RESOLUTION 17-66

A RESOLUTION OF THE CITY OF PANAMA CITY BEACH OPPOSING THE REPEAL OF THE CITY'S 1% MERCHANT'S BUSINESS TAX AND THE REPEAL OF ITS HOME RULE POWERS; AND PROVIDING AN IMMEDIATELY EFFECTIVE DATE.

Regarding The Attempt to Repeal the City's Unique, 1% Merchant Tax -

WHEREAS, the Florida Legislature is considering House and Senate bills which would limit the amount of business tax collected by any City to $25.00 per taxpayer (House Bill 487 or HB 487 and Senate Bill 330 or SB 330); and

WHEREAS, every City in the state of Florida which imposes a business tax, except the Cities of Panama City Beach and Panama City, collect from merchants in the city an annual business tax in a fixed amount per merchant, regardless of the amount of business or sales the merchant conducts; and

WHEREAS, the Cities of Panama City Beach and Panama City collect from merchants a business tax measured by the amount of sales the business conducts, specifically, one-percent (1%); and

WHEREAS, in FY 2015-16 there were 3,150 merchant taxpayers in the City of Panama City Beach that paid an aggregate 1% business tax in the amount of $12,361,906; and

WHEREAS, because of the 1% business tax on merchants, the City is able to operate effectively without imposing an ad valorem tax on any business or any resident; and

WHEREAS, if in FY 2015-16 the merchant tax were limited by the state to $25 per merchant, the business tax collected by the City from merchants would have been $78,750, a loss of $12,283,156 or forty percent (40%) of the City's annual budget last year, and this year would be the same or worse; and

WHEREAS, all businesses in the City have relied upon the absence of an ad valorem tax in developing their business models, and in the contracts and
leases they have entered; and

WHEREAS, City merchants in their business models rely upon the fact that if they do not “do the business” they don’t “pay the tax,” unlike an ad valorem tax; and

WHEREAS, the business tax structure used by the City has made the City sensitive and responsive to the needs of the local business community because without healthy businesses the City would not have sufficient revenues to meet the needs of its citizens; and

WHEREAS, under its current business and merchants’ tax structure the City’s economy has flourished; and

WHEREAS, if HB 487 and SB 330 become law, the City will be required to levy an ad valorem tax which will distort existing business relationships and, ironically, allow the City in the future to be less sensitive to the needs of its businesses to the detriment of its economy.

Regarding the Attempt to Repeal the City’s Home Rule Powers -

WHEREAS, cities in Florida are voluntarily created and chartered by their citizens as the embodiment of local self-determination; and

WHEREAS, in 1968, Florida voters amended the state constitution to confer broad “Home Rule” powers to municipal government, under Article VIII, Section 2(b); and

WHEREAS, HB 17 and SB 1158 contradicts the will of the people of Florida, who expressed an unequivocal desire for broad Home Rule powers in their state constitution; and

WHEREAS, HB 17 and SB 1158 undercut the intent of the citizens of the City of Panama City Beach who on May 2, 1978, by referendum voted to consolidate their City’s Charter and exercise the broad Home Rule powers granted by the Florida Constitution to govern themselves and, thereby, effectively address the unique concerns of the beach community; and

WHEREAS, HB 17 and SB 1158 would impair municipal charter
provisions specifically adopted and approved by local voters to define their preferred form of self-government and safeguard issues of perennial importance to their communities; and

WHEREAS, the City's ability to timely act on local problems and opportunities will be limited by HB 17 and SB 1158 to a state Legislature that holds session only once a year, and whose ability to address local problems will be contingent on the relative effectiveness of its representative in the state Legislature; and

WHEREAS, under the plan of HB 17 and SB 1158, state legislators will find themselves spending increasing amounts of time arbitrating over local problems and legislating on local issues, and less time attending to pressing statewide needs; and

WHEREAS, the City Commission believes that opposition to HB 17 and SB 1158 is be in the best interests of the residents and businesses of the City of Panama City Beach, other cities and counties in the State of Florida, and ultimately of the state itself; and

WHEREAS, the City would respectfully ask the state legislature to be mindful that regulations enacted by local governments have to be enforced by those same governments and, if excessive or burdensome, the people's local elected representatives are quickly made aware of those burdens and any unintended consequences; and

WHEREAS, should House Bill 17 become law, and not be overturned, the ability of the City Council to narrowly address local issues of public concern would be destroyed.

THEREFORE, BE IT RESOLVED by the people of the City of Panama City Beach, acting through their duly elected representatives, that the people of the City of Panama City Beach oppose the State of Florida's attempt to prohibit the merchant's business tax and the overbroad repeal of the City's constitutional home rule power to protect the health, safety and welfare of its citizens.

BE IT FURTHER RESOLVED, that the City Manager is directed to forward copies of this executed Resolution immediately to the state legislators who also represent the people of the City, the Florida League of Cities, the City of Panama City, Bay County, and to all others whom he may determine
appropriate.

**THIS RESOLUTION** shall become effective immediately upon passage.

**PASSED UNANIMOUSLY** in regular session this 9th day of March, 2017.

**CITY OF PANAMA CITY BEACH**

By: **Mike Thomas**, Mayor

By: **Josie Strange**, Vice Mayor

By: **John Reichard**, Council Member

By: **Phil Chester**, Council Member

**ATTEST:**

By: **Hector Solis**, Council Member

Diane Fowler, City Clerk