

Q&A on the Proposed Local Business Tax in Manatee County

Updated March 11, 2010 – Prepared by the coalition supporting local business investment in job creation

Introduction

A coalition of business leaders representing thousands of businesses in Manatee County is encouraging Manatee County government to adopt a local business tax and apply the funds exclusively to attracting jobs for Manatee County residents. Manatee County commissioners are scheduled to consider a draft ordinance for the tax on March 16.

Why do we need a local business tax in Manatee County?

Manatee County businesses and residents are suffering from the effects of a severe economic downturn that was due in large part to our community's reliance on real estate and construction to provide jobs. To avoid such economic pain in the future, we must increase our efforts to attract companies and jobs from diverse industries. People throughout the community delivered this message loud and clear during preparation of a five-year strategy to diversify our local economy.

Further, our community is at a competitive disadvantage in pursuing employers with good jobs because businesses in surrounding communities are investing in job-creation strategies using local business taxes [formerly known as occupational license fees]. Without a similar funding source, our community's resources are limited for attracting new jobs and helping local employers to retain existing jobs.

Who is bringing forward this proposal?

The business coalition supporting the initiative includes the Anna Maria Island Chamber of Commerce, Gulf Coast Latin Chamber of Commerce, Lakewood Ranch Business Alliance and Manatee Chamber of Commerce (including the Economic Development Council).

Do other communities have a similar tax?

In Florida, 50 of 67 counties and 345 of 400 cities have a local business tax, according to the Florida Legislative Committee on Intergovernmental Affairs. Fee rates and structures vary widely.

What would the fee cost, and what would it generate?

The proposed ordinance for Manatee County includes a flat fee of \$35 per year that would be paid by each business in the county. The tax could generate approximately \$400,000 annually, depending on the number of businesses and the rate of compliance. The county tax would be in addition to local business taxes currently levied by cities. The county would provide each city with a per capita portion of the business tax collected. County Commissioners would review the ordinance after five years and either renew it or allow it to sunset.

Can the fee be changed – either increased or decreased in the future?

The fee could only be changed through a state-regulated rate review process and a vote by the County Commission.

How would the tax revenue be used?

The county would use the revenue to contract with the Manatee Economic Development Council (EDC) to implement a strategy that focuses on an aggressive outreach program for job creation. The strategy was produced in 2009 after extensive discussions with representatives from across the community, including business, education, human services, the arts and local governments. The cities may opt to invest their portion of the business tax proceeds in the strategy, as well.

What is the EDC and how is it qualified to do the work?

The EDC is a private, not-for-profit organization that is a division of the Manatee Chamber of Commerce. The EDC has the staff and expertise to accomplish the outreach. The organization's new executive director, Eric Basinger, specializes in recruiting businesses both nationally and internationally. The community's economic development strategy is available for review online at www.manateeedc.com.

Isn't the EDC already doing the work for which the tax is intended?

The county currently contracts with the EDC for services to support existing businesses, but the funding does not provide sufficient resources to compete with other communities for attracting new employers. The county holds the EDC accountable for performance on an annual basis, and the EDC raises private funding to match the public investment.

Do we really need another tax to do this?

We have two choices: embrace the status quo and continue to suffer the consequences of high unemployment and a lagging economy, or invest in bringing to our community high-value businesses with quality jobs. As much as no one wants to pay another tax, we need to launch an aggressive job recruitment effort. To do that, we need substantial, reliable, recurring revenue. If someone else has a better idea of how to make that happen, we're all ears.

How can citizens stay informed about this issue?

The coalition will keep the business community informed about the business tax initiative through the Manatee Chamber of Commerce web site: www.manateechamber.com/jobsnow.aspx.

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