GENERAL

Ordinance Fact Sheet

150536

Ordinance Number

Brief Title	Approval Deadline	Reason
Amending various provisions in the Code of Ordinances relating to taxes and assessments		To establish a mechanism for write off of out of statute taxes

Details

Reason for Legislation

Amending Chapter 40, Article I, Chapter 68, Article VI, and Chapter 68, Article IX, of the Code of Ordinances , entitled Taxation, by amending certain sections by enacting new sections in lieu thereof on the subject of assessment and collection of taxes.

Discussion (explain all financial aspects of the proposed legislation, including future implications, any direct/indirect costs, specific account numbers, ordinance references, and budget page numbers.)

The City Council, via Ordinance No. 130044, passed January 31, 2013, made revisions to multiple sections of the Code of Ordinances to simplify and standardize the collection process on taxes. This was done in connection with the implementation of RevKC, the City's tax billing and collection software.

City Charter does not address any procedures for what to do with uncollectable tax assessments.

This ordinance revises a portion of the earnings tax code (Section 68-404) to allow for the write off of assessments and taxes which have become uncollectible because they have passed the statute of limitations to file suit . This ordinance also revises a portion of the business license code (Section 40-43) to allow for the write off of assessments and taxes which have become uncollectible because they have passed the statute of limitations to file suit .

The first year write off for taxes is expected to be about $ 1.2 million. For licenses, the tax write off will be about $279,000. Most of these collections are the small in nature and have been at our collection agencies for up to seven years (at which time the collection agency will no longer pursue collections). All of this old debt came over to the GenTax system from the old revenue system. In addition, these amounts are only included in the GenTax system and are not included in the accounts receivable balances for the financial reports, therefore there is no financial impact as a result of the write off as these amounts are no longer enforceable.

This ordinance will allow future write offs to occur administratively. With improved collection efforts which have been undertaken in recent years, the amount to be written off each year is expected to decline considerably over time.

Positions/Recommendations

Sponsor	Finance Department
Programs, Departments, or Groups Affected	Finance
Applicants / Proponents	**Applicant** **City Department** Finance Department **Other**
Opponents	**Groups or Individuals** None Known **Basis of opposition**
Staff Recommendation	☒ **For** ☐ **Against** **Reason Against**
Board or Commission Recommendation	**By** ☐ **For** ☐ **Against** ☐ **No action taken** ☐ **For, with revisions or conditions (see details column for conditions)**
Council Committee Actions	☐ **Do pass** ☐ **Do pass (as amended)** ☐ **Committee Sub.** ☐ **Without Recommendation** ☐ **Hold** ☐ **Do not pass**

(Continued on reverse side)

Details

Is it good for the children?
Yes, this ordinance provides a mechanism to remove uncollectible amounts from the City's billing system.

How will this contribute to a sustainable Kansas City?
The ordinance allows the City to remove uncollectible amounts from the City's billing system which should reduce the amount of paper needed to conduct delinquent billing efforts.

Policy/Program Impact

Policy or Program Change	☒ No ☐ Yes
Operational Impact Assessment	

Finances

Cost & Revenue Projections -- Including Indirect Costs	
Financial Impact	None
Fund Source (s) and Appropriation Account Codes	

(Use this space for further discussion, if necessary)

Applicable Dates:

Fact Sheet Prepared by:
Mari Ruck 6/24/2015
Commissioner of Revenue

Reviewed by:
Fill in after review by Randy

Reference Numbers