

By Senator Truenow

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1 A bill to be entitled
2 An act relating to local business taxes; amending s.
3 11.40, F.S.; conforming provisions to changes made by
4 the act; amending s. 11.45, F.S.; requiring the
5 Auditor General to contact certain local governments;
6 requiring such local governments to provide specified
7 evidence within a certain time period; requiring
8 notification to the Legislative Auditing Committee in
9 specified circumstances; amending s. 205.0315, F.S.;
10 authorizing specified entities to continue to levy a
11 certain tax; prohibiting the increase or modification
12 of certain ordinances beginning a date certain;
13 providing an exception; amending ss. 205.033 and
14 205.043, F.S.; revising the conditions imposed on
15 taxing authorities governing the levy of a specified
16 tax; amending s. 205.0535, F.S.; defining terms;
17 prohibiting certain municipalities from reclassifying
18 businesses, professions, or occupations or
19 establishing new rate structures; prohibiting the
20 revenue generated from a certain tax from exceeding a
21 specified value; requiring specified actions be taken
22 in event of a violation of such prohibition; providing
23 that specified refunds be treated as unclaimed
24 property under certain circumstances; revising the
25 circumstances under which a county or municipality may
26 adopt specified ordinances; providing applicability;
27 amending s. 205.0536, F.S.; conforming provisions to
28 changes made by the act; creating s. 205.046, F.S.;
29 requiring that a specified document be filed with a

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30 certain audit; providing requirements for such
31 document; amending ss. 215.97, 218.32, and 489.537,
32 F.S.; conforming cross-references; providing an
33 effective date.

34
35 Be It Enacted by the Legislature of the State of Florida:

36
37 Section 1. Subsection (2) of section 11.40, Florida
38 Statutes, is amended to read:

39 11.40 Legislative Auditing Committee.—

40 (2) Following notification by the Auditor General, the
41 Department of Financial Services, the Division of Bond Finance
42 of the State Board of Administration, the Governor or his or her
43 designee, or the Commissioner of Education or his or her
44 designee of the failure of a local governmental entity, district
45 school board, charter school, or charter technical career center
46 to comply with the applicable provisions within s. 11.45(5)-(7),
47 s. 205.0535, s. 218.32(1), s. 218.38, or s. 218.503(3), the
48 Legislative Auditing Committee may schedule a hearing to
49 determine if the entity should be subject to further state
50 action. If the committee determines that the entity should be
51 subject to further state action, the committee shall:

52 (a) In the case of a local governmental entity or district
53 school board, direct the Department of Revenue and the
54 Department of Financial Services to withhold any funds not
55 pledged for bond debt service satisfaction which are payable to
56 such entity until the entity complies with the law. The
57 committee shall specify the date that such action must begin,
58 and the directive must be received by the Department of Revenue

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59 and the Department of Financial Services 30 days before the date
60 of the distribution mandated by law. The Department of Revenue
61 and the Department of Financial Services may implement this
62 paragraph.

63 (b) In the case of a special district created by:

64 1. A special act, notify the President of the Senate, the
65 Speaker of the House of Representatives, the standing committees
66 of the Senate and the House of Representatives charged with
67 special district oversight as determined by the presiding
68 officers of each respective chamber, the legislators who
69 represent a portion of the geographical jurisdiction of the
70 special district, and the Department of Commerce that the
71 special district has failed to comply with the law. Upon receipt
72 of notification, the Department of Commerce shall proceed
73 pursuant to s. 189.062 or s. 189.067. If the special district
74 remains in noncompliance after the process set forth in s.
75 189.0651, or if a public hearing is not held, the Legislative
76 Auditing Committee may request the department to proceed
77 pursuant to s. 189.067(3).

78 2. A local ordinance, notify the chair or equivalent of the
79 local general-purpose government pursuant to s. 189.0652 and the
80 Department of Commerce that the special district has failed to
81 comply with the law. Upon receipt of notification, the
82 department shall proceed pursuant to s. 189.062 or s. 189.067.
83 If the special district remains in noncompliance after the
84 process set forth in s. 189.0652, or if a public hearing is not
85 held, the Legislative Auditing Committee may request the
86 department to proceed pursuant to s. 189.067(3).

87 3. Any manner other than a special act or local ordinance,

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88 notify the Department of Commerce that the special district has
 89 failed to comply with the law. Upon receipt of notification, the
 90 department shall proceed pursuant to s. 189.062 or s.
 91 189.067(3).

92 (c) In the case of a charter school or charter technical
 93 career center, notify the appropriate sponsoring entity, which
 94 may terminate the charter pursuant to ss. 1002.33 and 1002.34.

95 Section 2. Present paragraphs (d) through (j) of subsection
 96 (7) of section 11.45, Florida Statutes, are redesignated as
 97 paragraphs (e) through (k), respectively, and a new paragraph
 98 (d) is added to that subsection, to read:

99 11.45 Definitions; duties; authorities; reports; rules.—

100 (7) AUDITOR GENERAL REPORTING REQUIREMENTS.—

101 (d) During the Auditor General's review of audit reports,
 102 he or she shall contact each local government that is not in
 103 compliance with s. 205.0535 and request evidence of corrective
 104 action. The local government shall provide the Auditor General
 105 with evidence of the initiation of corrective action within 45
 106 days after the date the corrective action is requested by the
 107 Auditor General and evidence of completion of corrective action
 108 within 180 days after the date the corrective action is
 109 requested by the Auditor General. If the local government fails
 110 to comply with the Auditor General's request or is unable to
 111 take corrective action within the required timeframe, the
 112 Auditor General shall notify the Legislative Auditing Committee.

113 Section 3. Section 205.0315, Florida Statutes, is amended
 114 to read:

115 205.0315 Ordinance adopted before ~~adoption after~~ October 1,
 116 2025 ~~1995~~.—Beginning October 1, 2025 ~~1995~~, a county or

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117 municipality that has ~~not~~ adopted a business tax ordinance or
 118 resolution under this chapter before July 1, 2025, may not
 119 increase or otherwise modify the tax rate structure or
 120 classification in such ~~adopt~~ a business tax ordinance, except as
 121 provided in s. 205.0535. However, ~~the~~ business tax rate
 122 structure and classifications in the adopted ordinance may be
 123 repealed ~~must be reasonable and based upon the rate structure~~
 124 ~~and classifications prescribed in ordinances adopted by adjacent~~
 125 ~~local governments that have implemented s. 205.0535. If no~~
 126 ~~adjacent local government has implemented s. 205.0535, or if the~~
 127 ~~governing body of the county or municipality finds that the rate~~
 128 ~~structures or classifications of adjacent local governments are~~
 129 ~~unreasonable, the rate structure or classifications prescribed~~
 130 ~~in its ordinance may be based upon those prescribed in~~
 131 ~~ordinances adopted by local governments that have implemented s.~~
 132 ~~205.0535 in counties or municipalities that have a comparable~~
 133 ~~population.~~

134 Section 4. Paragraph (b) of subsection (1), subsections (4)
 135 and (5), and paragraph (a) of subsection (6) of section 205.033,
 136 Florida Statutes, are amended to read:

137 205.033 Conditions for levy; counties.-

138 (1) The following conditions are imposed on the authority
 139 of a county governing body to levy a business tax:

140 (b) ~~Unless the county implements s. 205.0535 or adopts a~~
 141 ~~new business tax ordinance under s. 205.0315,~~ A business tax
 142 levied under this subsection may not exceed the rate ~~provided by~~
 143 ~~this chapter~~ in effect for the year beginning October 1, 2024
 144 ~~1971;~~ however, beginning October 1, 2025 ~~1980,~~ the county
 145 governing body must decrease ~~may increase~~ business taxes

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146 authorized by this chapter as provided in s. 205.0535. The
147 ~~amount of the increase above the tax rate levied on October 1,~~
148 ~~1971, for taxes levied at a flat rate may be up to 100 percent~~
149 ~~for business taxes that are \$100 or less; 50 percent for~~
150 ~~business taxes that are between \$101 and \$300; and 25 percent~~
151 ~~for business taxes that are more than \$300. Beginning October 1,~~
152 ~~1982, the increase may not exceed 25 percent for taxes levied at~~
153 ~~graduated or per unit rates. Authority to increase business~~
154 ~~taxes does not apply to licenses or receipts granted to any~~
155 ~~utility franchised by the county for which a franchise fee is~~
156 ~~paid.~~

157 (4) The revenues derived from the business tax, exclusive
158 of the costs of collection and any credit given for municipal
159 business taxes, shall be apportioned between the unincorporated
160 area of the county and the incorporated municipalities located
161 therein by a ratio derived by dividing their respective
162 populations by the population of the county. This subsection
163 does not apply to counties that ~~have~~ established a new rate
164 structure under s. 205.0535 before October 1, 2025.

165 (5) The revenues so apportioned shall be sent to the
166 governing authority of each municipality, according to its
167 ratio, and to the governing authority of the county, according
168 to the ratio of the unincorporated area, within 15 days
169 following the month of receipt. This subsection does not apply
170 to counties that ~~have~~ established a new rate structure under s.
171 205.0535 before October 1, 2025.

172 (6) (a) Each county, as defined in s. 125.011(1), or any
173 county adjacent thereto may levy and collect, by an ordinance
174 enacted by the governing body of the county, an additional

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175 business tax up to 50 percent of the appropriate business tax
176 imposed under subsection (1); however, beginning October 1,
177 2025, such business tax must be decreased as provided in s.
178 205.0535.

179 Section 5. Paragraph (b) of subsection (1) of section
180 205.043, Florida Statutes, is amended to read:

181 205.043 Conditions for levy; municipalities.—

182 (1) The following conditions are imposed on the authority
183 of a municipal governing body to levy a business tax:

184 (b) ~~Unless the municipality implements s. 205.0535 or~~
185 ~~adopts a new business tax ordinance under s. 205.0315, A~~
186 business tax levied under this subsection may not exceed the
187 rate in effect in the municipality for the year beginning
188 October 1, 2024. ~~1971; however, Beginning October 1, 2025 1980,~~
189 the municipal governing body must decrease ~~may increase~~ business
190 taxes authorized by this chapter as provided in s. 205.0535. ~~The~~
191 ~~amount of the increase above the tax rate levied on October 1,~~
192 ~~1971, for taxes levied at a flat rate may be up to 100 percent~~
193 ~~for business taxes that are \$100 or less; 50 percent for~~
194 ~~business taxes that are between \$101 and \$300; and 25 percent~~
195 ~~for business taxes that are more than \$300. Beginning October 1,~~
196 ~~1982, an increase may not exceed 25 percent for taxes levied at~~
197 ~~graduated or per unit rates. Authority to increase business~~
198 ~~taxes does not apply to receipts or licenses granted to any~~
199 ~~utility franchised by the municipality for which a franchise fee~~
200 ~~is paid.~~

201 Section 6. Section 205.0535, Florida Statutes, is amended
202 to read:

203 205.0535 Reclassification and rate structure revisions.—

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204 (1) As used in this section, the term:

205 (a) "Recalculated tax rate" means the tax rate that, if it
206 had been applied in the immediate prior fiscal year, would
207 result in the maximum total revenue that does not exceed the
208 revenue base.

209 (b) "Revenue base" means the total revenue for the fiscal
210 year ending September 30, 2024, or for the fiscal year ending
211 September 30, 2025, whichever is greater.

212 (c) "Total revenue" means:

213 1. For a county, the total annual revenue generated by
214 receipts issued in the fiscal year, less any revenue distributed
215 to municipalities under s. 205.033(4) in such year, and less any
216 revenue refunded to businesses pursuant to sub-
217 paragraph(4) (a)3.b. in such year.

218 2. For a municipality, the total annual revenue generated
219 by receipts issued in the fiscal year plus any revenue received
220 from the county under s. 205.033(4) in such fiscal year, and
221 less any revenue refunded to businesses pursuant to sub-
222 paragraph (4) (a)3.b. in such year.

223 (2)(1) Beginning by October 1, 2025 ~~2008~~, any municipality
224 that has adopted by ordinance a local business tax ~~after October~~
225 ~~1, 1995~~, may not ~~by ordinance~~ reclassify businesses,
226 professions, and occupations or ~~and may~~ establish new rate
227 structures, ~~if the conditions specified in subsections (2) and~~
228 ~~(3) are met~~. A person who is engaged in the business of
229 providing local exchange telephone service or a pay telephone
230 service in a municipality or in the unincorporated area of a
231 county and who pays the business tax under the category
232 designated for telephone companies or a pay telephone service

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233 provider certified pursuant to s. 364.3375 is deemed to have but
234 one place of business or business location in each municipality
235 or unincorporated area of a county. Pay telephone service
236 providers may not be assessed a business tax on a per-instrument
237 basis.

238 (3) Beginning October 1, 2025, the total revenue generated
239 by the business tax each fiscal year may not exceed the revenue
240 base.

241 (4) (a) Beginning October 1, 2026, if the total revenue
242 received by a local government from the local business tax in
243 the immediate prior fiscal year exceeds the revenue base all of
244 the following requirements apply:

245 1. The governing authority must adopt an ordinance to
246 proportionally adjust the rates of the local business taxes
247 levied under this chapter for the current fiscal year to the
248 recalculated tax rate.

249 2. The rate adjustment ordinance must be adopted as soon as
250 practicable, but no later than January 1 of the current fiscal
251 year.

252 3. By February 1, the county or municipality must issue a
253 refund to each business that paid the local business tax:

254 a. In the prior fiscal year. Such refund shall be the
255 difference between the amount paid and the amount that would
256 have been paid if the recalculated tax rate had been used.

257 b. At the unreduced rate in the current fiscal year. Such
258 refund shall be the difference in the amount paid and the amount
259 due if the recalculated tax rate had been used.

260 (b) A refund issued under subparagraph (a)3. may be granted
261 as a credit against tax due in the next fiscal year.

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262 (c) If the county or municipality is unable to grant a
263 refund pursuant to subparagraph (a)3. because a business no
264 longer exists, or the county or municipality is unable to locate
265 the business or deliver such refund after making reasonable
266 efforts to do so, then such refund shall be treated by the
267 county or municipality as unclaimed property under chapter 717

268 ~~(2) Before adopting a reclassification and revision~~
269 ~~ordinance, the municipality or county must establish an equity~~
270 ~~study commission and appoint its members. Each member of the~~
271 ~~study commission must be a representative of the business~~
272 ~~community within the local government's jurisdiction. Each~~
273 ~~equity study commission shall recommend to the appropriate local~~
274 ~~government a classification system and rate structure for~~
275 ~~business taxes.~~

276 ~~(3) (a) After the reclassification and rate structure~~
277 ~~revisions have been transmitted to and considered by the~~
278 ~~appropriate local governing body, it may adopt by majority vote~~
279 ~~a new business tax ordinance. Except that a minimum tax of up to~~
280 ~~\$25 is permitted, the reclassification may not increase the tax~~
281 ~~by more than the following: for receipts costing \$150 or less,~~
282 ~~200 percent; for receipts costing more than \$150 but not more~~
283 ~~than \$500, 100 percent; for receipts costing more than \$500 but~~
284 ~~not more than \$2,500, 75 percent; for receipts costing more than~~
285 ~~\$2,500 but not more than \$10,000, 50 percent; and for receipts~~
286 ~~costing more than \$10,000, 10 percent; however, in no case may~~
287 ~~the tax on any receipt be increased more than \$5,000.~~

288 ~~(b) The total annual revenue generated by the new rate~~
289 ~~structure for the fiscal year following the fiscal year during~~
290 ~~which the rate structure is adopted may not exceed:~~

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291 ~~1. For municipalities, the sum of the revenue base and 10~~
292 ~~percent of that revenue base. The revenue base is the sum of the~~
293 ~~business tax revenue generated by receipts issued for the most~~
294 ~~recently completed local fiscal year or the amount of revenue~~
295 ~~that would have been generated from the authorized increases~~
296 ~~under s. 205.043(1)(b), whichever is greater, plus any revenue~~
297 ~~received from the county under s. 205.033(4).~~

298 ~~2. For counties, the sum of the revenue base, 10 percent of~~
299 ~~that revenue base, and the amount of revenue distributed by the~~
300 ~~county to the municipalities under s. 205.033(4) during the most~~
301 ~~recently completed local fiscal year. The revenue base is the~~
302 ~~business tax revenue generated by receipts issued for the most~~
303 ~~recently completed local fiscal year or the amount of revenue~~
304 ~~that would have been generated from the authorized increases~~
305 ~~under s. 205.033(1)(b), whichever is greater, but may not~~
306 ~~include any revenues distributed to municipalities under s.~~
307 ~~205.033(4).~~

308 ~~(c) In addition to the revenue increases authorized by~~
309 ~~paragraph (b), revenue increases attributed to the increases in~~
310 ~~the number of receipts issued are authorized.~~

311 ~~(4) After the conditions specified in subsections (2) and~~
312 ~~(3) are met, municipalities and counties may, every other year~~
313 ~~thereafter, increase or decrease by ordinance the rates of~~
314 ~~business taxes by up to 5 percent. However, an increase must be~~
315 ~~enacted by at least a majority plus one vote of the governing~~
316 ~~body.~~

317 (5) This chapter does not prohibit a municipality or county
318 from decreasing or repealing any business tax authorized under
319 this chapter. By majority vote, the governing body of a county

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320 or municipality may adopt an ordinance repealing a local
321 business tax or establishing new rates that decrease local
322 business taxes, provided that the new rates do not produce
323 revenues in excess of the revenue base ~~and do not result in an~~
324 ~~increase in local business taxes for a taxpayer. Such ordinances~~
325 ~~are not subject to subsections (2) and (3).~~

326 (6) A receipt may not be issued unless the federal employer
327 identification number or social security number is obtained from
328 the person to be taxed.

329 (7) This section does not apply to:

330 (a) A municipality that imposes a business tax on merchants
331 which is measured by gross receipts from the sale of merchandise
332 or services, or both, as described in s. 205.044.

333 (b) A fiscally constrained county as defined in s.
334 218.67(1).

335 (c) A municipality located in a fiscally constrained county
336 as defined in s. 218.67(1).

337 Section 7. Section 205.0536, Florida Statutes, is amended
338 to read:

339 205.0536 Distribution of county revenues.—A county that
340 established ~~establishes~~ a new rate structure under s. 205.0535
341 before October 1, 2025, shall retain all business tax revenues
342 collected from businesses, professions, or occupations whose
343 places of business are located within the unincorporated
344 portions of the county. Any business tax revenues collected by a
345 county that established ~~establishes~~ a new rate structure under
346 s. 205.0535 before October 1, 2025, from businesses,
347 professions, or occupations whose places of business are located
348 within a municipality, exclusive of the costs of collection,

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349 must be apportioned between the unincorporated area of the
350 county and the incorporated municipalities located therein by a
351 ratio derived by dividing their respective populations by the
352 population of the county. As used in this section, the term
353 "population" means the latest official state estimate of
354 population certified under s. 186.901. The revenues so
355 apportioned shall be sent to the governing authority of each
356 municipality, according to its ratio, and to the governing
357 authority of the county, according to the ratio of the
358 unincorporated area, within 15 days after the month of receipt.

359 Section 8. Section 205.046, Florida Statutes, is created to
360 read:

361 205.046 Audits.—An audit of financial statements of a local
362 government which is performed by a certified public accountant
363 pursuant to s. 218.39 and submitted to the Auditor General must
364 be accompanied by an affidavit executed by the chair of the
365 governing board of the local government, as a separate document,
366 stating that the local government has complied with s. 205.0535
367 and must be filed with the Auditor General, or, in the event
368 that the local government has not complied with s. 205.0535, the
369 affidavit must instead include a description of the
370 noncompliance and corrective action taken by the local
371 government to correct the noncompliance and to prevent such
372 noncompliance in the future.

373 Section 9. Paragraph (a) of subsection (2) of section
374 215.97, Florida Statutes, is amended to read:

375 215.97 Florida Single Audit Act.—

376 (2) As used in this section, the term:

377 (a) "Audit threshold" means the threshold amount used to

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378 determine when a state single audit or project-specific audit of
379 a nonstate entity shall be conducted in accordance with this
380 section. Each nonstate entity that expends a total amount of
381 state financial assistance equal to or in excess of \$750,000 in
382 any fiscal year of such nonstate entity shall be required to
383 have a state single audit or a project-specific audit for such
384 fiscal year in accordance with the requirements of this section.
385 After consulting with the Executive Office of the Governor, the
386 Department of Financial Services, and all state awarding
387 agencies, the Auditor General shall periodically review the
388 threshold amount for requiring audits under this section and may
389 recommend any appropriate statutory change to revise the
390 threshold amount in the annual report submitted to the
391 Legislature pursuant to s. 11.45(7)(i) ~~s. 11.45(7)(h)~~.

392 Section 10. Paragraph (e) of subsection (1) of section
393 218.32, Florida Statutes, is amended to read:

394 218.32 Annual financial reports; local governmental
395 entities.—

396 (1)

397 (e)1. Each local governmental entity that is not required
398 to provide for an audit under s. 218.39 must submit the annual
399 financial report to the department no later than 9 months after
400 the end of the fiscal year. The department shall consult with
401 the Auditor General in the development of the format of annual
402 financial reports submitted pursuant to this paragraph. The
403 format must include balance sheet information used by the
404 Auditor General pursuant to s. 11.45(7)(g) ~~s. 11.45(7)(f)~~. The
405 department must forward the financial information contained
406 within the annual financial reports to the Auditor General in

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407 electronic form. This paragraph does not apply to housing
408 authorities created under chapter 421.

409 2. The annual financial report filed by a dependent special
410 district or an independent special district shall specify
411 separately:

412 a. The total number of district employees compensated in
413 the last pay period of the district's fiscal year being
414 reported.

415 b. The total number of independent contractors to whom
416 nonemployee compensation was paid in the last month of the
417 district's fiscal year being reported.

418 c. All compensation earned by or awarded to employees,
419 whether paid or accrued, regardless of contingency.

420 d. All compensation earned by or awarded to nonemployee
421 independent contractors, whether paid or accrued, regardless of
422 contingency.

423 e. Each construction project with a total cost of at least
424 \$65,000 approved by the district that is scheduled to begin on
425 or after October 1 of the fiscal year being reported, together
426 with the total expenditures for such project.

427 3. The annual financial report of a dependent special
428 district or an independent special district amending a final
429 adopted budget under s. 189.016(6) must include a budget
430 variance report based on the budget adopted under s. 189.016(4)
431 before the beginning of the fiscal year being reported.

432 4. The annual financial report of an independent special
433 district that imposes ad valorem taxes shall include the millage
434 rate or rates imposed by the district, the total amount of ad
435 valorem taxes collected by or on behalf of the district, and the

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436 total amount of outstanding bonds issued by the district and the
437 terms of such bonds.

438 5. The annual financial report of an independent special
439 district that imposes non-ad valorem special assessments shall
440 include the rate or rates of such assessments imposed by the
441 district, the total amount of special assessments collected by
442 or on behalf of the district, and the total amount of
443 outstanding bonds issued by the district and the terms of such
444 bonds.

445 Section 11. Subsection (8) of section 489.537, Florida
446 Statutes, is amended to read:

447 489.537 Application of this part.—

448 (8) Persons licensed under this part are subject to ss.
449 205.0535(2) and 205.065 ~~ss. 205.0535(1) and 205.065~~, as
450 applicable.

451 Section 12. This act shall take effect July 1, 2025.