

Revenue Sources Tax Operating Funds

The tax operating funds include the combined revenues of the General Fund; Utility Tax Fund; Guaranteed Entitlement Fund; Cable Communications Fund; Local Option Gas Tax Fund; Occupational License Fund; Capital Improvement Projects Fund; Community Investment Tax Fund; and the Transportation Impact Fee Fund. The major services these funds provide include: public safety, public works, parks and recreation, central government, capital equipment and vehicles, capital improvement projects, debt service, and cable television regulation.

Estimates are based on revenue trends; known changes in rates; property appraiser figures; State Estimating Conference figures; and use of other methods as appropriate. Narratives and tables of major tax operating revenues reflecting actual and estimated collections and percent changes since FY02 are provided below:

GENERAL FUND

Taxes and Franchise Fees

Taxes and franchise fees total approximately \$135.4 million, of which property taxes and electric franchise fees are the major revenue sources and account for 98% of all taxes/franchise fees budgeted and 47% of the General Fund budget.

- **Property Taxes**

The FY04 property tax estimate of \$113.0 million represents an increase of \$8.5 million or 8.1% above the FY03 projection of \$104.5 million and includes further adjustments for payment of delinquent taxes, \$0.3 million, and estimated uncollectable taxes, <\$0.7> million, due to pending litigation. Initial FY04 ad valorem revenue, \$113.4 million, is based on:

- Assessed property valuations of \$18.26 billion;
- Collection of 95% of the tax levy; and
- Millage rate levied at 6.539 mills (1 mill equals \$1 per \$1,000 of assessed value).

	FY02 ACTUAL	FY03 BUDGET (Millions)	FY03 PROJECTION	FY04 BUDGET
Property Taxes	\$ 97.7	\$104.5	\$104.5	\$113.0
Change from Prior Year	9.7%	7.0%	7.0%	8.1%

- **Franchise Fees**

Franchise fees are levied against electric and gas companies conducting business within the boundaries of Tampa. Rates are 4.6% for electric and 5% on gas services. FY03 electric franchise fee revenue is projected at \$19.8 million, 3.7% over FY02 actual,

primarily due to a steady demand for electrical services. FY04 revenues are budgeted at \$20.2 million or 2.0% over FY03 projected reflecting continued modest growth.

	FY02 ACTUAL	FY03 BUDGET (Millions)	FY03 PROJECTION	FY04 BUDGET
Electric Franchise Fees	\$ 19.1	\$ 18.7	\$ 19.8	\$ 20.2
Change from Prior Year	9.4%	(2.1%)	3.7%	2.0%

Licenses and Permits

Generally, licenses are taxes paid by individuals or companies for the right to engage in certain businesses, occupations and/or professions. Permits are usually one-time application fees to help offset the cost of providing City services involving zoning or regulated trades where inspections/review are required by state statute or local ordinance to ensure that the public's safety and interests are protected. Typical permits and fees charged are those for construction activities related to building, electrical, mechanical, and plumbing work as well as requests for new zoning applications or changes.

Building permits and fees make up almost the entire \$4.6 million budgeted in FY04 for license and permit revenues. This reflects a modest increase over FY03 projected revenue of \$4.5 million anticipating slower growth in new construction.

	FY02 ACTUAL	FY03 BUDGET (Millions)	FY03 PROJECTION	FY04 BUDGET
Building Permits	\$ 4.7	\$ 5.0	\$ 4.5	\$ 4.6
Change from Prior Year	(2.1%)	6.4%	(4.3%)	2.2%

Occupational license funds of \$9.5 million are directed to a special revenue fund for debt purposes, with \$2.7 million being returned to the General Fund in the form of a transfer (see General Fund Transfers section and Occupational License Tax Revenue Fund).

Intergovernmental Revenues

Intergovernmental revenues represent various taxes that are authorized and collected by the state and shared with local governments. This category also includes funds from: federal and state grants; agreements with other local governments; and Payment in Lieu of Franchise Fees (PILOF) and Taxes (PILOT) from Tampa's enterprise funds for compensation of various tax supported services similar to payments made by private sector entities. FY04 Sales Tax and State Revenue Sharing budgeted revenues are based on state estimates.

• **Sales Taxes**

State legislation allows local governments to share revenues equal to 1/2 cent of sales taxes collected in their counties. In FY04, Sales tax revenues are expected to decrease (0.8%) over a projected \$26.0 million in FY03. Recent Florida legislative changes (House Bill 113-A and Senate Bill 12-A) reduced the percentage of state sales taxes receipts distributed to municipalities and counties from the Local Government Half-Cent Sales Tax Program and increased the distribution percentage to cities from Municipal Revenue Sharing Program. Though intended to be revenue neutral, the City is anticipating an overall net loss of \$0.2 million mainly due to differences in allocation methodologies between the two programs.

	FY02 ACTUAL	FY03 BUDGET (Millions)	FY03 PROJECTION	FY04 BUDGET
Sales Taxes	\$ 25.6	\$ 26.2	\$ 26.0	\$ 25.8
Change from Prior Year	4.1%	2.3%	1.6%	(0.8%)

• **State Revenue Sharing**

These revenues represent distributions from the state’s municipal revenue sharing trust fund, which is, comprised primarily (64.8%) of a portion of state-wide sales tax collection and secondarily (35.2%) of one-cent municipal fuel taxes collected state-wide. FY04 State Revenue Sharing budgeted in the General Fund, \$4.0 million, is net after deposits of \$4.9 million to the Guaranteed Entitlement Fund to meet bond requirements. An increase of \$0.2 million over FY03 is due to Florida legislation changes previously discussed under Sales Taxes.

	FY02 ACTUAL	FY03 BUDGET (Millions)	FY03 PROJECTION	FY04 BUDGET
State Revenue Sharing	\$ 3.7	\$ 3.8	\$ 3.8	\$ 4.0
Change from Prior Year	5.7%	2.7%	2.7%	5.3%

• **Payment in Lieu of Franchise Fees/Taxes (PILOF)/(PILOT)**

PILOT revenues are based on current millage times 75% of prior year total Enterprise Funds’ capitalized plant and property fixed assets. PILOF revenues are based on 4.2% of prior year’s total Enterprise Funds’ operating revenues. Enterprise Fund payments in lieu of franchise fees and property taxes reflect an overall increase of \$1.8 million or 15.3% due primarily to facilities expansion (\$1.2 million) and Water and Solid Waste rate increases (\$0.6 million).

	FY02 ACTUAL	FY03 BUDGET (Millions)	FY03 PROJECTION	FY04 BUDGET
PILOF/PILOT	\$ 11.5	\$ 11.8	\$ 11.8	\$ 13.6
Change from Prior Year	0.9%	2.6%	2.6%	15.3%

Charges for Services

Approximately \$20.1 million is budgeted in FY04 for various services provided by General Fund departments. Of this, public safety services, \$13.3 million, account for 66% of total charges for services revenue. Types of public safety services provided include \$2.7 million for City-wide emergency medical service (EMS) coverage; \$2.8 million for fire protection/EMS at Tampa International Airport; and \$5.5 million for security services by off-duty police officers. Charges relating to use of Tampa’s convention center account for another \$4.5 million for FY04. FY03 projected and FY04 budgeted revenues are based on department estimates and trend analysis.

	FY02 ACTUAL	FY03 BUDGET (Millions)	FY03 PROJECTION	FY04 BUDGET
Charges for Services:				
Police	\$ 7.5	\$ 6.9	\$ 7.1	\$ 6.9
Fire	6.0	6.1	5.9	6.4
Convention Center	5.6	4.3	5.0	4.5
Total Charges for Svcs.	\$ 19.1	\$ 17.3	\$ 18.0	\$ 17.8
Change from Prior Year	3.2%	(9.4%)	(5.8%)	(1.1%)

Fines and Forfeitures

Overall, \$3.1 million is budgeted for FY04 representing fines and penalty revenues received arising from the commission of statutory offenses within Tampa municipal limits; code enforcement penalties; and violations of other local ordinances. Of this, funds from civil penalties and traffic infractions are \$2.5 million, accounting for 81% of total fines and forfeitures. FY04 estimates are based on department estimates and historical collections over the last two fiscal years.

	FY02 ACTUAL	FY03 BUDGET (Millions)	FY03 PROJECTION	FY04 BUDGET
Fines & Civil Penalties	\$ 2.3	\$ 2.4	\$ 2.4	\$ 2.5
Change from Prior Year	(17.9%)	4.3%	4.3%	4.2%

Interest Earnings

This is primarily interest earned on the General Fund’s portion of the City’s overall pooled cash account. FY04 revenue projections are the same as FY03 as interest rates are expected to remain static over the next year.

	FY02 ACTUAL	FY03 BUDGET (Millions)	FY03 PROJECTION	FY04 BUDGET
Interest Earnings	\$ 4.6	\$ 4.4	\$ 4.4	\$ 4.4
Change from Prior Year	(11.5%)	(4.3%)	(4.3%)	0.0%

Transfers and Other Financing Sources

Main transfers to the General Fund in FY04 include the following:

- \$35.9 million from the Utility Tax Fund to compensate the General Fund for State Revenue Sharing funds used to finance the Performing Arts Center; an equitable share of communications services taxes that replace telecommunication franchise fees; and to support general operations.
- \$2.7 million from the Occupational License Tax Fund representing funds in excess of debt service requirements for the Florida Aquarium.
- \$3.3 million from various trust and agency and special purpose accounts.

UTILITY TAX CAPITAL FUND

The major revenue sources for the Utility Tax Capital Fund is the communications services tax and electric, water and gas utility taxes. Utility tax rates for electric, water and gas services are 10%. Telecommunication and cable franchise fees and utility taxes that were collected locally have been replaced by a communications services tax via the passage of the Communications Services Tax Simplification law in 2001.

• Communications Services Tax

Communications services taxes are budgeted at \$26.8 million in FY04. Total revenue is based on a state estimate of \$29.2 million less a reserve of <\$2.4> million or 8.3%. Decreasing revenues first noted during FY03 are anticipated to continue through FY04 due to the uncertainties persisting in the telecommunication industry and to reflect potential Florida State Department of Revenue distribution adjustments. Portions of this tax are transferred to the General Fund (\$1.4 million) and Cable Communications Fund (\$2.4 million) to replace franchise fee revenues previously collected under the old tax structure.

	FY02 ACTUAL	FY03 BUDGET (Millions)	FY03 PROJECTION	FY04 BUDGET
Communications Svcs. Tax	\$ 31.8	\$ 31.6	\$ 28.4	\$ 26.8
Change from Prior Year	26.2%	(0.6%)	(10.7%)	(5.6%)

• Electric Utility Tax

Electric utility taxes are expected to increase approximately 1.5% primarily due to steady growth in the New Tampa area.

	FY02 ACTUAL	FY03 BUDGET (Millions)	FY03 PROJECTION	FY04 BUDGET
Electric Utility Taxes	\$ 25.1	\$ 25.0	\$ 25.9	\$ 26.3
Change from Prior Year	2.0%	(0.4%)	3.2%	1.5%

• Water Utility Tax

FY04 water utility taxes are budgeted at \$2.7 million, slightly above the FY03 projection of \$2.6 million mostly due to increased usage as the New Tampa area continues to develop.

	FY02 ACTUAL	FY03 BUDGET (Millions)	FY03 PROJECTION	FY04 BUDGET
Water Utility Taxes	\$ 2.7	\$ 2.6	\$ 2.6	\$ 2.7
Change from Prior Year	17.4%	(3.7%)	(3.7%)	3.8%

GUARANTEED ENTITLEMENT STATE REVENUE SHARING FUND

State shared revenues based on state estimates will total approximately \$8.9 million for FY04. Of this, \$4.9 million is budgeted in the Guaranteed Entitlement State Revenue Sharing Fund for Performing Arts Center debt service requirements with the remaining proceeds, \$4.0 million, budgeted in the General Fund (see General Fund - State Shared Revenues section).

CABLE COMMUNICATIONS FUND

Other financing sources constitute \$2.6 million, or 90%, of Cable Communications Fund's total budgeted revenues of \$2.9 million for FY04. A transfer from the Utility Tax Capital Fund of \$2.2 million (net of revenue reserve of \$0.2 million) represents the Fund's proportionate (13.5%) share of communications services taxes (see Utility Tax Capital Fund - Communications Services Tax section). This replaces cable revenues previously collected as franchise fees under the old tax rate structure. Interest earnings of \$0.3 million and a transfer from Cable-Franchise Fee fund balance of \$0.4 million make up the balance of revenues and other financing sources budgeted for FY04.

LOCAL OPTION GAS TAX REVENUE FUND

Local option gas taxes of 6 cents per gallon are collected on the sale of motor and diesel fuel within Hillsborough County. Taxes are collected by the state and deposited in the Local Option Fuel Tax Trust Fund. Individual county tax receipts are divided amongst county and local municipal entities via a population based distribution formula. City of Tampa's share of local option gas taxes has remained static as its relative proportion of population comparative to Hillsborough County's has decreased over recent years. Proceeds from this tax are used to fund various transportation projects (\$6.7 million) and Gas Tax bond debt service requirements (\$3.6 million).

	FY02 ACTUAL	FY03 BUDGET (Millions)	FY03 PROJECTION	FY04 BUDGET
Local Option Gas Taxes	\$ 10.5	\$ 10.0	\$ 10.0	\$ 10.0
Change from Prior Year	5.0%	(4.8%)	(4.8%)	0.0%

STORMWATER FUND

Contributions from the General Fund (\$6.5 million) and the Utility Tax Capital Fund (\$3.8 million) represent 99% of Stormwater's total revenues of \$10.4 million. The General Fund portion will support personnel and operating costs, while the Utility Tax transfer will fund FY04 capital improvement construction projects. Public hearings will be held in September, 2003 to adopt a stormwater utility assessment to create a dedicated funding source to help provide for future operational and capital project requirements.

OCCUPATIONAL LICENSE TAX REVENUE FUND

Occupational license revenues are taxes paid by individuals or businesses for the right to engage in certain trades, professions and occupations. FY04 budgeted revenues total \$9.5 million and represent 1.1% growth over FY03 projection. These funds are obligated to pay for Florida Aquarium debt service requirements with the remainder returned to the General Fund (see General Fund - Licenses/Permits and Transfers sections).

	FY02 ACTUAL	FY03 BUDGET (Millions)	FY03 PROJECTION	FY04 BUDGET
Occupational Licenses	\$ 9.5	\$ 9.5	\$ 9.4	\$ 9.5
Change from Prior Year	2.2%	0.0%	(1.1%)	1.1%

UTILITY TAX CAPITAL IMPROVEMENT PROJECTS FUNDS

Other financing sources constitute all of the Utility Tax Capital Improvement Projects Fund's total revenues of \$10.4 million. These are used primarily to fund capital improvement construction projects. Transfers from other City funds include: Utility Tax Capital Fund \$7.9 million; Cable Communications Fund \$0.5 million; University of South Florida Shuttle trust and agency \$0.4 million; and Ybor tax increment financing funds of \$1.4 million and \$0.2 million in aid in construction funding from tourist development taxes.

COMMUNITY INVESTMENT TAX (CIT) FUND

FY04 community investment tax revenues are \$12.3 million and represents 86% of revenues. A transfer from fund balance accounts for the remaining 14%, or \$2.0 million of total \$14.3 million of revenue budgeted. This is a 1/2 cent local option sales tax that was approved by county-wide referendum on September 3, 1996. Major uses of these funds are: capital improvement projects - \$5.8 million; vehicle replacement - \$4.5 million; and debt service - \$4.0 million. FY04 budgeted revenues are based on state estimates.

	FY02 ACTUAL	FY03 BUDGET (Millions)	FY03 PROJECTION	FY04 BUDGET
Community Investment Taxes	\$ 12.4	\$ 12.7	\$ 12.7	\$ 12.3
Change from Prior Year	0.0%	2.4%	2.4%	(3.1%)

TRANSPORTATION IMPACT FEE CONSTRUCTION FUND

Ordinance No. 9362A, passed in 1986, imposes impact fees on land development in the City. Revenues are used to provide for roads and related facilities necessitated by new development. Revenues will vary annually dependent upon approved development projects. For FY04, \$5.9 million of revenue is budgeted to support various transportation projects. Major projects include improvements to the Westshore area and Lois and Tampa Bay Boulevard intersections (\$2.1 million) and 40th Street and Manhattan: Gandy/Euclid roadway improvements (\$2.1 million).