



# FULL ANALYSIS

## I. SUBSTANTIVE ANALYSIS

### A. HOUSE PRINCIPLES ANALYSIS:

#### **Ensure Lower Taxes**

The bill provides a business an additional month to pay a local business tax levied either by a county or municipality.

### B. EFFECT OF PROPOSED CHANGES:

#### **Present Situation**

The governing body of a county or a municipality may levy, by resolution or ordinance, a business tax for the privilege of engaging in or managing any business, profession, or occupation within its jurisdiction.<sup>1</sup>

For a municipality, s. 205.042, F.S., establishes the conditions for when the tax applies to a business as the following:

- (1) Any person who maintains a permanent business location or branch office within the municipality, for the privilege of engaging in or managing any business within its jurisdiction.
- (2) Any person who maintains a permanent business location or branch office within the municipality, for the privilege of engaging in or managing any profession or occupation within its jurisdiction.
- (3) Any person who does not qualify under subsection (1) or subsection (2) and who transacts any business or engages in any occupation or profession in interstate commerce, if the business tax is not prohibited by s. 8, Art. I of the United States Constitution.

A county or municipality must base the tax upon reasonable classifications which must be uniform throughout any class.<sup>2</sup> A receipt of a local business tax is valid for 1 year in a county or municipality, and all receipts expire on September 30 of each year, unless otherwise provided by law.<sup>3</sup>

Section 205.053, F.S. establishes the due date for a local business tax as due and payable on or before September 30 of each year. A county or municipality may make provisions for partial receipts in a resolution or ordinance authorizing such receipts. A receipt received late is subject to a delinquency penalty of 10 percent for the month of October, plus an additional 5 percent penalty for each subsequent month of delinquency until paid. However, the total delinquency penalty may not exceed 25 percent of the business tax for the delinquent business.

Any person who engages in or manages any business, occupation, or profession without first obtaining a local business tax receipt, if required, is subject to a penalty of 25 percent of the tax due, in addition to any other penalty provided by law or ordinance. Additionally, any person who engages in any business, occupation, or profession who does not pay the required business tax within 150 days after the initial notice of tax due, and who does not obtain the required receipt is subject to civil actions and penalties, including court costs, reasonable attorneys' fees, additional administrative costs incurred as a result of collection efforts, and a penalty of up to \$250.<sup>4</sup>

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<sup>1</sup> ss. 205.032 & 205.042, F.S.

<sup>2</sup> ss. 205.033(1)(a) & 205.043(1)(a), F.S.

<sup>3</sup> ss. 205.033(1)(c) & 205.043(1)(c), F.S.

<sup>4</sup> Section 205.053(2) & (3), F.S.

## Effect of Proposed Changes

This bill amends the due date of a local business tax levied by a county or municipality from September 30 to October 31. A local business tax received by a county or municipality from a business is valid for one year, so the bill adjusts the corresponding date of the expiration of that receipt from September 30 to October 31. The bill then adjusts the dates for calculating a delinquency penalty to match. The effect of the bill is to provide a business with an additional month to pay a local business tax. The change in date may have the unintended effect of causing accounting difficulties for local governments because the fiscal year for most local governments begins on October 1.

The bill has an effective date of July 1, 2007.

### C. SECTION DIRECTORY:

Section 1: Amends paragraph (c) of subsection (1) of section 205.033, F.S., to change the date for the expiration of a local business tax receipt in a county.

Section 2: Amends paragraph (c) of subsection (1) of section 205.043, F.S., to change the date for the expiration of a local business tax receipt in a municipality.

Section 3: Amends subsection (1) of section 205.053, F.S., to change the due date for a local business tax levied by a county or municipality and revises the date for the calculation of a delinquency penalty.

Section 4: Provides an effective date.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

### A. FISCAL IMPACT ON STATE GOVERNMENT:

#### 1. Revenues:

None.

#### 2. Expenditures:

None.

### B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

#### 1. Revenues:

This bill may delay receipt of some local business taxes in a municipality or county, depending upon whether a business decides to send in the tax in the month of October.

#### 2. Expenditures:

A county or municipality may have some administrative costs associated with changing the forms for submission of a local business tax.

### C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

A business subject to a local business tax will have an additional month to submit the tax to a county or municipality.

D. FISCAL COMMENTS:

None.

**III. COMMENTS**

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable because this bill does not appear to: require cities or counties to spend funds or take an action requiring the expenditure of funds; reduce the authority that cities or counties have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with cities or counties.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

D. STATEMENT OF THE SPONSOR

On March 1, 2007, the Sponsor advised staff that no statement would be submitted.

**IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES**