

FLORIDA HOUSE OF REPRESENTATIVES

BILL ANALYSIS

This bill analysis was prepared by nonpartisan committee staff and does not constitute an official statement of legislative intent.

BILL #: [CS/HB 103](#)
TITLE: Local Business Taxes
SPONSOR(S): Botana

COMPANION BILL: [SB 122](#) (Truenow)
LINKED BILLS: None
RELATED BILLS: None

Committee References

[Ways & Means](#)

11 Y, 6 N

[Intergovernmental Affairs](#)

10 Y, 6 N

[State Affairs](#)

18 Y, 5 N, As CS

SUMMARY

Effect of the Bill:

The bill repeals Chapter 205, F.S., removing the authority for local governments to levy a local business tax and makes conforming changes. The bill allows municipalities that impose a business tax on merchants measured by gross receipts to continue to impose the tax and counties that levy an additional county business tax under current law to continue to levy such tax.

Fiscal or Economic Impact:

The Revenue Estimating Conference has not estimated the fiscal impacts of this bill; however, staff estimates that it will have a recurring negative impact of \$184.2 million on local government revenues beginning in Fiscal Year 2026-27 (-\$28.3 million counties; -\$155.9 million municipalities).

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ANALYSIS

EFFECT OF THE BILL:

The bill repeals Chapter 205, F.S., removing the authority for local governments to levy a [local business tax](#); however, certain local business taxes may continue to be levied notwithstanding the repeal of Chapter 205, F.S. (Sections [1](#) and [2](#))

The bill allows for the continued levy of a tax on merchants measured by the gross receipts from the sale of merchandise, services, or both that is collected by certain municipalities pursuant to [the current s. 205.044, F.S.](#) (Section [2](#))

The bill also allows for the continued levy of an additional business tax up to 50 percent of the county business tax rate collected pursuant to [the current s. 205.033\(6\), F.S.](#) The bill provides that a county may continue to levy the additional business tax only if it levied the tax under current law on January 1, 2026. Proceeds from the additional business tax must continue to be placed in a separate account and distributed to the entity designated by the governing body of the county, as of January 1, 2026, to oversee and implement a comprehensive economic development strategy. A county authorized to levy this additional business tax may choose to repeal the tax by ordinance at any time; however, the authority to levy the additional business tax expires once the tax is repealed. (Section [2](#))

The bill makes conforming changes to Florida Statutes to eliminate existing references to Chapter 205. (Sections [4](#)-[34](#))

The bill provides an effective date of July 1, 2026. (Section [35](#))

FISCAL OR ECONOMIC IMPACT:

STORAGE NAME: h0103e.SAC

DATE: 2/3/2026

LOCAL GOVERNMENT:

The Revenue Estimating Conference has not estimated the fiscal impacts of this bill; however, staff estimates that it will have a recurring negative impact of \$184.2 million on local government revenues beginning in Fiscal Year 2026-27 (-\$28.3 million counties; -\$155.9 million municipalities).

PRIVATE SECTOR:

The bill eliminates local business taxes, reducing the amount of taxes paid by businesses.

RELEVANT INFORMATION

SUBJECT OVERVIEW:

Local Business Tax

The local business tax authorized in Chapter 205, F.S., represents the fees charged and the method by which a local government authority grants the privilege of engaging in or managing any business, profession, or occupation within its jurisdiction.¹ Counties and municipalities may levy a business tax, and the tax proceeds are treated as general revenue for the local government.² This tax does not refer to any regulatory fee or license paid to any board, commission, or officer for permits, registration, examination, or inspection.³

Local business taxes are sometimes colloquially referred to as “business tax receipts.”⁴ The term “receipt” refers to the document issued by the local governing authority that bears the words “Local Business Tax Receipt” and evidences that the person in whose name the document is issued has complied with the provisions of Chapter 205, F.S., relating to the business tax.⁵ The taxes are due and payable on or before September 30 of each year, and the receipts expire on September 30 of the succeeding year.⁶

A business may owe local business taxes at both the county and municipal level. [Section 205.065, F.S.](#) limits other local governments from levying a business tax when a business regulated by the Department of Business and Professional Regulation is performing a temporary or transitory work of service and that business has paid business tax in the county or municipality in which it has a permanent location.

History of Local Business Taxes

Prior to 1972, the state imposed an occupational license tax and shared the revenues with the counties.⁷ Municipalities levied their own occupational license taxes pursuant to local ordinances or resolutions. Counties had no authority to levy an occupational license tax until October 1, 1972, when Chapter 72-306, L.O.F., repealed the state tax and authorized both counties and cities to impose an occupational tax at the state or city rate then in effect. This system was codified under what was then known as the Local Occupational License Act. [Chapter 2006-152, L.O.F.](#), renamed the “Local Occupational License Tax Act” to the “Local Business Tax Act,” to clarify that the tax is purely a revenue measure and does not certify professional qualifications.

Local Business Tax Revenues

The revenues derived from the business tax imposed by county governments, exclusive of the costs of collection and any credit given for municipal business taxes, are apportioned between the county’s unincorporated area and the incorporated municipalities located within the county by a ratio derived by dividing each jurisdiction’s

¹ Section [205.022\(5\), F.S.](#)

² Sections [205.033](#) and [205.042, F.S.](#) See also Office of Economic and Demographic Research, [2024 Local Government Financial Information Handbook](#), p. 140 (last visited Feb. 3, 2026).

³ Section [205.022\(5\), F.S.](#)

⁴ See, e.g. Village of Palmetto Bay, [FAQs](#) (last visited Feb. 3, 2026).

⁵ Section [205.022\(8\), F.S.](#)

⁶ Section [205.053\(1\), F.S.](#)

⁷ See ch. 205, F.S. (1971).

population by the county's total population.⁸ Within 15 days following the month of receipt, the apportioned revenues are sent to each governing authority; however, this provision does not apply to counties that have established a new rate structure pursuant to [s. 205.0535, F.S.](#)⁹

The tax proceeds are considered general revenue for the county or municipality. Additionally, county business tax proceeds may be used to oversee and implement a comprehensive economic development strategy through advertising, promotional activities, and other sales and marketing techniques.¹⁰

In Local Fiscal Year 2023-24, the most recent year for which preliminary data is available, counties collected a total of \$27.5 million of local business tax revenue.¹¹ In that same Local Fiscal Year, municipalities (excluding Panama City and Panama City Beach) collected a total of \$139.0 million of local business tax revenue. In Local Fiscal Year 2023-24, 255 municipalities and 35 counties reported collecting local business tax.¹²

Panama City and Panama City Beach Local Business Taxes

The cities of Panama City and Panama City Beach levy separate local business taxes on the gross sales of all retail and wholesale merchants within the municipal jurisdiction.¹³ These municipalities are the only local governments in Florida that levy a local business tax on the gross receipts of retail and wholesale merchants.

For retail merchants, the City of Panama City imposes a tax of \$10 for each \$1,000 (i.e. 1 percent) of gross sales with a minimum tax of \$1.50 per month. The tax imposed on wholesale merchants is \$0.50 for each \$1,000 of gross sales, or major fraction thereof (i.e. 0.05 percent) with a minimum tax of \$1.50 per month. The tax only applies to the first \$5,000 collected by a merchant for any single item of merchandise. Panama City reported collecting \$13.1 million in revenue Local Fiscal Year 2023-24.¹⁴

The City of Panama City Beach imposes a tax of \$10 for each \$1,000 (i.e. 1 percent) of gross sales with a minimum tax of \$50 per year for retail merchants. The tax imposed on wholesale merchants is \$1.50 for each \$1,000 of gross sales, or major fraction thereof (i.e. 0.15 percent) with a minimum tax of \$50 per year.¹⁵ Panama City Beach reported collecting \$20.5 million in revenue Local Fiscal Year 2023-24.¹⁶

Additional County Business Tax

Current law authorizes certain counties to levy an additional county business tax of up to 50 percent of the county's business tax rate.¹⁷ The proceeds of such tax must be placed in a separate account and all funds, including any accrued interest, must be distributed by the county to an organization or an agency designated by the governing body of the county to oversee and implement its comprehensive economic development strategy through advertising, promotional activities, and other sales and marketing techniques.¹⁸

⁸ Section [205.033\(4\), F.S.](#)

⁹ Section [205.033\(5\), F.S.](#)

¹⁰ Section [205.033\(7\), F.S.](#)

¹¹ Revenue Estimating Conference, [Local Business Tax Repeal](#) (last visited Feb. 3, 2026).

¹² *Id.*

¹³ Office of Economic and Demographic Research, [2024 Local Government Financial Information Handbook](#), p. 142 (last visited Feb. 3, 2026).

¹⁴ Florida Department of Financial Services, Local Government Financial Data filed through the Florida Open Financial Statement System, 2024 Annual Financial Report for Panama City.

¹⁵ Office of Economic and Demographic Research, [2024 Local Government Financial Information Handbook](#), p. 142 (last visited Feb. 3, 2026).

¹⁶ Florida Department of Financial Services, Local Government Financial Data filed through the Florida Open Financial Statement System, 2024 Annual Financial Report for Panama City Beach.

¹⁷ [S. 205.033\(6\)\(a\), F.S.](#) This tax may be levied by each county as defined in [s. 125.011\(1\), F.S.](#), or any county adjacent to such a county.

¹⁸ [S. 205.033\(6\)\(b\), F.S.](#)

BILL HISTORY

| COMMITTEE REFERENCE | ACTION | DATE | STAFF DIRECTOR/ POLICY CHIEF | ANALYSIS PREPARED BY |
|--|------------------|------------|------------------------------------|-------------------------|
| Ways & Means Committee | 11 Y, 6 N | 12/10/2025 | Aldridge | Hallaian |
| Intergovernmental Affairs Subcommittee | 10 Y, 6 N | 1/20/2026 | Darden | Hilliard |
| State Affairs Committee | 18 Y, 5 N, As CS | 2/3/2026 | Williamson | Hilliard |

THE CHANGES ADOPTED BY THE COMMITTEE:

- Allowed for the continued levy of an additional business tax up to 50 percent of the county business tax rate collected pursuant to the current [s. 205.033\(6\), F.S.](#), provided that the county levied the tax under current law on January 1, 2026.

THIS BILL ANALYSIS HAS BEEN UPDATED TO INCORPORATE ALL OF THE CHANGES DESCRIBED ABOVE.
