



City of North Port
NEIGHBORHOOD DEVELOPMENT SERVICES DEPARTMENT
Economic Development Division



MEMORANDUM

TO: Jason Yarborough, Acting City Manager
THRU: Frank Miles, Director, Neighborhood Development Services
FROM: Mel Thomas, Economic Development Manager *mt*
SUBJECT: Business Tax Receipt Equity Study Report
DATE: August 31, 2020

A directive from the North Port City Commission, dated July 21, 2020 stated that an Equity Study Commission be established pursuant to the review of the City's current Business Tax Receipt fee structure with the objective of revising the fee structure with emphasis on fairness and equity. The Community Economic Development Advisory Board (CEDAB) complies with the State ordinance requirement for the formation of an Equity Study Commission with the responsibility of providing recommendations to the City of North Port Commission for revisions to the current Business Tax Receipt fee structure.

Business Tax Receipt Background

Occupational license fees in Florida have been in effect for decades as a form of regulation and consumer protection for specific occupations. On January 1, 2007, Florida changed from Occupation Licenses to what is now the Local Business Tax Receipt – BTR. Local BTRs give businesses the privilege of conducting that business within a specified boundary, e.g. County or City boundaries. By State Statute, BTR fees are to be utilized in promoting economic development programs.

For almost two decades, as businesses opened, grew and adapted, the Business Tax Receipt structure for North Port has changed little. The City's BTR structure is based on a myriad of business type classifications with specific "no fee" exceptions, e.g. veteran-owned businesses.

On June 30, 2020, Florida's Governor DeSantis, signed a comprehensive bill designed to revise (and in some cases delete) licensing regulations for many professions. This placed a spotlight on business regulations and offered an opportune time to review City regulations leading to the North Port Commission issuing its directive. The City's Economic Development Division tasked CEDAB with the review and recommendation responsibility. Being comprised of North Port business representatives and professionals, CEDAB complies with the State ordinance requirement for the formation of an Equity Study Commission.

Current BTR Structure

Following is North Port's Business Tax Receipts (BTR) primary structure:

- A BTR is issued for the privilege of being able to conduct business within the boundaries of the City of North Port.
- All business owners must have and display in their place of business a Business Tax Receipt.

- BTRs are valid for one year beginning October 1st
- BTR renewals are submitted to North Port’s Building Division beginning July 1st of each year. By ordinance, the Building Division is tasked with the BTR process and with the collection of BTR fees.
- BTR renewals, available annually starting July 1st may be made on-line.
- BTR payment is due annually on or prior to September 30th.
- Penalties for late payment or non-compliance exist.
- By ordinance, there are allowable exceptions for specified businesses, e.g., veteran-owned business, handicapped owner. However, these businesses must still obtain and display a BTR.
- BTR fees are currently based on business type and range in payment due from \$25.00 to \$200.00 with the most common amounts being \$30.00, \$50.00 and \$100.00.
- Over 120 separate business classifications are currently in effect.
- The City of North Port collects approximately \$120,000 in annual BTR fees from approximately 2,000 businesses.

Recommendations of Equity Study Commission, aka CEDAB

On August 3, 2020, the Equity Study Commission (CEDAB) met with the purpose of determining process and fee revision suggestions per the City of North Port’s Commission’s directive. Following are the recommendations formulated at the meeting:

Keep the current timeline for BTR renewal, i.e., renewal required by September 30. BTR valid for one year, 10/1 – 9/30.

- Revise the BTR fee schedule based on total number of employees:
 - 0 – 15 employees: \$ 50.00 annual fee
 - 16 – 30 employees: \$100.00 annual fee
 - Over 30 employees: \$150.00 annual fee
- The IRS definition of an employee will be used to determine total number of employees per business.
- New businesses obtaining a BTR from October 1st – March 31st will pay the full BTR fee. Those obtaining a BTR from April 1st – September 30st will pay one-half of the specified fee.
- North Port will adapt the Sarasota County BTR Registration form to its own specific use.

Ref: sarasotataxcollector.com/docs/business/BTRRegistration.com

NDS Staff Recommendations:

- Adopt the CEDAB Equity Study as submitted.
- Change City Ordinance Sec. 34-23 for BTR fees to be transacted by the Economic Development Division and be functionally removed from the Building Division.

Reference:

Current North Port Business Tax Registration fees:

<https://www.cityofnorthport.com/home/showdocument?id=22193>

City of North Port BTR Ordinance:

https://library.municode.com/fl/north_port/codes/code_of_the_city?nodeId=PTIICOOR_CH34L_IPEMIBURE_ARTIIBUTARE

Sarasota County Business Tax Fees

<http://www.sarasotataxcollector.com/services/tax-services/business-tax/fees>

State of Florida Business Tax Statute:

<https://www.flsenate.gov/Laws/Statutes/2019/Chapter205>