



EXECUTIVE SUMMARY

To: James Scholl, City Manager
From: Sarah Hannah-Spurlock, Assistant City Manager
Meeting Date: May 5, 2015
Subject: Business Tax Receipt Fee Increase

Action Item

Commission approval of an ordinance to increase the local business tax five percent as stipulated in Florida Statute 205.0535(4), which allows municipalities to increase by ordinance the rates of business taxes by up to 5 percent every other year. An increase may not be enacted by less than a majority plus one vote of the governing body.

Background

The local business tax represents the fees charged and the method by which a local government grants the privilege of engaging in or managing any business, profession, and occupation within its jurisdiction. Proceeds are considered general revenue for the local government. All taxes are due and payable on or before September 30th of each year, and the receipts expire on September 30th of the succeeding year.

The first time Florida municipalities were allowed to increase fees was in 1997. The City increased certain business tax receipt (BTR) fees by 5%. In 1999, all business tax fees were increased by 5%. In 2001, 2003, 2005, 2007, and 2009, the City increased fees from 0 to 5%, resulting in a bottom line increase of 2.25%, 3.75%, 3.5%, 3.7%, and 5% respectively. The City is eligible to increase business tax fees again this year.

Recommendation

As business taxes have not increased since 2009 (6 years), staff recommends that Commission adopt an ordinance increasing Business Tax Receipt fees by 5%. The estimated revenue increase is \$65,000. As an option, the Commission may also consider rounding down to the nearest whole dollar so as to minimize the inconvenience of dealing with cents. However, if rounding down to the nearest dollar actually reduces a particular fee, then a 5% increase would be implemented. For example, a BTR for a laundry machine is currently \$6.56. A 5% increase would raise the fee to \$6.89. In this case, the fee would not round down to the nearest whole dollar, rather the new fee would be \$6.89. The resulting estimated increase with the rounding down option is \$64,350. **Both versions of the ordinance are attached.**