

Newly Enacted Florida State Laws Affecting Business Owners

Alert

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2025 FLORIDA LEGISLATIVE UPDATE

Florida has recently enacted a number of important business and tax provisions that materially affect many Florida businesses and their owners.

The most sweeping may be the shift toward enforcement of non-compete agreements, but the addition of series LLCs, removal of sales tax from commercial leases, and loosening of restrictions on decanting trusts should be of interest to business practitioners.

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EMPLOYMENT AGREEMENTS AND NON-COMPETE REFORM

Employee Agreements (CS/CS/CS/HB 1219 – Florida CHOICE Act)

The Contracts Honoring Opportunity, Investment, Confidentiality, and Economic Growth (CHOICE) Act was recently enacted and effective as of July 1, 2025. It creates a new legal framework for certain restrictive covenants in Florida and substantially increases employer business protections from employee departures.

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Rather than replacing the existing law, the CHOICE Act supplements Florida Statute § 542.335 and applies only to a specific category of “covered employees.”

- **Who Is Covered:**
 - The CHOICE Act applies only to “covered employees,” defined as individuals (including independent contractors) who:
 - Perform work primarily in Florida, or work for a business with its principal place of business in Florida and whose agreement is governed by Florida law.
 - Earn at least twice the annual mean wage of the relevant Florida county. Compensation includes base pay and certain non-cash benefits, but excludes items like severance, discretionary bonuses, and health benefits.
 - **Exemption:** The Act excludes licensed health care practitioners, who remain governed by Florida Statute § 542.335.
- **Key Provisions of the CHOICE Act:**
 1. **Extended Duration of Non-Competes:** Employers may now impose non-compete periods of up to four years. Further, no geographic restriction is required for enforceability.
 2. **Automatic Injunctive Relief:** Courts must automatically issue a preliminary injunction upon breach by a covered employee. Injunctions may only be lifted if the employee meets a high evidentiary threshold, proving:
 1. The role is not competitive, or no confidential info/customer data is used.
 2. The employer breached its own obligations under the agreement and failed to cure.
 3. The hiring business is not (and is not prepared to be) in competition.
 3. **Enforcement Against Third Parties:** Courts must also enjoin new employers or third parties who knowingly employ a covered employee in violation of a restrictive covenant.
 4. **Garden Leave Agreements:** The law also applies to “covered garden leave agreements,” which allow employers to pay employees during a post-employment period when they are not performing services. These arrangements can extend up to four years but must offset the enforceable non-compete duration day-for-day.
 5. In any action to enforce the CHOICE Act, the prevailing party is entitled to reasonable attorney fees and costs.
- **Strict Technical Compliance Required:** To benefit from the CHOICE Act, employers must meet the following criteria:

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1. The agreement must be executed on or after July 1, 2025.
2. The employee must be informed in writing of the right to seek legal counsel.
3. The agreement must acknowledge access to confidential info or customer relationships.
4. The employer must provide at least seven days' notice before the agreement takes effect or expires.
5. If garden leave applies, the non-compete term must be reduced accordingly.

TAXATION AND ECONOMIC DEVELOPMENT

Taxation (HB 7031)

Provides broad tax relief by repealing select taxes, expanding exemptions and credits, reforming property and local taxes, and updating tax administration:

- **Repeal of Commercial Rent Tax Effective Oct. 1, 2025:** The Florida Legislature has repealed Section 212.031 of the Florida Statutes, effectively eliminating the state sales tax on commercial real property rentals and license fees.
 - The repeal becomes effective Oct. 1, 2025, and will apply to office, retail, industry and all other non-residential leases previously subject to sales tax under the statute.
 - The legislation also eliminates the authority for local governments to levy discretionary surtaxes on commercial leases.
 - Important: The repeal is not retroactive. Commercial leases will remain subject to state and local sales tax through Sept. 30, 2025.
 - Commercial landlords and tenants should make sure to adjust rents moving forward.
- **Expansion of Data Center Tax Incentives:** Florida has extended and expanded its sales and use tax exemption for qualifying data centers under HB 7031. The exemption (in effect through Dec. 31, 2037) applies to purchases of eligible equipment and infrastructure used in large-scale data center operations. The power capacity threshold has increased from 15 megawatts to 100 megawatts. Developers and operators planning major data center projects in Florida should evaluate whether they can meet the new capacity and investment requirements to take advantage of this long-term tax savings opportunity.
- **Reforms to Property Tax Appeal Process:** HB 7031 enacts a series of reforms to Florida's Value Adjustment Board (VAB) system to streamline property tax appeals and improve taxpayer access. These changes include enhanced evidence-sharing rules, mandatory hearing notice deadlines, expanded access to remote hearings, and updated filing fees. The law also refines procedures around rescheduling, interest on overpayments, and court appeal timelines.

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1. **Improved Evidence Exchange:** Property appraisers must now provide petitioners with: (1) A list of evidence and documentation at least 15 days before the hearing (up from seven days); and (2) the property record card even without a formal evidence exchange request.
 2. **Expanded Access via Technology:** Petitioners can now appear via electronic communication (e.g., video conference) if they request at least 10 days in advance.
 3. **Stronger Timelines and Rescheduling Rules:** Hearing notices must be sent at least 25 days in advance; only one reschedule allowed per party, for "good cause" (newly defined).
- **Local Tax Reforms:** HB 7031 freezes local Communications Services Tax (CST) rate increases through Jan. 1, 2031, preventing municipalities and counties from raising CST rates during that period. The bill also expands the authorized uses of the Tourist Development Tax (TDT), allowing local governments to spend TDT revenue more broadly on tourism-related infrastructure and services. Additionally, the legislation authorizes local governing bodies to repeal or reduce local sales surtaxes by a two-thirds vote of the members, eliminating the need for a referendum. Finally, HB 7031 extends Florida's enterprise zone incentives through 2035, continuing targeted economic development support in designated areas.
 - **Charitable Trusts Exempt from Corporate Income Tax:** HB 7031 codifies an exemption from Florida's corporate income tax for certain charitable trusts. Under the new law, trusts that qualify as tax-exempt under section 501(c)(3) of the Internal Revenue Code and that operate exclusively for charitable purposes are expressly excluded from the definition of a "corporation" subject to tax in Florida.

Securities Regulation (CS/CS/HB 379)

The Securities and Investor Protection Act was amended to facilitate capital-raising for small businesses while tightening investor protections. The legislation broadens the definition of "institutional investor" to align with federal and model securities laws and removes certain federal "bad actor" disqualifications for private placements between institutional parties. It also clarifies that exempt institutional offerings will not be integrated with other offerings for purposes of determining dollar amount floors for exemptions but requires issuers to file notices under Florida's "Invest Local Exemption." The Financial Services Commission is directed to establish criteria for recognizing foreign securities exchanges for exemption purposes.

On the investor protection side, the bill extends the "hold harmless" period from 10 to 30 business days for firms that delay disbursements due to suspected financial exploitation of seniors or vulnerable adults.

Financial Institutions and Insurance (CS/HB 1549)

This legislation includes the removal of the "diligent effort" requirement in surplus lines insurance, allowing agents to bypass the admitted market search if they disclose that surplus lines policies lack regulatory approval.

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For money services businesses, the definition of “control person” has been narrowed, reducing licensing and reporting burdens for nonvoting shareholders.

The legislation also updates governance provisions for state-chartered credit unions, clarifies acquisition certification procedures, and aligns administrative timelines with current supervisory practices.

Series LLCs Will Be Available in Florida in 2026 (CS/SB 316)

Effective July 1, 2026, Florida law will allow the formation of protected series limited liability companies (series). Under this framework, a single Florida LLC may establish multiple protected series, each with its own members, managers, assets, and liabilities. While not separate legal entities, these protected series will be treated as distinct “persons” for purposes of liability and governance.

- **Liability Protections:** This legislation will introduce horizontal liability shields, insulating each protected series from the debts and obligations of the parent LLC and other series. Creditors of one series will not be able to reach the assets of another, provided the LLC maintains clear and contemporaneous records. To preserve this protection, each series must:
 - Precisely identify its assets to distinguish them from others.
 - Document the acquisition history of each asset.
 - Record the details of any internal transfers between the series or the LLC.
- Failure to maintain these records may expose a series to cross-liability and weaken the liability shield.

Uniform Commercial Code incorporation of Article 12 (CS/CS/HB 515) for Crypto and Other Digital Assets: This legislation updates Florida’s Uniform Commercial Code by incorporating the newly adopted Article 12. Article 12 establishes a comprehensive legal framework governing commercial contracts and financial transactions involving emerging technologies, including cryptocurrency, tokenized assets, and digital wallets. The update addresses issues such as the creation, transfer and perfection of security interests in these digital assets.

Rural Community Investment Program: Florida enacted the Rural Community Investment Program, which provides for up to \$35 million in tax credits to be issued by Dec. 31, 2040. The program commences on Nov. 1, 2025, and provides a 25% credit for equity investments in, or loans to, designated rural funds within the state of Florida, which can be claimed equally over a five-year period. Taxpayers who are unable to use the credits in the year they are earned may carry them forward for up to 10 years.

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TRUSTS, ESTATES AND WEALTH PLANNING

Updates on Trust Law (CS/CS/SB 262)

Trust Decanting via Amendment: This legislation changes existing Florida law substantially by explicitly permitting trustees to decant irrevocable trusts without being deemed as “settlers” through trust amendment.

Limitations on Fiduciary Lawsuits: This legislation limits the ability of fiduciaries to sue beneficiaries in cases where beneficiaries themselves are barred from bringing claims, reducing unnecessary litigation and potential conflicts within trust administration.

Ademption by Satisfaction: This legislation introduces a clear definition of “ademption by satisfaction,” requiring a written statement for any gifts made during the settlor’s lifetime that are intended to satisfy testamentary gifts.

Homestead Transfer to Community Property Trust will Not Cause Reassessment of Property Taxes: This legislation clarifies that transferring homestead property into a community property trust will not cause a reassessment of property taxes, thereby preserving important tax benefits for property owners.

Florida Trust Code (CS/CS/HB 1173)

Exclusive Enforcement Authority: This legislation gives the Florida Attorney General sole authority to enforce charitable trusts on behalf of the public. This means that only the Attorney General can bring legal actions if a charitable trust is mismanaged or its terms are violated.

Removal of Individual Enforcement Rights: Previously, individuals who could show a “special interest” in a charitable trust (such as donors, beneficiaries, or other concerned parties) were allowed to file lawsuits to enforce the trust’s terms. CS/CS/HB 1173 removes this right, preventing private individuals from initiating enforcement actions.

MISCELLANEOUS

Gulf of America (CS/HB 549)

This legislation requires Florida state agencies and schools to replace references to the “Gulf of Mexico” with “Gulf of America” in official materials.

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Update On Service of Process (CS/HB 157)

This legislation updates Florida's service of process laws by expanding the required availability hours for registered agents, ensuring they keep their registered office open for longer periods to facilitate easier service. Additionally, the bill clarifies and expands the use of substituted service, allowing legal documents to be served via the Secretary of State in specified situations (such as when parties cannot be located) while making clear that the Secretary of State is not a party to the lawsuit and should not receive further filings.

For more information on Florida's recent legislative updates impacting businesses, taxation and trusts, please contact [Stephen Putnoki-Higgins](#), [Harry Teichman](#), [Marc Weintraub](#) or the Stinson LLP contact with whom you regularly work.

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