

Questions and Answers

Q: What is the purpose of the city budget?

A: The budget is an annual financial plan for the City of Tampa. It specifies the level of municipal services to be provided in the coming year. It reflects the policies and priorities set by the mayor and city council.

Q: How and when is the budget prepared?

A: Each spring city departments make their plans and needs for the coming year known to the mayor. The mayor then submits the recommended budget to city council. Council reviews the budget, holds public hearings to obtain citizen input and then adopts the final budget along with ordinances setting the property taxes required to fund the budget.

Q: Where does the city obtain its revenues?

A: From local, state, and federal taxes, fees, licenses and payments for municipal services such as water, wastewater and solid waste collection.

Q: How is the money used?

A: It is used to pay for salaries, equipment, supplies, capital improvements and debt service needed to provide fire and police protection, water, wastewater, solid waste collection and other municipal services specified in the city budget.

Q: What is a mill of tax?

A: One mill is equal to \$1.00 for each \$1,000 of assessed property value. City property taxes on a \$75,000 home, with a \$25,000 homestead exemption and millage rate of 10, would be \$500.

Assessed Value	\$ 75,000
Less homestead exemption	<u>25,000</u>
Net taxable value	\$ 50,000
	÷ 1,000 = \$50
	<u> x 10</u> Millage
	<u>\$ 500</u> Property Tax

Q: What is property tax?

A: When the city adopts its annual budget, it determines the tax rate that must be applied on property in order to generate the necessary general fund revenue. The estimated tax rate (millage) in the City of Tampa recommended FY06 budget is 6.539 mills or \$6.539 per \$1,000 of taxable value. The Hillsborough County Property Appraiser establishes the taxable value of all property within the city. If your home is valued at \$75,000 and you have a \$25,000 homestead exemption,

you pay tax on the remaining \$50,000. In this example, your taxes paid to the city would be \$326.95, (50 x 6.539 mills).

Q: How much of the total 2004 millage on property in Tampa was paid to the city?

A: Only 6.539 mills of the 24.7814 mills levied for tax year 2005 was paid to the city. Using an example of a \$75,000 home with a \$25,000 homestead exemption, tax was paid on \$50,000 x 24.7814 mills, or \$1,239.07 of ad valorem tax; \$326.95 went to the city (26% of the total tax); and the remainder went to Hillsborough County, Hillsborough County School Board, Water Management District, etc.

Q: What is the difference between ad valorem tax and property tax?

A: There is no difference between ad valorem tax and property tax. They are different names for the same tax.

Q: What is an operating budget?

A: An operating budget is an annual financial plan for recurring expenditures such as salaries, utilities and supplies.

Q: What is a capital improvement budget?

A: A capital improvement budget is a long-range plan for the construction of physical assets such as buildings, streets and sewers.

Q: What is a tax operating fund?

A: A tax operating fund receives its money from the city's general revenues, such as property taxes. Police and fire protection are examples of services provided through a tax operating fund.

Q: What is a revenue or enterprise fund?

A: A revenue or enterprise fund earns its own revenues by charging patrons for municipal services. The water department is an example of an enterprise fund. It generates revenues by billing its customers for the water they use.

Q: What is a budget appropriation?

A: A budget appropriation is a specific amount of money that has been approved for use in a particular manner by city council.

Q: Why doesn't the city add an income tax to generate additional revenue?

A: The city charter and the laws of the State of Florida prohibit the levying of such taxes by cities.

Q: What is the difference between recurring and non-recurring revenues?

A: Recurring revenue is income from sources which continue from year to year, where a similar amount can be expected annually. Property taxes and franchise fees are examples of recurring revenue. Non-recurring revenues are those that exist only for a limited period of time, or whose amounts vary considerably from one year to the next. Examples of non-recurring revenues include surplus land sales and "one-time" grants.