



**THE CITY OF KEY WEST**  
**1300 WHITE ST.**  
**KEY WEST, FL 33040**

**BUSINESS IMPACT ESTIMATE**  
**PURSUANT TO F.S 205.0535**

**Meeting Date: 12/14/23**

**Ordinance Number: \_\_\_**

**Posted To Webpage: \_\_\_\_\_**

This Business Impact Estimate is given as it relates to the proposed ordinance titled:

**Schedule of taxes**

Each individual who acts as an agent and each individual who acts as a business or sales agent for a corporation engaged in any business mentioned in this section, when his principal has not paid a license in accordance with this section, shall be required to take out a license as agent in his own name. This section shall apply to every person who seeks, negotiates or transacts, for himself or for any other person or corporation mentioned in this section, but not to inactive stockholders in corporations or members of agencies who do not attempt to transact any business for such agency. A license tax in the sum set opposite each of the following businesses, occupations or professions is levied and imposed upon the business, occupation or profession opposite which such sum is set.

In accordance with Florida State Statute 205.0535, municipalities and counties may every other year increase or decrease the rates of business taxes by up to 5 percent. However, an increase must be enacted by at least a majority plus one vote of the governing body.

**The sections below are not required to be completed if the ordinance involves any one of the following types of regulations. Please check if applicable:**

- 1. Ordinances required for compliance with federal or state law or regulation;
- 2. Ordinances relating to the issuance or refinancing of debt;
- 3. Ordinances relating to the adoption of budgets or budget amendments, including revenue sources necessary to fund the budget;
- 4. Ordinances required to implement a contract or an agreement, including, but not limited to, any federal, state, local, or private grant, or other financial assistance accepted by a municipal government;
- 5. Emergency ordinances;

- 6. Ordinances relating to procurement; or
- 7. Ordinances enacted to implement the following:
  - a. Part II of chapter 163, relating to growth policy, county and municipal planning, and land development regulation, including zoning, development orders, development agreements, and development permits;
  - b. Sections 190.005 and 190.046;
  - c. Section 553.73, relating to the Florida Building Code; or
  - d. Section 633.202, relating to the Florida Fire Prevention Code.

**Part I.**

Summary of the proposed ordinance and statement of public purpose:

(Address the public purpose to be served by the proposed ordinance, such as serving the public health, safety, morals, and welfare of the City of Key West.)

Florida municipalities were first permitted to increase business tax fees in 1997. At that time the City of Key West increased certain business tax fees by 5%. In 1999, the City of Key West increased all business tax fees by 5%. In 2001, 2003, 2005, 2007, and 2009, the City of Key West increased fees from 0% to 5%, and most recently increased the business tax fees by 5% for fiscal years 2015-16, 2019-20, and 2021-22. Two years have passed since the last increase, so the Licensing Department recommends the City Commission adopt a resolution to increase all Business Tax Receipt fees by 5% effective with the 2023-24 fiscal year. The estimated revenue impact is \$49,246.

**Part II.**

Estimate of the direct economic impact of the proposed ordinance on private, for-profit businesses in the City of Key West: *(fill out subsections a-c as applicable, if not applicable write "not applicable")*

(a) Estimate of direct compliance costs that businesses may reasonably incur if the proposed ordinance is enacted:

N/A

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(b) Identification of any new charges or fee on businesses subject to the proposed ordinance, or for which businesses will be financially responsible; and

Please see Exhibit A attached

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(c) An estimate of the City of Key West's regulatory costs, including an estimate of revenues from any new charges or fees that will be imposed on businesses to cover such costs.

Additional Revenue  
\$49,246

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**Part III.**

Good faith estimate of the number of businesses likely to be impacted by the ordinance:

8,000

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**Part IV. Additional Information (if any):**

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The estimated revenue impact for the proposed business tax increase is \$49,246. Although this is a large increase in revenue for the city, it will have a small impact on the businesses. About 40% of all business tax receipts are non-transient rentals. The current annual fee for non-transients is \$22.05 and will only increase by \$1.10. About 20% of all BTRs are general services. The current annual fee for a general service is \$113.00 and will only increase by \$6.00. The majority of the remaining 40% of business tax receipt types / subtypes annual cost increase will be \$10.00 to \$20.00.