



EXECUTIVE SUMMARY

To: Patti McLauchlin, City Manager
Cc: Todd Stoughton, Assistant City Manager
Jim Young, Director of Code Compliance
From: Amanda Brady, Licensing Official
Date: September 15, 2021
Subject: BTR Fee Increase

Action statement:

Commission approval to increase the annual fees for all local Business Tax Receipts (BTR's) for fiscal year 2021-22 by 5 percent.

Background:

Per Sec. 66-87, City of Key West Municipal Code, no person shall engage in, manage, carry on or practice, wholly or in part, within the city limits, any business, profession or occupation without first procuring a city business tax receipt. For the purposes of this article, any person holding himself out to the public by sign, printed matter, telephone directory classified section, city directory or otherwise as being engaged in business or as offering services or property to the public for a consideration, regardless of whether such person actually transacts any business or practices a profession, shall be considered as engaging in business and shall be liable for a business tax receipt fee thereon.

Proceeds are considered general revenue for the local government. All local business taxes are due and payable on or before September 30th of each year, and the business tax receipts expire on September 30th of the succeeding year.

In accordance with Florida State Statute 205.0535, municipalities and counties may every other year increase or decrease the rates of business taxes by up to 5 percent. However, an increase must be enacted by at least a majority plus one vote of the governing body.

Florida municipalities were first permitted to increase business tax fees in 1997. At that time the City of Key West increased certain business tax fees by 5%. In 1999, the City of

Key West increased all business tax fees by 5%. In 2001, 2003, 2005, 2007, and 2009, the City of Key West increased fees from 0% to 5%, and most recently increased the business tax fees by 5% for fiscal year 2015-2016 and fiscal year 2019-2020.

RECOMMENDATION:

Three years have passed since the last increase, so the Licensing Department recommends the City Commission adopt a resolution increasing all Business Tax Receipt fees by 5% effective with the 2021-22 fiscal year. The estimated revenue impact is \$49,000. So as to minimize the impact on efficiency and customer service, the recommendation includes rounding the increase down to the nearest whole dollar for all business taxes currently in excess of \$100.00. All business taxes that are currently less than \$100.00 would incur the full 5% increase, since rounding down to the nearest whole dollar would result in no increase being assessed on many of these BTR subtypes.