A WIN FOR SMALL BUSINESS

The elimination of the statewide business rent tax unlocks savings for commercial tenants to invest in their enterprise

BY PHIL BORCHMANN

Many Florida businesses are ringing in the new year without a financial burden they have endured for nearly 60 years: the sales tax on commercial leases. The legislature finally eliminated the levy last fall, ending more than a decade of lobbying by Florida Realtors® and real estate associations as well as organizations such as the Florida Chamber of Commerce and National Federation of Independent Business. And those behind the effort are in a celebratory mood.

"Honestly, I'm elated. This was not only a passion for me, but really a passion for the organization," says Tim Weisheyer, who served as the 2025 Florida Realtors® president. "I was one of the people helping lead the charge to create the pursuit of this tax elimination going back over 10 years ago."

As a result, the measure is expected to save nearly $2.5 billion this year for tenants who can now use the money for other matters, such as hiring extra staff, expanding, or upgrading their office or store. "More than 98 percent of all businesses in Florida are small businesses," Weisheyer says. "So, who this really helps is that small insurance agent or pediatrician who's renting medical office space."

A Long Time Coming

The state imposed the business rent tax (BRT) in 1968, and it eventually increased during in the 1980s to reach 6 percent. "We were the only state in the nation that did this," says William "Bill" Poteet, 2025 Florida CCIM Administrative Vice President, and 2025 Florida Realtors® Issues Mobilization Chair. "That gave states like Georgia and South Carolina a competitive advantage."


Tim Weisheyer


William "Bill" Poteet

Real estate professionals had long decried the levies because of the financial stress it created on business tenants. "Their profits margins were diminished," Poteet says. So, he and his cohort decided to address the issue.

"When we started this thing more than 10 years ago, we spent one or two years spinning our wheels. The legislature wasn't really listening to us," says Poteet. Poteet belongs to a consortium that lobbied the lawmakers. "We were trying to get rid of the sales tax on commercial leases but there was no sex appeal to that."

The biggest hurdle: the elimination would cut a $3 billion annual revenue stream out of the state budget, so that had to be addressed. The advocate decided to rebrand their effort to call for the discontinuation of a "business rent tax" (BRT) and that struck a nerve among state elected officials. "They started listening to us," Poteet says.

Powerful voices—such as the Florida Chamber, International Council of Shopping Centers, and Florida Realtors®—joined the movement to eliminate the tax.

From professional and medical offices to restaurants and merchants, Collier County has 18,990 small businesses that will be able to invest more into their companies, thanks to the repeal of the business rent tax. ABOVE: Fifth Avenue South thrives with locally owned establishments.

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— Tim Weisheyer, 2025 Florida Realtors® president

Starting in 2017, lawmakers began lowering the BRT incrementally from 6 percent down to 2 percent. In 2025, Florida House Bill 7031—which fully repealed the state and local sales taxes on commercial real estate leases—took effect. To compensate for the lost BRT revenue, the state is relying on internet sales taxes and tightening the budget to reduce spending, Weisheyer says. "This is a major step forward for Florida's economic development, and we want to thank Florida lawmakers for once again leading the way—not just for the real estate and business communities, but for the entire state," he says.

Toy Story

The tax break comes at the perfect time for Anthony Yapchanyk. He opened Vintage Toy World in Sarasota in June 2025 after working in information technology sales for more than three decades.

In March 2024, "I was laid off for the fourth time in 20 years. I always made a great living, but it seemed like every five years I lost my job and then it's six to eight months looking for work and you bleed through your savings and start over again," he laments.

He had long been an avid collector of vintage toys and had done well selling them at trade shows. After his last layoff, he raided his 401(k) and took out a home equity loan so he could open a 2,100-square-foot retail shop and sell his collection from a bricks-and-mortar storefront. "Think of *Star Wars*, *Transformers*, GI Joe, Barbie, My Little Pony, comic books, all of that kind of stuff," he says.

Soon, the business did well enough that he needed more storage, which had been in the shop and at remote lockers.

After calculating his savings from the elimination of the business rent tax, Yapchanyk rented another nearby space of the same square footage where he could store his wares. The expansion helped him to cut storage costs by 10 percent and because he has more retail room, "my sales this year have been up by 20 to 30 percent per month," he says. "My goal is ultimately to expand my retail footprint."