

# MIAMI BEACH

## COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission

FROM: Eric Carpenter, City Manager

DATE: September 11, 2024 10:10 a.m. Second Reading Public Hearing

TITLE: AN ORDINANCE OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, AMENDING CHAPTER 102 OF THE CODE OF THE CITY OF MIAMI BEACH, ENTITLED "TAXATION," BY AMENDING ARTICLE V, ENTITLED "LOCAL BUSINESS TAX," BY AMENDING SECTION 102-379, "SCHEDULE OF TAXES," BY UPDATING THE "SCHEDULE OF TAXES" AND MOVING ALL FEES TO APPENDIX "A;" PROVIDING FOR REPEALER, SEVERABILITY, CODIFICATION, AND AN EFFECTIVE DATE.

### **RECOMMENDATION**

The Administration recommends that the Mayor and City Commission adopt the subject Ordinance.

### **BACKGROUND/HISTORY**

At the December 13, 2023 City Commission meeting, at the request of Commissioner Laura Dominguez, the Mayor and City Commission referred an item (C4 F) to the Finance and Economic Resiliency Committee (FERC or Committee) to discuss and consider amending the schedule of fees applicable to business tax receipts (BTRs) issued to home-based businesses in the city and to compare with charges imposed upon home-based businesses by other municipalities in Miami-Dade County.

The referral requested the Administration review portions of the City's fees as they relate to home-based businesses, as well as, conduct an informal survey of what other municipalities in Miami-Dade County charge for the right to operate a home-based business.

This item was presented at the February 23, 2024 FERC meeting and the Administration was requested to return to the Committee with an updated schedule of fees, reducing home-based business taxes, and refreshing recommended BTR categories.

The updated schedule of fees, reducing home-based business taxes and refreshing recommended BTR categories was discussed at the May 24, 2024 FERC meeting; and the Committee unanimously voted that an Ordinance, encompassing the changes, be brought forth to the full City Commission with a favorable recommendation on first reading.

### **ANALYSIS**

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. BTR proceeds are deposited into the General Fund and are used to complement property taxes in paying for City functions including, but not limited to, Police, Fire, and Code. Homebased, for-profit businesses are levied a tax accordingly.

The City conducted a survey of several Miami-Dade County municipalities' home-based business

BTR fees. These fees were discussed at the February 23, 2024 FERC meeting and it was requested the Administration work with Commissioner Laura Dominguez, the sponsor, in reviewing and recommending reducing said fees. After respective working sessions with Commissioner Laura Dominguez, the following scenario is being proposed for review:

### Home-Based Business – Municipal BTR Analysis

<b>Municipality</b>	<b><u>Profession / Home Office</u></b>	<b><u>Annual Home- Base Fee</u></b>	<b><u>Total</u></b>
<b>Miami Beach (Current)</b>	<b>328.00</b>	<b>44.00</b>	<b>372.00</b>
Coral Gables	227.80	-	227.80
Surfside	150.00	25.00	175.00
Sunny Isles Beach	125.00	25.00	150.00
North Bay Village	125.00	25.00	150.00
Miami	131.00	3.50	134.50
<b>Miami Beach (Proposed)</b>	<b>134.00</b>	<b>-</b>	<b>134.00</b>
Hialeah	100.00	-	100.00
Miami Springs	66.85	-	66.85

The proposed fee structure is a 64% reduction in Local Business Taxes for businesses operating out of a home, yet would only reduce the City's revenues by approximately \$34,000. The Administration is recommending the Commission discuss the revised fee structure for the Home-Based Business Tax category.

Additionally, a review of current BTR categories was conducted; looking for opportunities for a refresh and an amendment of categories where warranted. This was done with an emphasis on identifying emerging businesses that do not currently have a BTR category. Many of these businesses are currently taxed under our Merchant Sales BTR category yet are businesses the City frequently has been requested data for, i.e. Hookah, Cannabidiol (CBD), and Vape establishments. The proposed amendments would be revenue neutral, as the fee structure for the new categories for existing establishments would mirror the current Merchant Sales category the businesses are currently being charged now. The creation of these new categories would allow the City to more easily track the number of these types of businesses.

The schedule below summarizes the categories and changes being proposed for addition and deletion:

City of Miami Beach		
Local Business Tax Receipt & Home-Based Business Fee Schedule Amendments		
Description	FY 2024	Notes
Home Based Business	44.00	Removing the Home-Base plus Category Fee Structure
	134.00	Reducing average Home-Based Business Fees by 64%
Cannabidiol (CBD), Cigarettes and Tobacco, Smoke Shop, Vaping (E-Cigarettes)		Similar to Miami-Dade County fees, by inventory
1. First \$1,000.00 of value or less	288.00	
2. Each additional \$1,000.00—\$99,999.00	29.00	
3. From \$100,000.00—\$199,000.00	2,956.00	
4. From \$200,000.00—\$499,000.00	4,433.00	
5. From \$500,000.00 and over	5,911.00	
Cigarettes and Tobacco - Mobile On-Premise	345.00	
Cigars and Tobacco Products Manufacture (i.e. Cigar Rollers)	345.00	Similar to the Miami-Dade County fees, by employee
1. Five employees or less	157.00	
2. Six to 25 employees	345.00	
3. Over 25 employees	420.00	
Hookah Lounge	345.00	Similar to Tobacco Categories
Hookah Lounge - as accessory to main occupation	96.00	
Med Spa (i.e. Botox, Fillers, Etc.)	432.00	Similar to Beauty Parlor, Hairdressing, Barbershop, et al.
Notary Public	285.00	Currently not in our fee structure
Paramedic	285.00	Requests from the Medical Community
Paramedic Hospital Staff	96.00	
Social Media Management/Web Services	285.00	Trending Business Type - Similar fees as other professionals
Beach front concession:-		Remove category from Business Tax Section, as it is billed under a separate section of the City Code & Appendix A
1. Upland fee, per unit	30.00	
2. Per equip, activity/location	1,065.00	
3. Maximum Upland Fee, Primary Property	20,084.00	
Fax services:-	328.00	Remove obsolete category
Accessory to main occupation	96.00	
4. Sidewalk Cafe area per sq. ft.		Remove category from Business Tax Section, as it is billed under a separate section of the City Code & Appendix A
Separate permit application. Must have a valid restaurant business tax receipt to have a sidewalk cafe.		
* Adding a field for "pizza by the slice" to restaurant/take-out establishments for tracking this type of activity.		

Per Section 1-15(b)(1) of the City Code, entitled "Fee Schedule," certain fees and charges, as identified in Appendix A shall be subject to annual adjustment by the City Manager, effective October 1 of each year, to reflect increases in the Consumer Price Index (CPI) for the Miami-Fort Lauderdale-West Palm Beach, Florida area, as published by the Bureau of Labor Statistics of the United States Department of Labor.

State Statute prohibits the City from raising BTR fees according to the fee structure set forth in Section 1-15(b)(1) of the City Code. The State currently allows municipalities to raise their BTR fees by up to five (5) percent every other year, well below the City's current fee escalator of CPI every year. As part of the the proposed BTR amendments, the Administration is recommending codifying the current practice of raising BTR fees by five percent every other year as detailed in State Statute.

## LOBBYIST DISCLOSURE

In accordance with Resolution No. 2023-32857, adopted by the City Commission on December 13, 2023, the following information has been requested from the primary item sponsor as it relates to the subject ordinance amendment:

1. Was the Agenda Item initially requested by a lobbyist which, as defined in Code Sec. 2-481, includes a principal engaged in lobbying? No

2. If so, specify name of lobbyist(s) and principal(s): Not applicable

### **FISCAL IMPACT STATEMENT**

NA

**Does this Ordinance require a Business Impact Estimate?** Yes  
(FOR ORDINANCES ONLY)

The Business Impact Estimate (BIE) was published on: 8/14/2024. See BIE at:  
<https://www.miamibeachfl.gov/city-hall/city-clerk/meeting-notices/>

### **FINANCIAL INFORMATION**

The proposed amendment to this ordinance will not result in a substantial impact on projected revenues within the General Fund.

The proposed fee structure is a 64% reduction in Local Business Taxes for businesses operating out of a home, yet would only reduce the City's revenues by approximately \$34,000. The City believes with citywide enhanced Code Enforcement efforts of businesses not complying with their BTR requirements, the overall annual fiscal impact is negligible

### **CONCLUSION**

The Administration recommends that the Mayor and City Commission approve the subject Ordinance at first reading.

### **Applicable Area**

**Is this a "Residents Right to Know" item, pursuant to City Code Section 2-17?**

**Is this item related to a G.O. Bond Project?**

**Was this Agenda Item initially requested by a lobbyist which, as defined in Code Sec. 2-481, includes a principal engaged in lobbying?**

If so, specify the name of lobbyist(s) and principal(s):

### **Department**

Finance

### **Sponsor(s)**

Commissioner Laura Dominguez

### **Co-sponsor(s):**