

Business Tax Analysis & Ordinance Review

Presented By HdL[®] Companies

March 4, 2025

FIVE KEY COMPONENTS OF A BUSINESS TAX RECEIPT

1. The taxable activity.
2. The measure of the taxable activity.
3. The rate.
4. The classification.
5. The results.

KEY FINDINGS AND CONCLUSIONS

1. Business tax rates can be increased up to 5% every other year without needing an equity commission.
2. Implementing a 9-year schedule of tax increases could substantially increase revenue.
3. Current tax revenues are in the middle of the comparison set.
4. The City has the option to reduce the number of business categories, subject to Florida Statutes 205.0535 § (4).
5. Simplify administration by consolidating classifications.





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SECTION 1 – CURRENT STRUCTURE ANALYSIS AND COMPARISONS

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WHAT DOES THE CITY'S CURRENT TAX STRUCTURE & BUSINESS ECONOMY LOOK LIKE?

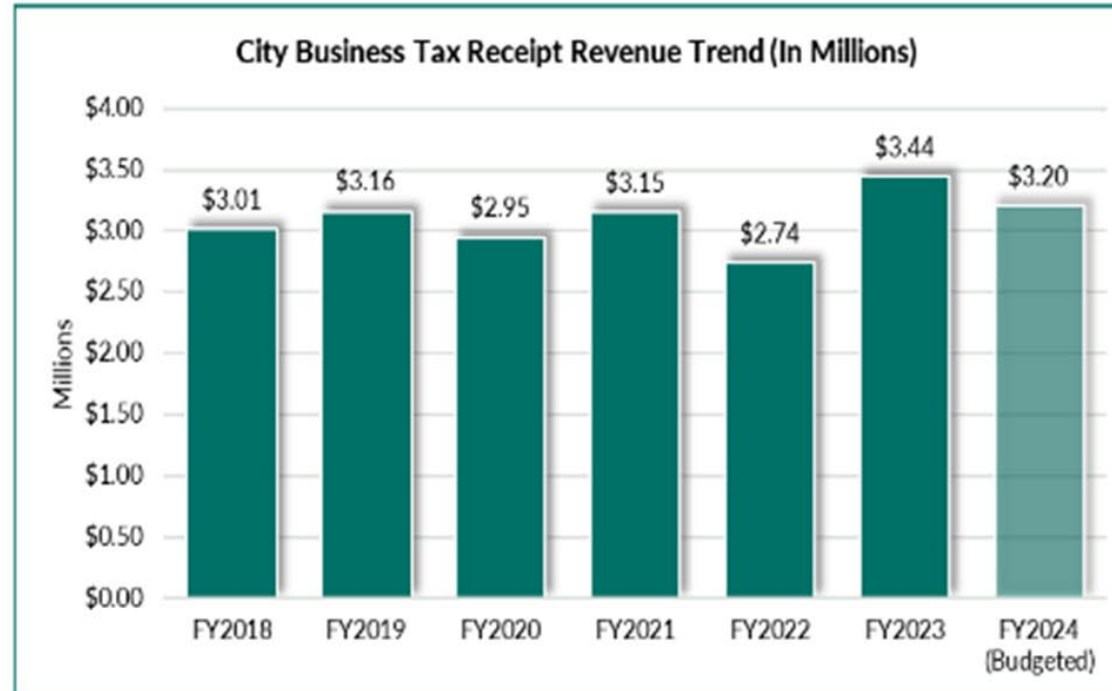
- Approximately \$3.09 million per fiscal year
- Approximately 21,000 businesses
- Most businesses are taxed on flat fee rates
- Business tax receipt structure generates revenue from 447 categories out of 636





Business Tax Receipt: An Overview

Chart 1 : Revenue Trend



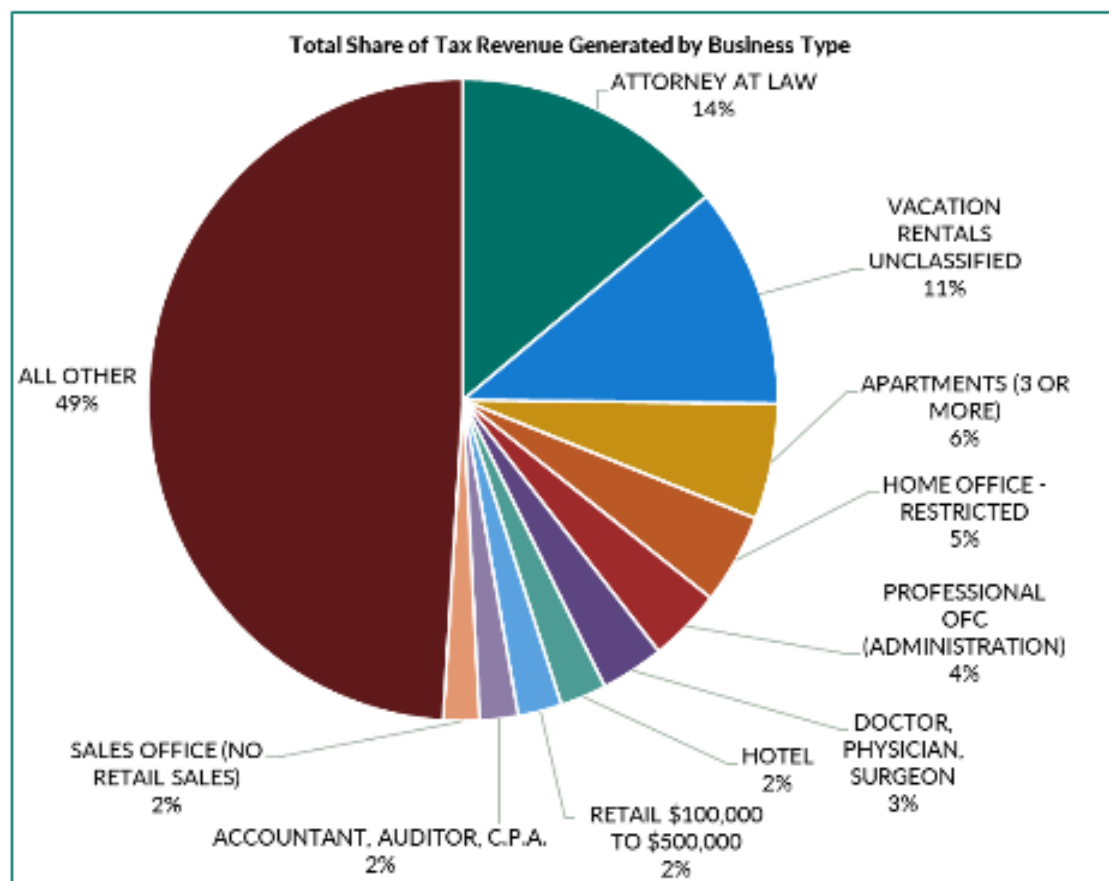
The reported revenues include penalties





Business Tax Receipt: An Overview

Chart 2: Composition of Rates and Current Structure





Jurisdictions Comparison Summary Table

Table 1 : Comparison Data

Jurisdiction Name	Estimated Population	Estimated Businesses	Tax Schedule General	Revenue in FY 23*	Year Adopted
Orlando	316,081	36,568	Multiple Tax Types	\$10,378,552	2010
City of Miami	455,924	61,612	Multiple Tax Types	\$8,555,000**	2009
Jacksonville	985,843	64,893	Multiple Tax Types	\$6,779,000	1995
West Palm Beach	120,932	15,539	Flat Rate Categories	\$4,206,715	2006
Fort Lauderdale	183,146	20,919	Multiple Tax Types	\$3,440,000	1953
Hollywood	152,650	17,225	Tiered Flat Rate	\$2,422,526	2007
Sunrise	96,309	9,937	Flat Rate/ Gross Receipts/ Employee	\$2,135,459*	2007
Pompano Beach	112,302	15,121	Tiered Flat Rate	\$2,557,924	1958
Aventura	38,930	6,758	Tiered Flat Rate/ Gross Receipts	\$1,011,000	2008
Coral Springs	133,369	13,815	Tiered Flat Rate	\$991,983*	1972
Cooper City	34,106	3,084	Tiered Flat Rate	\$355,730	2007

*These cities do not have a publicly published figure for FY23, so the figure presented is for FY22

**The City of Miami does not have a published actual figure for FY23, so the figure presented is the budgeted amount for FY23 found in their most recent budget.





Jurisdictions Comparison: Per Capita and Revenue

Chart 3 (Revenue Per Capita)

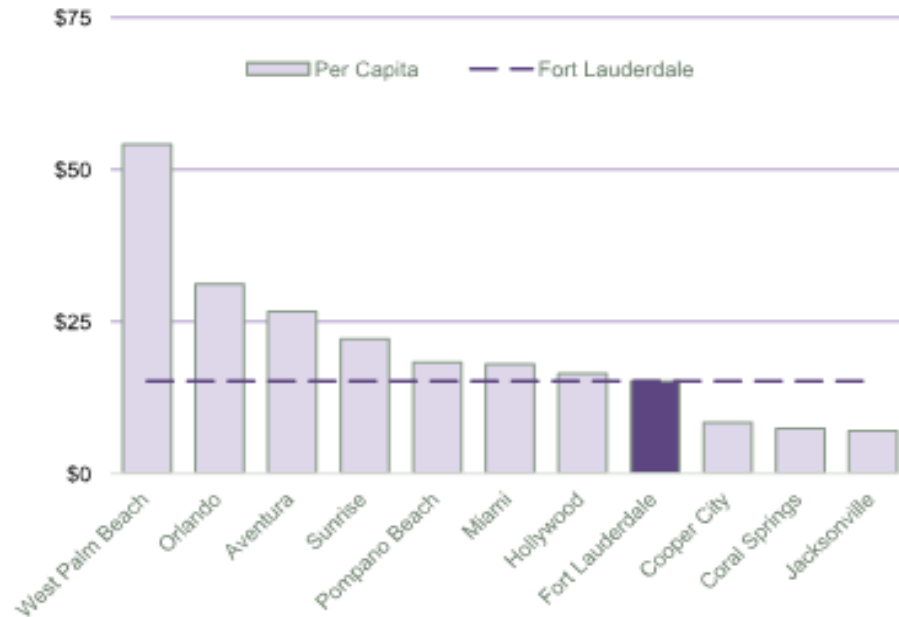
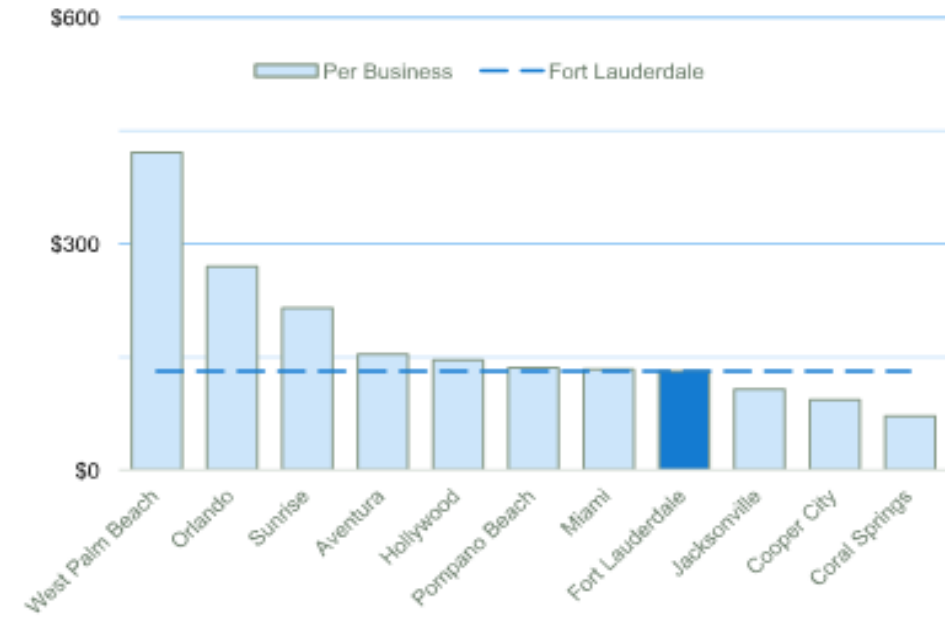


Chart 4 (Revenue Per Business)





Hypothetical Rate Comparison

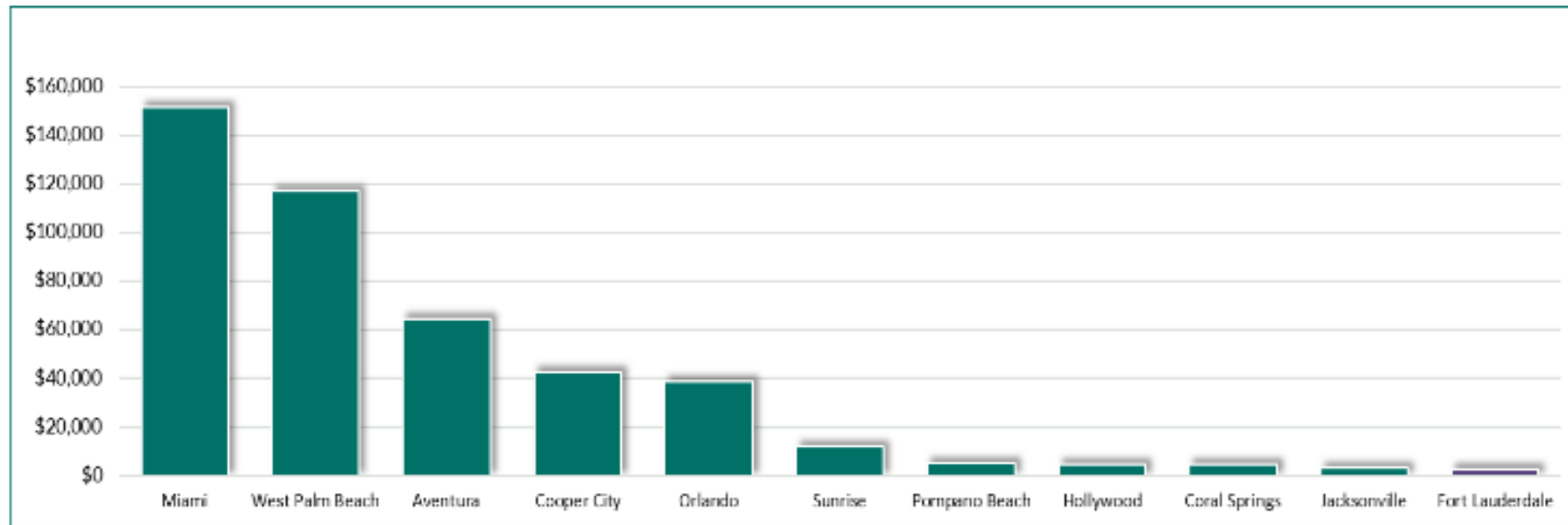
Table 2: Comparison Based on Different Tax Structures

Sample Business	Gross Receipts/Employees/Units
Outside Subcontractor	\$5,000/1/0
Small Craft Business	\$20,000/1/0
Lawn & Gardening Services	\$50,000/2/0
General Contractor - Remodeling	\$85,000/3/0
Commercial Landlord	\$150,000/1/5
Engineering Firm	\$500,000/5/0
Restaurant Chain	\$625,000/20/0
Dentist Office	\$2,000,000/10/0
Residential Apartments	\$3,000,000/10/100
Warehousing/ Distribution	\$5,000,000/15/0
Supermarket	\$25,000,000/300/0



Hypothetical Rate Comparison

Chart 5: Revenue Comparison Based on Sample Businesses



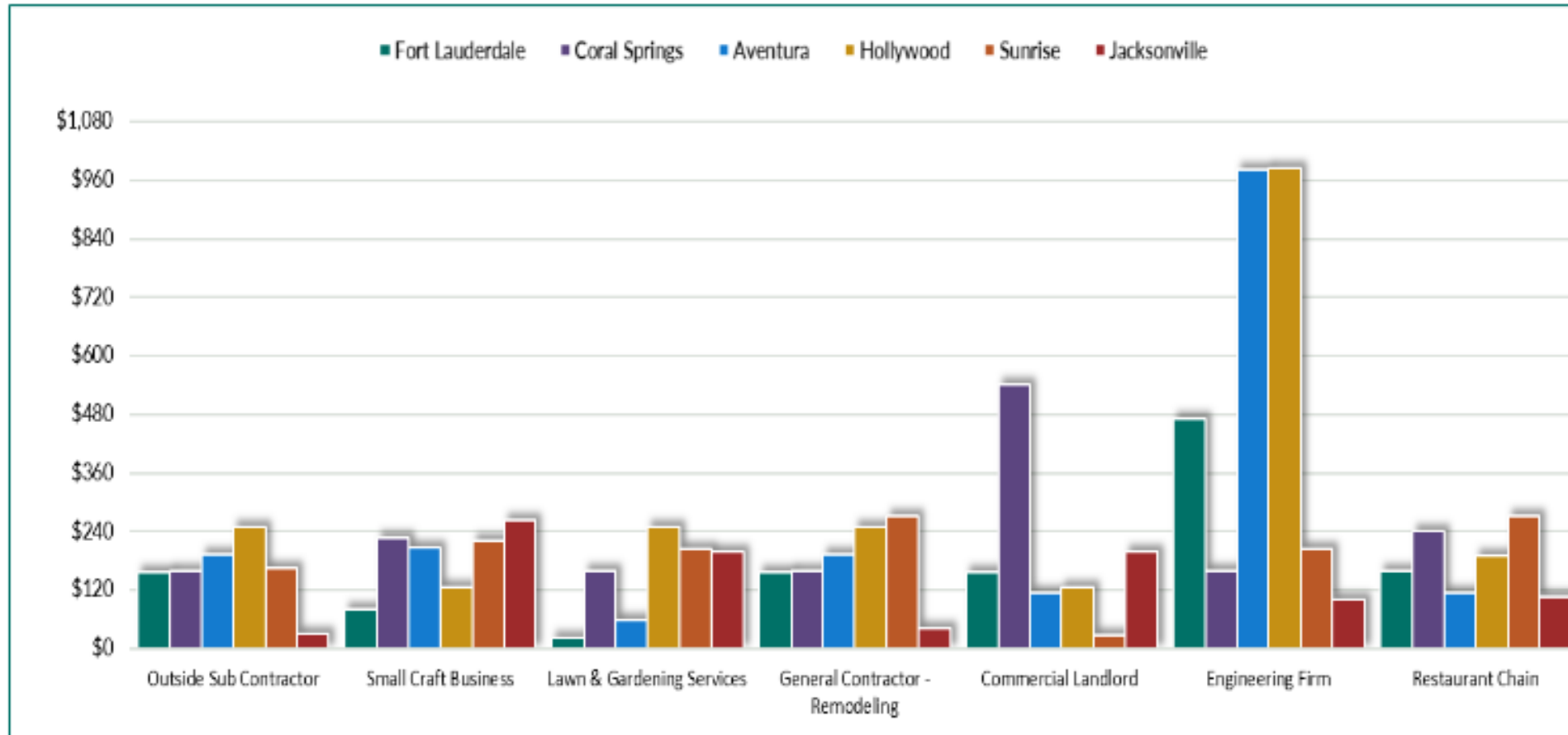
- We applied the business tax rates for each jurisdiction to the sample businesses.
- The chart above displays the total tax revenues for the sample businesses.





Hypothetical Rate Comparison

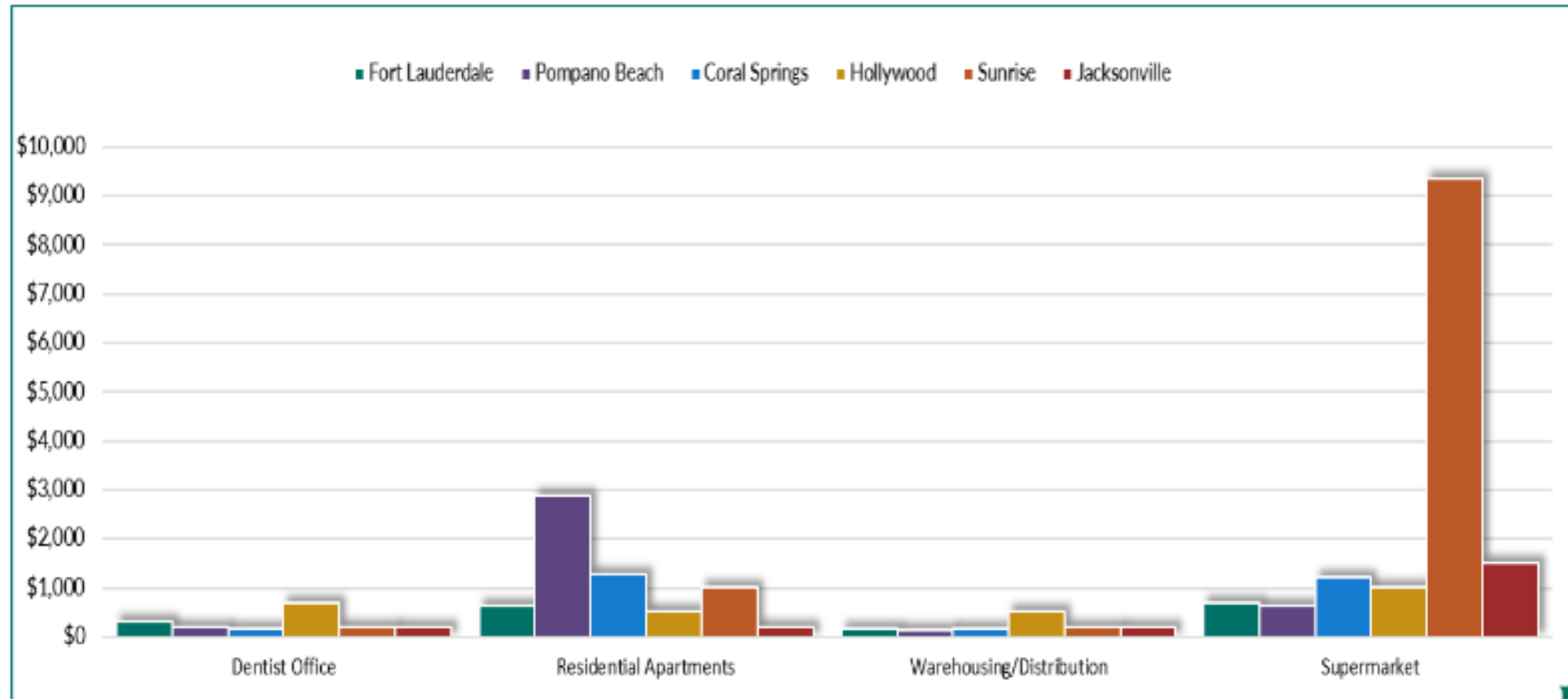
Chart 6 : Comparison Based on Sample Businesses





Hypothetical Rate Comparison

Chart 7 : Comparison Based on Sample Businesses





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SECTION 2 – CATEGORY & TAX ANALYSIS

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Tax Analysis and Structure

Table 3: Current Tax Summary

Total Tax Revenue	\$3,037,473.25
Average Tax Amount per Business	\$146.19
Median Tax Amount Assessed	\$157.50
Most Common Tax Amount Assessed	\$157.50
Business Tax Per Capita	\$16.58



Impacts of Raising Local Business Tax Rates (9-Year Schedule)

Table 4: Model 1 – 1.5% Increase over 9 Years

1.5% Tax Increase Summary	Year 1	Year 3	Year 5	Year 7	Year 9
Total Tax Revenue	\$3,083,035	\$3,129,281	\$3,176,220	\$3,223,863	\$3,272,221
Average Tax Amount per Business	\$148.39	\$150.51	\$153.08	\$155.37	\$157.70
Median Tax Amount Assessed	\$159.86	\$162.26	\$164.69	\$167.16	\$169.67
Most Common Tax Amount Assessed	\$159.86	\$162.26	\$164.69	\$167.16	\$169.67
Business Tax Per Capita	\$16.83	\$17.08	\$17.34	\$17.60	\$17.86

Table 5: Model 2 – 3% Increase over 9 Years

3% Tax Increase Summary	Year 1	Year 3	Year 5	Year 7	Year 9
Total Tax Revenue	\$3,128,597	\$3,222,455	\$3,319,129	\$3,418,703	\$3,521,264
Average Tax Amount per Business	\$150.78	\$155.31	\$159.96	\$164.76	\$169.71
Median Tax Amount Assessed	\$162.23	\$164.66	\$167.13	\$169.64	\$172.19
Most Common Tax Amount Assessed	\$162.23	\$164.66	\$167.13	\$169.64	\$172.19
Business Tax Per Capita	\$17.08	\$17.34	\$17.60	\$17.86	\$18.13

Total Tax Revenue is the business tax base excluding any penalties or past period payments.





Impacts of Raising Local Business Tax Rates (9-Year Schedule)

Table 6: Model 3 – 5% Increase over 9 Years

5% Tax Increase Summary	Year 1	Year 3	Year 5	Year 7	Year 9
Total Tax Revenue	\$3,189,347	\$3,348,814	\$3,516,255	\$3,692,068	\$3,876,671
Average Tax Amount per Business	\$153.71	\$161.39	\$169.46	\$177.94	\$186.83
Median Tax Amount Assessed	\$165.38	\$167.86	\$170.38	\$172.93	\$175.53
Most Common Tax Amount Assessed	\$165.38	\$167.86	\$170.38	\$172.93	\$175.53
Business Tax Per Capita	\$17.41	\$17.68	\$17.94	\$18.21	\$18.48

Table 7: Model 4 – Blended Increase over 9 Years

Blended Tax Increase Summary	Year 1 (5%)	Year 3 (3%)	Year 5 (3%)	Year 7 (1.5%)	Year 9 (1.5%)
Total Tax Revenue	\$3,189,347	\$3,237,187	\$3,334,303	\$3,384,317	\$3,435,082
Average Tax Amount per Business	\$153.71	\$158.32	\$163.07	\$165.52	\$168.00
Median Tax Amount Assessed	\$165.38	\$167.86	\$172.89	\$175.48	\$178.12
Most Common Tax Amount Assessed	\$165.38	\$167.86	\$172.89	\$175.48	\$178.12
Business Tax Per Capita	\$17.41	\$17.68	\$18.21	\$18.48	\$18.76

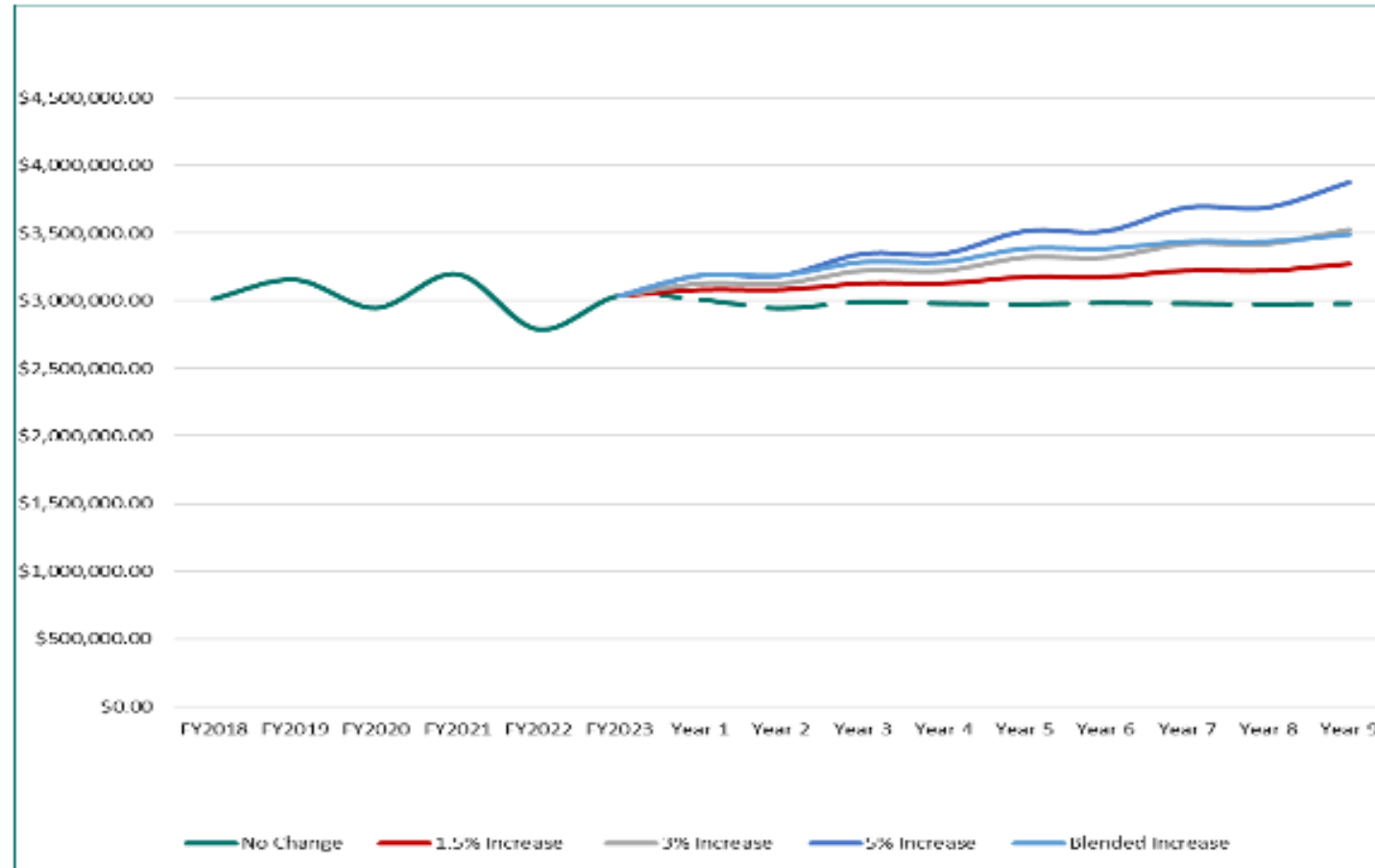
Total Tax Revenue is the business tax base excluding any penalties or past period payments.





Impacts of Raising Business Tax Rates

Chart 8: Business Tax Increase over 10 Year Schedule



Total Tax Revenue for FY2023 is the business tax base excluding any penalties or past period payments.





Business Classification Consolidation

Table 8: New Category Definitions

Category Name	Categories Included	Category Definition	Fee
PROFESSIONAL SERVICES SUPERGROUP	27	See Appendix B for Full Definition	\$157.50
STATE CONTRACTOR	14	Any current Contractor classification paying \$157.50	\$157.50
COUNTY CONTRACTOR	43	Any current Contractor classification paying \$83.00	\$83.00
EXEMPT	8	All Current Exempt Categories	\$0.00
ICE CREAM STORE	2	Consolidation of 4114.01 and 4114.02 - Ice Cream Store: Eat in or Take out and Take Out Only	\$73.50
MEDICAL SUPERGROUP	4	Consolidation of 4135.01; 4135.02; 4135.03; 4136.00; 4112.00 - Medical: Scanning Centers, Laboratory Services, Medical Billing, Hospitals and Sanitariums, and Mental Health Counselors	\$157.50
RENTAL	5	Consolidation of 4012.01-4012.05 - Rental: Apartments, Hotels, Bed and Breakfast dwellings, Time Share Facility, and Motels.	\$6.30
RETAIL OR SALES SUPERGROUP	17	See Appendix B for Full Definition	\$157.50
SERVICES SUPERGROUP	99	See Appendix B for Full Definition	\$157.50





Business Classification Consolidation

Table 9: New Structure's Statistics

	Current Structure	Proposed Structure
Unchanged Categories	--	236
New Consolidated Categories	--	9
Total Number of Categories	636	245
Number of Categories Being Used	456	245
Number of Categories Not Being Used	180	--
Number of Categories Removed	--	391

Q&A

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