



Occupation Tax

September 16, 2024



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Agenda

- Process
 - Occupation Tax
 - Businesses Overview
 - Implementation
 - Changes in Tax for a Business
 - Next Steps
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Process

- Occupation Tax is currently assessed based on the number of Full Time Equivalent employees
 - Norcross, Auburn
 - The proposed changes will assess Occupation Tax based on Gross Receipts
 - Gwinnett County, Duluth, Suwanee, Buford, Dacula, Loganville, Lilburn, Snellville
 - Additionally, a profitability ratio will be a factor in determining the taxing rate
 - To determine profitability the City uses IRS data based on North American Industry Classification System (NAICS) codes
 - Additionally, Gwinnett County data for Gross Receipts was requested, provided and evaluated against the IRS data to determine
 - This information was used to provide a ratio of local business gross receipts to IRS data
 - Based on this ratio, the tax tables and NAICS relationships were developed
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Process (Cont'd)

- We are communicating with businesses about the change
 - Sent email and letter outlining the changes to all registered businesses
 - Provided date of Public Hearing – 9/16 Regular Council Meeting
 - We have setup a webpage for the change (currently live)
 - It contains information about the proposed changes
 - Contains a calculator based on NAICS codes for businesses to assess the impact
 - www.lawrencevillega.org/occupation-tax-change
 - Adoption of a new ordinance is required to implement the new assessment process
 - We will have a public hearing at the adoption time of the ordinance (9/16)
 - Provided an advertisement in the Gwinnett Daily Post, placed a notice on our website, and sent a letter to all registered businesses
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Business Overview

	Number
Active Occupation Tax Certificates	1,356
General Automotive Repair	75
Full-Service Restaurants	65
Offices of Physicians (except Mental Health Specialists)	58
Beauty Salons	47
Limited-Service Restaurants	35
Used Car Dealers	29
Gasoline Stations with Convenience Stores	27
Convenience Stores	21



Business Overview

Sector	Title	# of Businesses
21	MINING	3
23	CONSTRUCTION	103
31, 32, 33	MANUFACTURING	67
42, 44, 45	WHOLESALE AND RETAIL TRADE	295
48, 49	TRANSPORTATION AND WAREHOUSING	38
51	INFORMATION	13
52	FINANCE AND INSURANCE	426
53	REAL ESTATE AND RENTAL AND LEASING	59
54	PROFESSIONAL, SCIENTIFIC, and TECHNICAL SERVICES	85
55	MANAGEMENT OF COMPANIES (HOLDING COMPANIES)	1
56, 92	ADMINISTRATIVE AND SUPPORT AND WASTE MANAGEMENT AND REMEDIATION SERVICES	76
62	HEALTH CARE AND SOCIAL ASSISTANCE	183
71	ARTS, ENTERTAINMENT, AND RECREATION	12
72	ACCOMMODATION, FOOD SERVICES, AND DRINKING PLACES	111



Implementation

- Administrative Fee \$100 annually
- Three Year Phase-in
- **Establish Tax Classes**

Tax Class	Tax Rate
1	0.065%
2	0.078%
3	0.091%
4	0.104%
5	0.117%
6	0.130%

- **Establish Exemptions**

Year	Amount
2025	\$50,000 or 70% of gross receipts, whichever is higher
2026	\$50,000 or 35% of gross receipts, whichever is higher
2027 and beyond	\$50,000



Implementation

- Set Practitioner Fees
 - Attorneys, Physicians, Chiropractors, Optometrists, Accountants, Funeral Directors, Engineers, Architects...
 - Per Practitioner
 - Year 2025 - \$200
 - Year 2026 - \$300
 - Year 2027 and beyond - \$400
 - Attorneys are included in the list of practitioners
 - Maximum Occupation Tax Liability is \$25,000
 - Gwinnett County: \$20,000
 - Suwanee: \$12,500
 - Duluth: \$12,500
 - Dacula: \$20,000
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Changes in Tax for a Business

NAICS CODE	NAICS Description	Average Gross Receipts	Current Tax	2025	2026	2027	Gwinnett
441110	Car Dealership	\$92,053,849	\$750	\$18,051	\$25,000	\$25,000	\$20,000
441340	Tire Dealers	\$1,648,375	\$90	\$421	\$850	\$1,171	\$1,467
445110	Grocery Store	\$13,228,654	\$590	\$2,680	\$6,119	\$8,699	\$10,538
445120	Gasoline Stations with Convenience Stores	\$4,734,013	\$145	\$1,023	\$2,254	\$3,177	\$3,884
541990	Attorney		\$0	\$200	\$300	\$400	\$400
561730	Landscaping Service	\$471,636	\$145	\$229	\$400	\$529	\$694
621111	Doctor		\$150	\$200	\$300	\$400	\$400
722511	Full-Service Restaurant	\$1,480,331	\$486	\$446	\$908	\$1,255	\$1,568
812113	Nail Salon	\$436,809	\$262	\$236	\$418	\$554	\$655



Changes in Tax for a Business

NAICS CODE	NAICS Description	Average Gross Receipts	Current Tax	2025	2026	2027	Gwinnett
238210	Electrical Contractors	\$792,464	\$70	\$347	\$677	\$924	\$921
531120	Event Centers	\$388,234	\$50	\$251	\$453	\$605	\$723
531190	Real Estate Broker	\$1,129,800	\$50	\$541	\$1,128	\$1,569	\$1,769
561320	Staffing Company	\$2,091,656	\$606	\$589	\$1,242	\$1,731	\$2,470
812112	Hair Salon	\$109,715	\$50	\$134	\$180	\$214	\$297
	New Housing						
236116	Construction	\$11,440,945	\$60	\$3,223	\$7,388	\$10,511	\$9,138
811191	Oil Change	\$1,015,228	\$90	\$377	\$747	\$1,024	\$1,131
441120	Used Car Dealer	\$589,523	\$50	\$215	\$368	\$483	\$638



Changes in Tax for a Business

NAICS CODE	NAICS Description	Average Gross Receipts	Current Tax	2025	2026	2027	Gwinnett
452311	Super Centers	\$95,735,000	\$750	\$25,000	\$25,000	\$25,000	\$20,000
811192	Car Wash	\$1,005,523	\$110	\$375	\$741	\$1,015	\$1,121
312120	Brewery	\$2,212,000	\$80	\$790	\$1,710	\$2,400	\$2,602
238220	Plumber	\$109,603	\$60	\$130	\$170	\$200	\$279
441310	Auto Parts	\$1,589,605	\$190	\$410	\$823	\$1133	\$1,421
811111	Auto Repair	\$530,789	\$245	\$245	\$438	\$583	\$675
722513	Fast Food Restaurant	\$2,202,000	\$438	\$615	\$1,302	\$1,818	\$2,246
531120	Property Managers	\$388,234	\$50	\$251	\$453	\$605	\$723

- 48% of Businesses will pay less than \$500
- 70% of Businesses will pay less than \$1,000
- 80% of Businesses will pay less than \$1,500



Revenue Changes for the City

- Three Year Full Implementation
 - FY 2024 - \$330,000 (Last Fiscal Year)
 - FY 2025 - \$700,000 (Current Fiscal Year)
 - Funding level approved by Mayor and Council in the Budget Resolution
 - FY 2026 - \$1,350,000
 - FY 2027 - \$2,000,000
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Discussion

