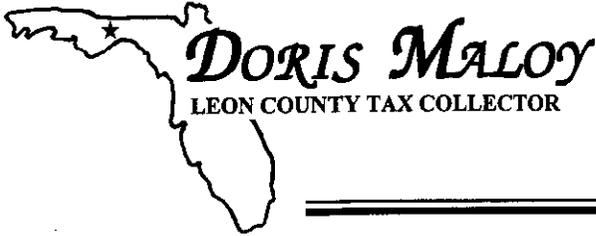


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OFFICE LOCATIONS

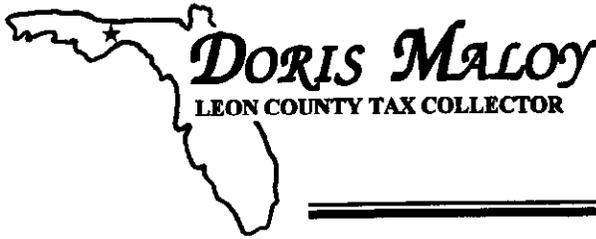
Courthouse, 301 S. Monroe St. • Carriage Gate, 3425 Thomasville Rd.  
Cross Creek, 1210 Capital Circle, SE • Heritage Plaza, 2810 Sharer Rd.  
Westside, 870-1 Blountstown Hwy. • Woodville, 9019 Woodville Hwy.



TO: Cherry Shaw  
FROM: Connie L. McCaskill *CLM*  
DATE: February 21, 2007  
RE: Memo from Mrs. Maloy to the Board

Attached is the memo from Mrs. Maloy to the Board for the agenda item. If you have any questions or need additional information, please let me know.

07 FEB 22 AM 10:22  
MAIL ROOM



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**TO:** Honorable Chairman and Members of the Board of County Commissioners

**FROM:** Honorable Doris Maloy, Leon County Tax Collector *DM*

**DATE:** February 21, 2007

**SUBJECT:** Enforcement and Collection of Delinquent Business Taxes

The purpose of this memorandum is to provide information to the Board regarding a considerable amount of unpaid business taxes and loss revenue to the County. This memorandum further seeks the Board's specific direction regarding the potential collection of such delinquent taxes. By way of background, the business tax receipt (formerly Business Registration Certificate) year begins October 1 and ends September 30. Reminder notices are mailed to business owners on August 1 and are due and payable on or before September 30 of each year. The minimum annual business tax is \$25 for each unique and different type of business activity, and a tax receipt must also be obtained for each location.

Business tax receipts that are not renewed by September 30 are delinquent and subject to a delinquency penalty of 10 percent for the month of October, plus an additional 5 percent penalty for each subsequent month of delinquency until paid. The total delinquency penalty may not exceed 25 percent of the business tax. In addition, on February 1 of each year, a civil penalty of \$50.00 is applied to each unpaid account (Ordinance Number 2000-12, Sec. 11-75 (3), provides for a penalty of up to \$250.00); however, numerous accounts remain unpaid even after the penalties are applied.

As of February 12, 2007, there were 19,579 active accounts in the Business Tax Receipts (BTR) data base. Of this total, 3,690 accounts are delinquent. (Because the printed list contains more than 500 pages, it has been submitted to County Staff in PDF file format). This total includes 1,094 accounts that are more than one year delinquent. A total of \$421,663.14 is due in unpaid taxes and penalties from these delinquent accounts. The amount of unpaid taxes for current year (2006 - 2007) is \$92,250.00. The current year penalty on this amount is \$23,041.25 and the current year civil penalty (collection cost) is \$184,350.00. Unpaid back year taxes total \$37,537.50. The amount of back tax penalty on this amount totals \$9,384.39 and the back tax civil penalty totals \$75,100.00.

Section 11-75 (3) of the Leon County Code of Laws provides that

Any person who engages in any business, occupation or profession, who does not pay the required business registration certificate within 150 days after the initial notice of registration fee due or within 150 days from the date the business opens, and who

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does not obtain the required business registration certificate is subject to civil actions and penalties, including court costs, reasonable attorneys' fees, additional administrative costs incurred as a result of collection efforts, and a penalty of up to \$250.00.

While such language provides that some type of legal action may be brought against delinquent account holders, it is silent regarding the specific action(s) to be taken to bring about a court proceeding. Therefore, legal action has not been pursued to enforce collection.

This Office's current procedures for collection and/or notification of account holders of delinquent accounts include, but are not limited to an attempt to contact the account holder by telephone and conduct a site visit as appropriate. While these efforts produce compliance in some cases, we are unable to obtain 100% compliance. However, in some instances we have identified businesses that are closed, and we have accordingly reflected those accounts as closed in the BTR data base. It has been our practice to close delinquent accounts that remain non-compliant after three (3) years.

It is also critical to address the potential revenue loss to the County due to delinquent business tax accounts. Specifically, Sec. 11-76 (1) of the Leon County Code of Laws states the following in pertinent part,

...business registration certificate revenue generated within the unincorporated area are disbursed to the county. The remainder of the revenues received from the business registration certificate, exclusive of the costs of collection, is appropriated between the unincorporated area of the county and the incorporated municipalities in the county by a ratio derived by dividing their respective populations by the population of the county...

Accordingly, the distribution ratios for the County and the City of Tallahassee for the current business tax receipt year are 35.29% and 64.71%, respectively. The Tax Collector's commission is 24% of current and delinquent business taxes and penalties collected. The Tax Collector also retains the \$50 civil penalty (collection cost) which is assessed to each account on February 1. However, any collection costs collected in excess of the amount included in the Tax Collector's operating budget that is approved by the Florida Department of Revenue is remitted to the County in the form of unused (excess) fees.

If the amount of civil penalties outstanding for the current BTR year were strictly enforced and collected (\$259,450.00), at a minimum \$205,724.00 of that amount would be remitted to the County in the form of unused fees. The County would also be disbursed approximately \$43,406.21

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(35.29%) of the business tax receipt revenues collected. Such enormous revenue is currently lost to the County.

In conclusion, the County Ordinance does not provide a specific remedy to bring delinquent business tax accounts into compliance with the County code. This is unlike other collection programs that this office administers where specific remedies are provided to bring delinquent accounts into compliance. For instance, a tax certificate is sold on delinquent real property taxes; warrants are issued or the property is seized for unpaid tangible personal property taxes and tax liens are issued on delinquent mobile home registrations. Therefore, we are requesting the Board's guidance regarding a remedy to bring delinquent account holders into compliance with the County Code. We note that a possible remedy may be to attach a lien against the property for delinquent accounts.

DHM/clm