



City of Kansas City, Missouri

Docket Memo

Ordinance/Resolution #

Submitted Department/Preparer: Finance

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

Repealing Earnings and Profits Tax Regulations Numbered Sections 1.381 through 1.402 adopted July 17, 2017, and approving in lieu thereof new Earnings and Profits Tax Regulations numbered as Sections 1.381 through 1.402 related to the same subject matter, as made and adopted by the Commissioner of Revenue on December 1, 2022.

Discussion

The Earnings Tax Regulations are designed to clarify the intent of the ordinance governing collection and assessment of the earnings tax thereby providing more direction to taxpayers on how to file correctly. The City of Kansas City passed legislation imposing the Earnings Tax in 1964. Earnings tax regulations were last updated in 2017. Over the last five years, several ordinances relating to Earnings Tax have been passed by City Council. These updated Earnings Tax Regulations incorporate those changes. In addition, other changes and clarification of the Ordinances include: Definitions and requirements for Professional Employer Organizations and Statutory Employees; updating to the tax years in the included examples; clarification that the exemption for active duty military exemption does not apply to contractors or any other non-military pay; detailed listing of nondeductible expenses for partnerships; new example on compensation from stock options; clarification that Form W-2 must be filed under the Federal Employer ID Number of the employer remitting the withholding tax, and miscellaneous grammar and formatting corrections.

Fiscal Impact

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

2. What is the funding source?

No funding is required.

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

No affect.

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

No



City of Kansas City, Missouri

Docket Memo

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

No

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)

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Citywide Business Plan Impact

Finance and Governance Goal; Objective 2 - Ensure the resiliency of City government.

Prior Legislation

Committee Substitute for Ordinance No. 170403..

Service Level Impacts

The updated earnings tax regulations will provide better information for enforcement and administration of the earnings tax and assist the tax preparation community with interpretation and application of the tax.

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?



City of Kansas City, Missouri

Docket Memo

Not applicable.

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

Updated regulations will ensure uniformity and fairness in tax administration.

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

No - 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")?

No - n/a