



December 8, 2025

Via Email Delivery

The Honorable Keith Truenow
Florida Senate
306 Senate Building
404 S. Monroe St.
Tallahassee, FL 32399-1100

Re: SB 122 Local Business Tax on Senate Community Affairs Committee Agenda 12-9-2025

Dear Senator Truenow:

Thank you for the opportunity to share our concerns regarding SB 122 Local Business Tax (LBT) revenues. SB 122 seeks to repeal the ability of local governments to levy an LBT. **The Florida League of Cities opposes this legislation.**

The LBT is one of the few unrestricted general revenue sources the Legislature has authorized municipalities to impose, and it has been levied for over 50 years. The LBT was referred to as a Local Occupational License before the Legislature changed its name to Local Business Tax in 2006. However, it has always been an essential general revenue tax a municipality may impose for engaging in and providing services that benefit both the community in general and a business, profession, or occupation within its jurisdiction.

The Revenue Estimating Conference (REC) has not scored SB 122 on the date of this letter. However, the REC did consider the House companion, HB 103, on November 14, 2025, showing a negative impact of \$188.6 million growing to over \$204 million by 2031. Maintaining a diversified revenue base strengthens the fiscal stability of local governments and improves their ability to serve all citizens and businesses. Local business tax revenues collected by municipalities are used to assist the funding of services critical to business, such as public safety (police and fire), zoning, permitting, and code enforcement. Local governments may also use business tax revenues to help fund other vital services, such as economic development programs, that present a direct benefit to businesses. Many municipalities have already pledged these revenues to secure debt through General Revenue Obligation Bonds and to assist with funding the operation of the local government.

Repealing the LBT has various drawbacks. Because cities are authorized to levy only a limited number of unrestricted general revenue sources, revoking one would have detrimental effects on their finances. This negative effect is especially true for cities that do not levy all four of the primary general fund taxes, such as municipal utility service taxes, and therefore have fewer options.

A repeal would require municipalities to increase taxes, fees, and millage or cut general revenue-funded



services to make up for this financial loss. This situation could potentially result in residents subsidizing services intended for businesses. Furthermore, the LBTs are beneficial for numerous State of Florida entities. The collection of these taxes serves as a way to confirm state licensing for the Department of Business and Professional Regulation, Agency for Health Care Administration, and Department of Agriculture and Consumer Services for a variety of businesses. The programmatic functions of the LBT system assist these state entities in identifying unlicensed businesses.

Summary

The LBT has been debated numerous times over the past decade, with the Legislature acknowledging the importance of this tax source for local governments. LBTs help fund police, fire, economic development programs, and other important municipal services and serve as a component for the ability to secure general revenue bonds for infrastructure investment debt.

Repealing LBT would remove one of the four primary general fund tax revenue options available to municipalities, weakening their revenue streams and putting their local services and capital projects at risk. Businesses rely on these services and projects daily to help them operate or serve their customers in their daily lives.

Thank you for the opportunity to share our opposition to SB 122. We are available to discuss these concerns further and answer any questions you may have regarding this important revenue source for Florida's cities.

Sincerely,

A handwritten signature in blue ink that reads "Charles Chapman". The signature is fluid and cursive, with a small "II" at the end.

Charles Chapman
Legislative Consultant
Florida League of Cities, Inc.

CC: Chair Stan McClain and Members of the Senate Community Affairs Committee