



Occupation Tax

September 4, 2024



LAWRENCEVILLE
GEORGIA



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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Next Steps

- September 16, 2024
 - Public Hearing on Occupation Tax Ordinance
 - Consideration of Ordinance





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Discussion
