



Legislation Details (With Text)

File #: 230363 **Version:** 1 **Name:**
Type: Ordinance **Status:** Passed
File created: 4/20/2023 **In control:** Council
On agenda: 5/11/2023 **Final action:** 5/11/2023
Title: 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.

Sponsors: Quinton Lucas

Indexes:

Code sections:

Attachments: 1. 230363 Compared Version, 2. Docket Memo 230363, 3. Authenticated Ordinance 230363

Date	Ver.	Action By	Action	Result
5/11/2023	1	Council	Passed	Pass
5/10/2023	1	Finance, Governance and Public Safety Committee	Adv and Do Pass	Pass
4/20/2023	1	Council	referred	

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 < https://library.municode.com/mo/kansas_city/codes/code_of_ordinances?nodeId=COORKAMIVOII_CH40LIMIBURE_ARTIISCLIFE_S40-61BUACWHLIISRE >](https://library.municode.com/mo/kansas_city/codes/code_of_ordinances?nodeId=COORKAMIVOII_CH40LIMIBURE_ARTIISCLIFE_S40-61BUACWHLIISRE), 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