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MIAMI BEACH

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

FINANCE & CITYWIDE PROJECTS COMMITTEE MEMORANDUM

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

FROM: Kathie Brooks, Interim City Manager

DATE: January 24, 2013

SUBJECT: Discussion regarding the FY 2012/13 Business Tax Receipt Renewals

At the October 24, 2012 City of Miami Beach Commission meeting, an item regarding Business Tax Receipts (BTR) was referred to the Finance and Citywide Projects Committee (F&CWPC) for discussion.

Business Tax Receipts (BTRs) are issued annually in accordance with Florida Statutes Chapter 205, as well as, locally governed by Article V, Section 102 of the Code of the City of Miami Beach. Chapter 205 states that BTRs are due and payable on or before September 30 of each year, and expire on September 30 of the succeeding year.

The City began sending out the Fiscal Year (FY) 2012/13 renewal notices in early July of 2012 reminding customers to renew their BTR by September 30th, 2012. The City has traditionally given customers the month of October as a grace period to pay their renewals before charging late fees. A total of 7,100 renewal notices were mailed out in the summer of 2012.

As of January 18, 2013, the following is a summary on the status FY 2012/13 BTR renewals:

- 7,100 renewal notices were mailed out;
- 4,790 have renewed and paid;
- 879 renewal notices remain unpaid; and
- 1,431 renewals have been paid, but remain in pending status.

Once payment for the renewal has been received, City staff review the accounts of each customer to determine if they are current on all obligations to the City in accordance with Article V, Section 102-374 of the City Code.

If the customer is current, the City mails out the actual BTR document to the customer. If the customer is delinquent on City obligations and payment for a BTR renewal has been received, pursuant to Article V, Section 102-374 of the City Code, the City withholds the BTR document and sends a letter to the customer stating the amount due and that the delinquencies must be resolved before receiving their BTR. This has proven to be a valuable tool in assisting the City with collections of delinquent utility bills, resort tax obligations, special assessments, liens, and other payments due to the City.

Of the 7,100 renewal notices processed, 52 individual notices were identified as having a miscalculation as a result of a permanent bug in the EDEN Licensing Module, the City's BTR database. The 52 businesses are apartment rental buildings which are charged a tax for

their apartment use, but in addition are also billed a line item for their approved hotel rooms within their building. These businesses were charged the correct tax for their apartment category, but also inadvertently billed a hotel category tax of \$244.00. This is because the City's current database is automatically programmed to bill the hotel tax category for any business conducting having hotel rooms. Because of this problem, we have had to manually adjust these 52 calculations annually..

The Eden System has not been able to correct this calculation error. However, this calculation bug will be remedied with the implementation of the new ACCELA Automation Licensing module. All renewals for FY 2013/14 will be processed in this new system.

JMG/PDW/mm