



Interoffice Memorandum

City Clerk's Office

TO: Mayor Linda Hudson
Commissioner Rufus Alexander
Commissioner Edward Becht
Commissioner Thomas Perona
Commissioner Reginald Sessions

FROM: Linda W. Cox, City Clerk

SUBJECT: Business Tax Rates

DATE: March 5, 2014

In accordance with Florida Statute 205.0535, in 2008 the City established an Equity Study Commission to review and recommend a revised classification system and rate structure for business taxes. This statute allowed for an initial 10% increase, with up to a 5% increase every other year thereafter if approved by a 4/5ths vote of the governing body.

The Equity Study Commission, which was composed of representatives of the business community of Fort Pierce, met on July 1, 2008. After discussion, the Equity Study Commission unanimously recommended the 10% initial increase and then the 5% increase every two years, as long as it is thought to be necessary by the City Commission as allowed under F.S. 205.0535(4).

In August 2008, the City Commission adopted Ordinance No. L-35, providing for the initial increase of ten percent for Business Tax Receipts. In June 2010, the City Commission adopted Ordinance L-121 providing a 5% increase of the Business Tax Receipt. Again on May 21, 2012, the City Commission adopted Ordinance L-256 to allow for a 5% increase of the Business Tax Receipt.

Generally, a 5% increase would equate to a nominal increase of \$1.14 to \$16.54 per license, per year, depending on the business classification. If adopted, additional revenue to the City is estimated at \$13,300.00 annually. Below are examples of current business taxes charged by our two closest cities for comparison:

	Fort Pierce	Port St. Lucie	Vero Beach
Bank:	\$242.55	\$255.25	\$360.00
Beauty Shop:	\$22.74	\$63.09	\$45.00

Small Merchant:	\$22.74	\$88.57	\$45.00
Large Merchant:	\$330.75	\$670.95	\$500.00

Under Florida Statute 205.0535(4), "municipalities and counties may, every other year thereafter, increase or decrease by ordinance the rates of business taxes by up to 5 percent. An increase, however, may not be enacted by less than a majority plus one vote of the governing body. Nothing in this chapter shall be construed to prohibit a municipality or county from decreasing or repealing any business tax authorized under this chapter."

At this time, I am requesting consensus from the Mayor and City Commission as to whether an increase, decrease or no action is desired. If an increase or decrease is desired, action via Ordinance will be required in April in order to be prepared for the business tax renewal process which begins on June 1. Thank you for your consideration.