

Compromise Reached on Local Business Tax

Responding to AG opinion, bill would curb future levies on employees

Kenric Ward

Posted: April 21, 2011 3:55 AM



Sen. Nancy Detert and Rep. Ken Roberson
Hide

A bill designed to save Florida businesses and workers millions of dollars in taxes has been amended to keep cash flowing to local governments.

House Bill 311 aimed to block cities and counties from expanding their business license taxes to a vast cadre of license-holding employees. Rep. Ken Roberson, R-Port Charlotte, said his measure was in response to a 2010 attorney general's opinion that such taxes could be imposed on individual workers who hold professional licenses.

That group -- which ranges from attorneys and nurses to pest-control technicians and manicurists -- numbers into the hundreds of thousands in Florida.

One business in Roberson's community, Charlotte Regional Medical Center, estimated that the pending enactment of a local business tax by Punta Gorda would cost that facility and its affected workers an additional \$100,000 in local fees annually.

"At the end of the day, it's a tax increase, pure and simple," Roberson said. So he and Sen. Nancy Detert, author of a companion bill, SB 582, sought to block and roll back the tax by exempting employees.

That got the immediate attention of the Florida League of Cities and the Florida Association of Counties, which maintained that business taxes are crucial funding sources to local governments.

If the bills passed, the city of Tampa said it would lose \$3.5 million of the \$10 million in business taxes it collects annually.

Amber Hughes, a spokeswoman for the Florida League of Cities, said cities garnered \$118 million via the business tax in 2009 while counties pulled in \$32 million.

"It's a general revenue source that, in some cases, is used to secure debt," Hughes said of the tax.

Seeking to hold local governments "harmless," municipal lobbyists pushed for a compromise to

retain existing tax ordinances while blocking future enactments elsewhere.

With business-tax ordinances already on the books in 368 of 410 cities and 52 of 67 counties, the amendments "grandfathered" the large majority of local governments.

"This rolls everything back to Oct. 13, 2010, when the attorney general's office issued its opinion," Roberson said. "The bill now says [cities and counties] can't tax an employee if they weren't doing it already."

Local businesses taxes can range from \$30 per employee to more than \$150 a year.

Acknowledging that he didn't get the sweeping tax reform he initially sought, Roberson noted, "Politics is the art of compromise. The intent is to stop new taxes."

If passed as amended, the bill would slam the door on local governments that had not yet enacted business taxes. That creates a split system -- those that can continue to reap millions of dollars in annual revenues from employees and those that are barred from doing so.

From the perspective of private sector, extending business taxes to employees, as authorized by the attorney general's opinion, is a job killer.

Example: Instead of just paying a \$140 annual business license fee, a beauty salon employing six workers would be billed for six times that amount. Those added fees, whether paid by the employee or the owner, add to the overhead of professional licenses, certificates and continuing-education requirements.

Going forward, Roberson would like to see the state Office of Program Policy Analysis and Government Accountability conduct a comprehensive study of Florida's business taxes.

"We want parity and a level playing field," he said.

Roberson's bill, which had yet to be calendared by the Economic Affairs Committee, is now scheduled for a hearing Thursday.

--

Contact Kenric Ward at kward@sunshinestatenews.com or at (772) 801-5341.

[Business](#) [business licenses](#) [business tax](#) [employees](#) [Florida Association of Counties](#)
[Florida League of Cities](#) [Ken Roberson](#) [Nancy Detert](#) [News](#) [OPPAGA](#) [Punta Gorda](#) [Tampa](#)
[Politics](#) [Government](#)

© 2010 Sunshine State News

Please read our [Privacy Policy](#). By using this site, you accept our [Terms of Service](#).

Source URL: <http://www.sunshinestatenews.com/story/compromise-reached-local-business-tax>