

The Florida Senate
PROFESSIONAL STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: Community Affairs Committee

BILL: SB 1418

INTRODUCER: Senator Wilson

SUBJECT: Local Business Taxes

DATE: April 21, 2007 REVISED: _____

| | ANALYST | STAFF DIRECTOR | REFERENCE | ACTION |
|----|---------|----------------|-----------|------------------|
| 1. | Herrin | Yeatman | CA | Favorable |
| 2. | | | CM | |
| 3. | | | FT | |
| 4. | | | | |
| 5. | | | | |
| 6. | | | | |

I. Summary:

This bill allows an additional business tax levied by a county to be used by an organization or agency, designated by the governing body of the county, for the attraction, retention, and expansion of small business within the county.

This bill substantially amends section 205.033 of the Florida Statutes.

II. Present Situation:

Local business taxes were previously known as local occupational license taxes. Beginning January 1, 2007, the “Local Occupational License Tax Act” became the “Local Business Tax Act” and conforming changes were made throughout ch. 205, F.S.¹ A business, profession, or occupation pays a local business tax for the privilege of engaging in or managing any business, profession, or occupation within a local government’s jurisdiction.² Local business taxes collected by a county, excluding any collection costs and credit given for municipal business taxes, are distributed between the unincorporated area and municipalities within the county. The exact amount is determined by dividing the municipal populations by the population of the county.³ These revenues shall be distributed within 15 days following the month of receipt.⁴ Notwithstanding the provisions regarding revenue distribution, revenue received from a county business tax may be used for “overseeing and implementing a comprehensive economic

¹ Chapter 2006-152, Laws of Florida.

² Section 205.022(5), F.S.

³ Section 205.033(4), F.S. This provision does not apply to counties establishing a new rate structure pursuant to s. 205.0535, F.S.

⁴ Section 205.033(5), F.S.

development strategy through advertising, promotional activities, and other sales and marketing techniques.”⁵

Additional Business Taxes

Pursuant to s. 205.033(6)(a), F.S., Broward, Collier, Miami-Dade and Monroe Counties are authorized to levy and collect, by ordinance adopted before January 1, 1995, an additional business tax of up to 50 percent of the applicable business tax charged by the county. Revenues from an additional business tax must be placed in a separate interest-earning account. Each fiscal year the county is responsible for distributing the revenue, plus accrued interest, to an organization or agency designated by the governing body of the county to “oversee and implement a comprehensive economic development strategy through advertising, promotional activities, and other sales and marketing techniques.”⁶

III. Effect of Proposed Changes:

The bill amends s. 205.033(6)(b), F.S., to allow revenues from an additional business tax to be used by an organization or agency, designated by the governing body of the county, for the attraction, retention, and expansion of small businesses within the county.

The bill takes effect July 1, 2007.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Small businesses may benefit from the revenues received from a county’s additional business tax that, under this bill, may be used to attract, retain and expand small businesses.

⁵ Section 205.033(7), F.S.

⁶ Section 205.033(6)(b), F.S.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

This Senate Professional Staff Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

VIII. Summary of Amendments:

None.

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