expenses versus three months'.

	FY24	FY25	FY26	FY27	FY28
Two mos. fund balance <i>(current policy)</i>	\$101,745,140	\$105,158,818	\$109,173,945	\$113,138,495	\$117,258,981
Three mos. fund balance <i>(proposed policy)</i>	\$152,617,405	\$157,737,912	\$163,760,590	\$169,707,403	\$175,888,120

The City is currently projected to draw down its fund balance below the two month threshold beginning in FY26. Under a policy of three months' reserves, the City would be below that threshold beginning in FY25. This speeds up the timetable for consideration of potential programmatic cuts to meet the required fund balance.

- Does the legislation generate revenue, leverage outside funding, or deliver a return on investment?

No.

Office of Management and Budget Review

(OMB Staff will complete this section.)

- This legislation is supported by the general fund. Yes No
- This fund has a structural imbalance. Yes No

Additional Discussion (if needed)

Citywide Business Plan (CWBP) Impact

View the [FY23 Citywide Business Plan](#)

Which CWBP goal is most impacted by this legislation?

Finance and Governance (Press tab after selecting.)

Which objectives are impacted by this legislation (select all that apply):

- Reform the City's economic incentives to meet the policy objectives of the City Council
- Ensure the resiliency of City government



City of Kansas City, Missouri

Docket Memo

- Engage in workforce planning including employee recruitment, development, retention, and engagement
- Ensure a responsive, representative, engaged, and transparent City government

Prior Legislation

[Click or tap here to list prior related ordinances/resolutions.](#)

Service Level Impacts

An increase to the required minimum fund balance of the General Fund will result in future programmatic cuts to meet that requirement, affecting the level of service provided to employees and residents of Kansas City.

Other Impacts

1. What will be the potential health impacts to any affected groups?
N/A
2. How have those groups been engaged and involved in the development of this ordinance?
N/A
3. How does this legislation contribute to a sustainable Kansas City?
N/A
4. Does the ordinance/resolution include Civil Rights antidiscrimination requirements in compliance with the Code of Ordinances (Chapter 38, titled "Civil Rights")?
N/A
5. Has the ordinance/resolution been submitted for review of economic equity & inclusion requirements in compliance with the Code of Ordinances (Chapter 3, titled "Contracts and Leases")?
N/A