

# 2021 Excise Tax Report to the City Council

## Information and Data

### I. Background

#### Purpose

The purpose of the excise tax is to provide a funding mechanism for streets and related improvements. The excise tax can be utilized for the acquisition of rights-of-way, design, construction, reconstruction, repair, and maintenance of streets.

#### History

The Excise Tax was approved in 2002.

The issue was placed on the April 2, 2002, ballot and approved by the voters.

A rate methodology was approved by the Council on March 25, 2002, and effective on May 15, 2002. Rates are established by resolution of the City Council.

The current excise tax rates are:

- \$1,250 per dwelling unit - Residential
- \$300 per 1,000 sq ft - Commercial/Industrial

The rate methodology and the trip generation tables were updated in 2020.

#### Authorized Excise Tax Rates

The ballot language approved by voters caps the per-trip surcharge at \$1,693 in the first year (2002) and allows this rate to be adjusted annually according to the Construction Cost Index.

In 2021, the per-trip surcharge could be established up to \$2,938 adjusted for the construction cost index.

#### Calculation

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

- For residential property, the trip generation rate is determined by multiplying the number of dwelling units by the number of peak trips specified for the specific type of land use category.
- For non-residential property, the trip generation rate is determined by dividing the total floor area of the building, measured in square feet, by one thousand (1,000), and then multiplying that number by the number of peak trips specified for the

specific land use category. The number of peak trips has been reduced where appropriate to account for “pass by” trips. Pass by trips are those trips that are the result of a vehicle passing by the development which was not the original destination point and that enters the development, while not diverting from the primary path (spontaneous stop).

**II. Financial Analysis**  
**Annual Revenue History**

The following is a summary of revenues deposited into the Excise Tax Fund since the inception of the tax, including the total year-to-date for FY 2020.

FY	Revenue
2003	\$104,804
2004	\$149,664
2005	\$122,034
2006	\$188,000*
2007	\$138,574
2008	\$38,904
2009	\$33,229
2010	\$6,290
2011	\$13,130
2012	\$23,364
2013	\$13,766
2014	\$27,270
2015	\$16,477
2016	\$55,307
2017	\$72,700
2018	\$48,290
2019	\$19,420

2020	\$29,176
2021*	\$68,246

\*Budget estimate

## 2021 Financial Summary

### Revenue

Permit Excise Tax                      \$68,246

### Expense

Transfer to General Fund              \$1,091  
Transfer to Capital Projects            \$60,000

### Expense Summary

The Excise Tax expenditures for FY 2021 include an administrative fee paid to the general fund. The transfer to Capital Projects is to assist with the 163rd Street Project.

### Building Permit Summary

The following is a summary of permits by type in FY 2020 (year-to-date) that paid the excise tax, and the revenue generated.

<u>Type</u>	<u>Number</u>	<u>Revenue</u>
Single-Family Residential	22	\$26,770
Multi-Family Residential	7	\$11,500
Commercial	2	\$29,976
<b>TOTALS</b>	<b>25</b>	<b>\$68,246</b>

## III. Administrative Review

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

## IV. Recommendations

The City recommends no adjustments be made to the current rates per trip or the trip generation rates.