

Condensed Title:

An Ordinance of the Mayor and City Commission of the City of Miami Beach, Florida, amending Chapter 102 of the City Code, entitled "Taxation," by amending Division V therein, entitled "Local Business Tax," amending Section 102-379 therein, entitled "Schedule Of Taxes"; said amendment providing for a \$25.00 Business Tax Receipt Application Fee...

Key Intended Outcome Supported:

Improve the City's overall financial health and maintain overall bond rating. Ensure expenditure trends are sustainable over the long term.

Supporting Data (Surveys, Environmental Scan, etc.):

The 2009 Community Satisfaction Survey states that 65% of residents and 55% of businesses ranked the City either excellent or good for the overall value of City Services received for tax dollars paid. 67% of business respondents would recommend Miami Beach to others as a place to run a business. 66% of residents and 55% of businesses felt they received the right amount of information from the City.

Issue:

Whether to approve on second reading an Ordinance implementing an application fee for first-time Business Tax Receipt applicants?

Item Summary/Recommendation:

SECOND READING
 On September 10, 2009, the City Commission, on first reading, approved an amendment to the Local Business Tax Ordinance. This amendment increased the proposed application fee from \$15 to \$25 for first time Business Tax Receipt (BTR) Applicants. Additionally, the City Commission requested the Administration to provide the estimated cost of processing new business tax applications.

The City of Miami Beach processes approximately 1,200 new BTR applications on an annual basis. With an annual average of 1,200 new applications, the proposed \$25.00 fee will generate approximately \$30,000 in additional revenues. This revenue will help off-set the cost associated with processing and routing applications. The cost associated with processing new BTR applications is approximately \$54,000. To recover all costs, the fee would need to be set at \$45.

Advisory Board Recommendation:

The City of Miami Beach Finance and Citywide Projects Committee, at their July 8, 2009 meeting, approved an application fee for first-time Business Tax Receipt applicants.

Financial Information:

Source of Funds:	Amount	Account	Approved
1			
2			
Total			

OBPI

Financial Impact Summary:

City Clerk's Office Legislative Tracking:

Trish Walker, Chief Financial Officer

Sign-Offs:

Department Director	Assistant City Manager	City Manager
PDW _____	PDW <i>[Signature]</i>	JMG <i>[Signature]</i>





MIAMI BEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

COMMISSION MEMORANDUM

TO: Mayor Matti Herrera Bower and Members of the City Commission

FROM: *Jorge M. Gonzalez*
Jorge M. Gonzalez, City Manager

DATE: September 24, 2009

SECOND READING

SUBJECT: **Business Tax Application Fee**

AN ORDINANCE OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, AMENDING CHAPTER 102 OF THE CITY CODE, ENTITLED "TAXATION." BY AMENDING ARTICLE V THEREIN, ENTITLED "LOCAL BUSINESS TAX," AMENDING SECTION 102-379 THEREIN, ENTITLED "SCHEDULE OF TAXES"; SAID AMENDMENT PROVIDING FOR A \$25.00 BUSINESS TAX RECEIPT APPLICATION FEE; PROVIDING FOR REPEALER, SEVERABILITY, CODIFICATION, AND AN EFFECTIVE DATE.

ADMINISTRATION RECOMMENDATION

The Administration recommends that the Mayor and City Commission approve the Ordinance Amendment on second reading.

KEY INTENDED OUTCOMES SUPPORTED

Improve the City's overall financial health and maintain overall bond rating. Ensure expenditure trends are sustainable over the long term.

ANALYSIS

On September 10, 2009, the City Commission, on first reading, approved an amendment to the Local Business Tax Ordinance. This amendment increased the proposed application fee from \$15 to \$25 for first time Business Tax Receipt (BTR) Applicants. Additionally, the City Commission requested the Administration to provide the estimated cost of processing new business tax applications.

The City of Miami Beach processes approximately 1,200 new BTR applications on an annual basis. With an annual average of 1,200 new applications, the proposed \$25.00 fee will generate approximately \$30,000 in additional revenues. This revenue will help off-set the cost associated with processing and routing applications. The cost associated with processing new BTR applications is approximately \$54,000 (Figure 1).

The Finance Department and Office of Budget and Performance Improvement have conducted an analysis of the City's costs to process new BTR's. This analysis takes into account the labor costs, as well as, related materials and overhead associated with processing new BTR applications.

City staff takes approximately one half hour to process a new BTR application. This time includes customer and staff interaction at the Business Tax Customer Service counter, as well as, the data entry and electronic routing of the application. With an average of 1,200 new applications per year, costs amount to \$54,000; with staff spending approximately 600 hours with new applicants at the Finance Department's Revenue Division's blended hourly rate of \$90. The blended hourly rate is based on 1,560 productive hours net of vacation and sick leave. To recover all costs, the fee would need to be set at \$45.

The blended hourly rate includes all costs associated with running the Finance Department's Revenue Division, including labor, materials and overhead. City staff members working in the Business Tax counter are also tasked with duties in other areas of the Finance Department, including, but not limited to: Utility Billing, Lien Statements, Artist Vendor and Street Performer Lotteries, Non-Profit Lotteries, Garage Sale Permits, Real Estate Sign Permits, Side-Walk Café Permits, and Collections.

Figure 1 – BTR Application Analysis

Description	No. of New BTR's	Proposed \$25.00 Fee	Proposed Revenue
Annual Avg. of New BTR Applications	1,200	\$25.00	\$30,000.00

Description	Proposed Revenue	Cost New BTR	Funded By Gen. Fund
Impact of proposed Revenue Increase	\$30,000.00	\$54,000	(\$24,000)

BACKGROUND

The City of Miami Beach currently uses a joint process to issue a BTR, Certificate of Use (CU) and Annual Fire Inspection (FIRE) permit for a business desiring to operate in the City of Miami Beach. Collectively, the BTR, CU and FIRE application, from beginning to end, is an involved process with several members of City staff reviewing and approving applications for compliance.

The BTR is a tax charged by our local government, per State Statute, to grant the privilege to engage or manage any business, profession, or occupation within our jurisdiction; whereas the CU fee covers the review and inspection related to allows for the use and occupancy of the structure based on certifying that the use is permitted and that the structure is in compliance with applicable City Codes. FIRE portion of the application is required as a condition of the CU per City Code and additionally provides for inspections to establishments for safety compliance.

BTR, CU and FIRE applications are initially processed by the Finance Department before being electronically routed to the appropriate departments for approval and inspection, if necessary, per City Code and/or State Statute.

The Florida Association of Business Tax Officials (FABTO), at their April 2009 annual conference, noted that many municipalities and counties have or are in the process of implementing BTR application fees as a means to recover some of the cost associated with the processing BTR applications.

During May 2009, City staff from the Finance Department, Office of Budget and Performance Improvement, City Attorney's Office and Building Department had a conference call with Mr. Ken Small, Technical Services Manager from the Florida League of Cities, Inc. Mr. Small drafted the current iteration of Florida Statutes Chapter 205 Local Business Taxes.

Mr. Small, who was a guest speaker at the FABTO conference, indicated that while Florida Statutes prohibit municipalities and counties from increasing Local Business Taxes more than five percent every two years, there is no prohibition against charging application fees to recover costs associated with user applications.

As a result of this labor intensive effort, the City of Miami Beach Finance and Citywide Projects Committee, at their July 8, 2009 meeting, recommended an application fee for first-time BTR applicants in an effort to recover some of the cost associated with new applications. This increase is in addition to the 5% programmed increase pursuant to Ordinance 2003-3420.

CONCLUSION

Based on direction at the September 10, 2009 City Commission First Reading, the Administration is recommending the proposed application fee be set at a minimum of \$25, while noting that \$45 would need to be charged for full cost recovery.

The City Administration is recommending to implement the proposed application fee to support the General Fund, and further recommending that the Mayor and City Commission amend Chapter 102, Division V, Section 102-379 of the City Code, by providing for a \$25.00 Business Tax Receipt application fee and updating Appendix A – Fee Schedule in the City Code.

JMG/PDW/GE/MM

T:\AGENDA\2009\September 24\BTR Application Fee.doc

ORDINANCE NO. _____

AN ORDINANCE OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, AMENDING CHAPTER 102 OF THE CITY CODE, ENTITLED "TAXATION." BY AMENDING ARTICLE V THEREIN, ENTITLED "LOCAL BUSINESS TAX," AMENDING SECTION 102-379 THEREIN, ENTITLED "SCHEDULE OF TAXES, EFFECTIVE OCTOBER 1, 2005"; SAID AMENDMENT PROVIDING FOR A \$25.00 BUSINESS TAX RECEIPT APPLICATION FEE; PROVIDING FOR REPEALER, SEVERABILITY, CODIFICATION, AND AN EFFECTIVE DATE.

WHEREAS, the City of Miami Beach processes approximately 1,200 new Business Tax Receipt applications on an annual basis; and

WHEREAS, at its meeting on July 8, 2009, the Finance and Citywide Projects Committee approved an application fee for first-time Business Tax Receipt applicants for the costs associated with processing of new applications; and

WHEREAS, the proposed fee will generate additional revenues to supplement the General Fund expenditures for the processing of these new applications.

NOW THEREFORE, BE IT DULY ORDAINED BY THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA:

SECTION 1.

That Section 102-379 of Article V, entitled "Schedule of Taxes, effective October 1, 2005," of Chapter 102 entitled "Taxation," of the Miami Beach City Code, is hereby amended, as follows:

Sec. 102-379. Schedule of taxes, effective October 1, ~~2005~~ 2009.

(a) Business taxes for the following businesses, occupations or professions are hereby levied and imposed as follows:

(b) Effective on October 1, 2005 (fiscal year 2005-2006), the following business taxes will be increased by five percent rounded to the nearest dollar, and further increased by five percent every other year on October 1, until such taxes/fees have caught up with the cumulative percentage change in the Consumer Price Index (CPI) measure between June 1994 through March 2003, which is 24.5 percent; further providing for another change equal to the cumulative percentage change in the CPI from March 2003 to September 2011.

(c) As provided in Resolution No. 2003-25299, a review of the annual permit fee/business tax will be required whenever the change in the Consumer Price Index (CPI), between the latest CPI and the date of the CPI used for the last tax/fee adjustment, is five percent or greater.

(d) Effective on October 1, 2009 (fiscal year 2009-2010), Business Tax Receipt applications shall be charged a fifteen dollar (\$25.00) fee for the processing of new applications.

SECTION 2. REPEALER.

All ordinances or parts of ordinances in conflict herewith be and the same are hereby repealed.

SECTION 3. SEVERABILITY.

If any section, subsection, clause or provision of this Ordinance is held invalid or unconstitutional by any court of competent jurisdiction, then said holding shall in no way affect the validity of the remaining portions of this ordinance.

SECTION 4. EFFECTIVE DATE.

This Ordinance shall take effect ten days following adoption.

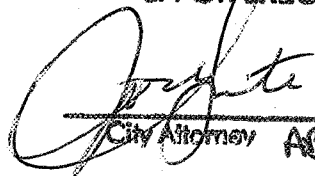
PASSED and ADOPTED this _____ day of _____, 2009.

ATTEST:

MATTI HERRERA BOWER
MAYOR

ROBERT PARCHER
CITY CLERK

APPROVED AS TO
FORM & LANGUAGE
& FOR EXECUTION



City Attorney AS 9/15/09
Date



MIAMI BEACH

CITY OF MIAMI BEACH

NOTICE OF PUBLIC HEARINGS

NOTICE IS HEREBY given that second readings and public hearings will be held by the Mayor and City Commission of the City of Miami Beach, Florida, in the Commission Chambers, 3rd floor, City Hall, 1700 Convention Center Drive, Miami Beach, Florida, on **Thursday, September 24, 2009**, to consider the following:

5:05 p.m.

An Ordinance Amending Miami Beach City Code Chapter 2, Article VII, Entitled "Standards Of Conduct"; Amending Section 2-482, Entitled "Registration"; Amending Section 2-482(A) And 2-482(F) Thereof, To Respectively Increase The "Per Issue" And Annual Lobbyist Registration Fees; And Also Amending Appendix "A" Thereto, Entitled "Fee Schedule."

Inquiries may be directed to the City Clerk's Office at (305) 673-7411.

5:05 p.m.

An Ordinance Amending Article XI, Entitled "Dangerous Intersection Safety," Of Chapter 106, Entitled "Traffic And Vehicles," Of The Miami Beach City Code, By Amending Section 106 - 490, Entitled "Penalties" To Amend The Fines For Violations.

Inquiries may be directed to the City Manager's Office at (305) 673-7010.

5:05 p.m.

An Ordinance Amending The Code Of The City Of Miami Beach, By Amending Chapter 106, Entitled "Traffic And Vehicles," By Amending Article II, Entitled "Metered Parking," By Amending Division 1, Entitled "Generally," By Amending Section 106-55, Entitled "Parking Rates, Fees, And Penalties;" By Amending Parking Meter Rates North Of 23rd Street.

Inquiries may be directed to the Parking Department at (305) 673-7275.

5:05 p.m.

An Ordinance Amending Chapter 110 Of The Miami Beach City Code, Entitled "Utilities;" Amending Article III Thereof, Entitled "Stormwater Utility," Amending Section 110-109 Thereof Entitled "Stormwater Utility Fees," By Amending Appendix A Thereto Entitled "Fee Schedule," To Increase The Stormwater Utility Service Charge Imposed By The City As Of October 1, 2009.

Inquiries may be directed to the Public Works Department at (305) 673-7080.

5:05 p.m.

An Ordinance Amending Chapter 110 Of The Miami Beach City Code Entitled "Utilities," Amending Article IV, Entitled "Fees, Charges, Rates And Billing Procedure Thereof;" Amending Division 2 Thereof, Entitled "Rates, Fees And Charges;" By Amending Section 110-168 (C) Thereof, Entitled "Sanitary Sewer Service Charge," To Provide Additional Sanitary Sewer Service Charge Fees; And Also Amending Appendix A To Chapter 110, Entitled "Fee Schedule" To Increase The Water Rates And Sanitary Sewer Service Charges Imposed By The City Pursuant To Sections 110-166 (A) And (B), 110-168 (A), And Providing A Submetering Fee In Section 110-170(A); Amending Section 110-170 To Be Entitled "Submetering" To Create Provisions For Submeters.

Inquiries may be directed to the Public Works Department at (305) 673-7080.

5:05 p.m.

An Ordinance Amending Chapter 86 Of The Miami Beach City Code Entitled "Sales," By Amending Article III Thereof, Entitled "Nonprofit Vending And Distribution," By Amending Division 2, Entitled "Permit," By Amending Section 86-174, Entitled "Processing Fee," To Add A \$50.00 Permit Application Fee.

Inquiries may be directed to the Finance Department at (305) 673-7466.

5:05 p.m.

An Ordinance Amending Chapter 102 Of The City Code, Entitled "Taxation," By Amending Division V Therein, Entitled "Local Business Tax," Amending Section 102-379 Therein, Entitled "Schedule Of Taxes"; Said Amendment Providing For A \$15.00 Business Tax Receipt Application Fee.

Inquiries may be directed to the Finance Department at (305) 673-7466.

INTERESTED PARTIES are invited to appear at this meeting, or be represented by an agent, or to express their views in writing addressed to the City Commission, c/o the City Clerk, 1700 Convention Center Drive, 1st Floor, City Hall, Miami Beach, Florida 33139. Copies of these ordinances are available for public inspection during normal business hours in the City Clerk's Office, 1700 Convention Center Drive, 1st Floor, City Hall, and Miami Beach, Florida 33139. This meeting may be continued and under such circumstances additional legal notice would not be provided.

Robert E. Parcher, City Clerk
City of Miami Beach

Pursuant to Section 286.0105, Fla. Stat., the City hereby advises the public that: if a person decides to appeal any decision made by the City Commission with respect to any matter considered at its meeting or its hearing, such person must ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based. This notice does not constitute consent by the City for the introduction or admission of otherwise inadmissible or irrelevant evidence, nor does it authorize challenges or appeals not otherwise allowed by law.

To request this material in accessible format, sign language interpreters, information on access for persons with disabilities, and/or any accommodation to review any document or participate in any city-sponsored proceeding, please contact (305) 604-2489 (voice), (305) 673-7218 (TTY) five days in advance to initiate your request. TTY users may also call 711 (Florida Relay Service).

Ad #559