MEMORANDUM

To: City Commission

Date: 2023-05-09

From: Joseph DiPasqua, Assistant Director of Community Development

Subject: First Reading of Ordinance 23-02 - Deleting and revising Chapter 70, Taxation, Article III, Business Tax Receipt in its entirety.

Presenter(s):   Joseph DiPasqua, George Kinney, City Attorney

Recommend: Staff, the Ordinance Review Committee (ORC) and the Equity Study Commission (ESC) recommend approval of Ordinance 23-02 by the City Commission.

Epic Goal(s):   Epic Goal 5. Enhance community relationship strategies that strengthen inclusiveness, respect, transparency and collaborative engagement.

Boards & Committees: Ordinance Review Committee (ORC)
Equity Study Commission (ESC)

Budget Impact: The revised business tax classification and rate structure is expected to generate similar revenue as in previous fiscal years of approximately $135,000 annually.

Past Action: Please see Project History below under Background for Past Actions.

Next Action: June 8, 2023 - Second reading of Ordinance 23-02 by the City Commission.

Attachments: A. Ordinance 23-02 - Revisions to Chapter 70, Local Business Taxes, B. 9/4/2018 Work Session Minutes, C. 3/3/2020 Work Session Minutes, D. 9/1/2020 Work Session Minutes, E. FY 2023 BPI - Business Taxes Equity Study, F. 1/26/2023 Regular Meeting Minutes, G. 2/23/2023 Regular Meeting Minutes, H. Equity Study

Background:

On September 1, 2020, the City Commission gave unanimous consensus direction to staff and the City Attorney to proceed with the ORC's recommended changes to Chapter 70 of City Code. Below is detailed timeline of this project both prior to and since this date, as well as a summary of Ordinance 23-02.

Project History:
September 4, 2018 - City Commission appoints seven individuals to the Ordinance Review Committee (ORC). The ORC meets 10 times between October 2018 and December 2019 to review and discuss 23 chapters in the Code of Ordinances.

March 3, 2020 - ORC presents their recommended changes to the Code of Ordinances to the City Commission. City Commission requests additional information regarding the recommended changes to Chapter 70.

September 1, 2020 - Chapter 70 is again presented to the City Commission with the additional information provided. City Commission provides unanimous consensus approval to proceed with the ORC's recommended changes to the City Code.

October 1, 2022 - City Commission adopts a Business Plan Initiative (BPI) in FY 2023 for the Equity Study Commission.

January 26, 2023 - City Commission adopts Resolution 23-03 establishing the Equity Study Commission (ESC).

February 23, 2023 - City Commission appoints the Equity Study Commission members who represent the five business corridors within the City.

April 13, 2023 - The Equity Study Commission unanimously recommends approval of Ordinance 23-02 to the City Commission.

Summary of Ordinance 23-02:
In general, most of the ORC's recommended changes involve updating the city's ordinance language to align with state law, and more specifically, Chapter 205 of the Florida Statutes, known as the Local Business Tax Act.

Additionally, in the ORC's proposed ordinance all businesses are divided into fourteen business categories, each with similar business classifications within the category. This change significantly compresses and simplifies the city's current ordinance, which has 8 business divisions, with 37 business subgroups and 396 separate business classifications.

Lastly, the ORC's recommended business tax rate structure creates a three-tiered schedule of fees based on the square feet or square footage of the business, which is easily determined by an applicant and verified by staff. Our current ordinance uses a number of possible factors about a business to

assess business taxes such as square footage, number of workers, number of vehicles, number of seats, amount of inventory, etc. so the proposed rate structure is much simpler to understand and utilize.