



TO : Mayor and Commissioners

FROM : Linda W. Cox, City Clerk *LWC*

RE : Business Tax Receipt Rates

DATE : March 14, 2022

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.

In August 2008, the City Commission adopted Ordinance No. L-35 providing for the initial increase of ten percent for business tax receipts. Subsequently, in 2010, 2012, 2014, and 2018 the City Commission implemented a 5% increase of the business tax each year as allowed. There was no increase in 2016 and in 2020, the City decreased the tax by 5%.

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."

The City Commission may once again consider an increase of business tax of up to 5%. If an increase is adopted, additional revenue to the City is estimated at \$13,525 based upon our most recent collections in the total amount of \$270,500. Generally, a 5% increase would equate to a nominal increase of approximately \$0.63 to \$28.83 per license, per year, depending on the business classification. Below are examples of current business taxes charged by our two closest cities for comparison:

	Fort Pierce	Port St. Lucie	Vero Beach
Bank::	\$254.04	\$268.00	\$360.00
Beauty Shop:	\$ 23.82	\$153.00	\$45.00
Small Merchant:	\$ 23.82	\$62.25	\$45.00
Large Merchant:	\$346.42	\$381.00++	\$500.00 +

You also have the option of decreasing the BTR fee by up to 5% or making no change at all.

The City of Vero Beach and Port St. Lucie have indicated they have no plans to change tax rates at this time.

I am requesting consensus from the Mayor and City Commission as to whether an increase, decrease or no action is desired in regard to business tax receipt rates. Thank you for your consideration.