

GENERAL

Ordinance Fact Sheet

Committee Substitute for Ord. No.
120042

Ordinance Number

Brief Title:

Authorizing settlement with
Clay County re: road and
bridge taxes

Approval Deadline:

No deadline

Reason:

Seeking approval of settlement with Clay County re:
road and bridge taxes

Details

Positions / Recommendations

Reason for Legislation To seek approval of the terms of the attached Settlement Agreement with Clay County, Missouri to resolve the dispute between the City and Clay County, Missouri relating to the amounts Clay County was to have paid over to the City to be used for road and bridge purposes within that part of the City located within Clay County for the years 2008 through 2011 and the additional dispute relating to the future annual amounts Clay County is to pay over to the City to be used for the same road and bridge purposes.		Sponsor(s) Councilpersons Davis, Wagner and Ford	
Discussion <i>(including relationship to other Council actions)</i> The proposed Settlement Agreement provides for Clay County to pay to the City in two installments an amount of \$1,786,026 for disputed amounts owed for the years 2008 through 2011 and provides for future payments by Clay County to the City in an amount computed at a rate of 40% of the maximum authorized real property levy of 0.35 per \$100 assessed valuation that Clay County could levy. In addition, the proposed Settlement Agreement provides an opportunity for the City to receive an additional payment for calendar years 2013 through 2026 from any annual, gross sales tax revenue collected by Clay County pursuant to taxing authority granted under Section 67.547, RSMo., in excess of \$7 million, but only up to \$9 million. In 2027 and the years thereafter, the maximum is raised to \$10M. If there is such an excess in any given year, Clay County will pay over 50% of that excess to the municipalities and road districts who participate in this settlement and the municipalities and road districts will share that 50% of excess in the same percentage proportion		Programs, Departments, or Groups Affected Public Works, and Finance	
		Applicants/Proponents	Applicant City Department Other
		Opponents	Groups or Individuals Basis of Opposition
		Staff Recommendation	9 For 9 Against Reasons Against:
		Board or Commission Recommendation	9 For 9 Against 9 No Action Taken 9 For, with revisions or conditions
		Council Committee Action 9 Do Pass 9 Do Pass (as amended) 9 Committee Substitute 9 No Recommendation 9 Hold 9 Do Not Pass	

Details**Policy / Program Impact**

as that entity received for the annual levy that year. In making any such payment, any reductions in the sales tax actually incurred by the County (e.g., a TIF reduction) shall be borne equally by all the settling municipalities and road districts. Similar settlement terms are being presented to all municipalities and road districts in Clay County. The Settlement Agreement contains a “most favored nation” to protect the City. A Committee Substitute was required because three significant terms of the proposed Settlement Agreement have changed from that attached to the original ordinance. First, no distributions from sales tax revenues in excess of \$7 million will occur unless the state legislation memorializing key terms of this Settlement Agreement has been passed by the Missouri General Assembly. Second, the Settlement Agreement can be terminated by either party if the state legislation has not been passed by May 31, 2014. Third, a provision has been added by which Clay County, as a political body, agrees not to oppose any future legislation sought by the City that might affect Clay County or the residents of Clay County. Is this Ordinance Good for the Children? - No direct impact Does this Ordinance contribute to a sustainable Kansas City? – It will provide funding for the construction of roads and bridges in that portion of Kansas City that is situated within Clay County.		Policy or Program Change	9 No ☒ Yes
		Operational Impact Assessment	
		Finances	
		Cost and Revenue Projections	Cost of Legislation Increase/Decrease in Revenue Expected Annually
		Fund Sources	

Applicable Dates:**Fact Sheet Prepared By:**

Galen Beaufort, Senior Associate City Attorney

Reviewed By:

William Geary, City Attorney

Reference Numbers