

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 FY01 are provided below:

GENERAL FUND

Taxes and Franchise Fees

Taxes and franchise fees total approximately \$125.6 million, of which property taxes and electric franchise fees are the major revenue sources and accounting for 98% of all taxes/franchise fees budgeted and 47% of the General Fund budget.

- **Property Taxes**

The FY03 property tax estimate of \$104.5 million represents an increase of \$8.1 million or 8.4% above the FY02 projection of \$96.4 million. It includes further adjustments for payment of delinquent taxes, \$0.3 million, and estimated uncollectable taxes, <\$0.7> million, due to pending litigation. Initial FY03 ad valorem revenue, \$104.9 million, is based on:

- Assessed property valuations of \$16.89 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).

	FY01 ACTUAL	FY02 BUDGET (Millions)	FY02 PROJECTION	FY03 BUDGET
Property Taxes	\$ 89.1	\$ 96.4	\$ 96.4	\$104.5
Change from Prior Year	13.2%	8.2%	8.2%	8.4%

- **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. FY02 electric franchise fee revenue is projected at \$18.6 million or 6.3% over FY01

actual resulting from a 9% fuel adjustment charge to customer billings and higher demand for electrical services. FY03 revenues are budgeted at \$18.7 million or 0.5% over FY02 projected due to current uncertainties in the economy that may result in lower growth.

	FY01 ACTUAL	FY02 BUDGET (Millions)	FY02 PROJECTION	FY03 BUDGET
Electric Franchise Fees	\$ 17.5	\$ 16.5	\$ 18.6	\$ 18.7
Change from Prior Year	9.4%	(5.7%)	6.3%	0.5%

Licenses and Permits

Generally, licenses are taxes paid by individuals or companies for the right to engage in certain businesses, occupations and professions. Permits are usually one-time application fees to help offset the cost of providing City services involving zoning or regulated trades where inspections/reviews 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 such 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 \$4.4 million budgeted in FY03 for license and permit revenues. This reflects a modest increase over FY02 projected revenue of \$4.3 million in anticipation of slower growth in new construction.

	FY01 ACTUAL	FY02 BUDGET (Millions)	FY02 PROJECTION	FY03 BUDGET
Building Permits	\$ 4.1	\$ 4.2	\$ 4.3	\$ 4.4
Change from Prior Year	2.5%	2.4%	4.9%	2.3%

Occupational license funds of \$9.5 million are directed to a special revenue fund for debt purposes, with \$5.1 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 state and shared with local governments. This category also includes funds from: federal and state grants; agreements with other local governments; and Payments 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. FY03 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 FY03, Sales tax revenues are expected to increase 4.4% over a projected \$25.1 million in FY02.

	FY01 ACTUAL	FY02 BUDGET (Millions)	FY02 PROJECTION	FY03 BUDGET
Sales Taxes	\$ 24.6	\$ 25.6	\$ 25.1	\$ 26.2
Change from Prior Year	0.4%	4.1%	2.0%	4.4%

• **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 statewide sales tax collection and secondarily of (35.2%) of one-cent municipal fuel taxes collected statewide. FY03 State Revenue Sharing budgeted in the General Fund, \$3.8 million, is net after deposits of \$4.9 to the Guaranteed Entitlement Fund to meet bond requirements.

	FY01 ACTUAL	FY02 BUDGET (Millions)	FY02 PROJECTION	FY03 BUDGET
State Revenue Sharing	\$ 3.5	\$ 3.7	\$ 3.3	\$ 3.8
Change from Prior Year	16.7%	5.7%	(5.7%)	15.2%

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

Enterprise Fund payments in lieu of franchise fees and property taxes reflect an overall increase of 2.6%. PILOF 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.

	FY01 ACTUAL	FY02 BUDGET (Millions)	FY02 PROJECTION	FY03 BUDGET
PILOF/PILOF	\$ 11.4	\$ 11.5	\$ 11.5	\$ 11.8
Change from Prior Year	1.8%	0.9%	0.9%	2.6%

Charges for Services

Approximately \$19.4 million is budgeted in FY03 for various services provided by General Fund departments. Of this, public safety services, \$13.0 million, account for nearly 70% of total charges for services revenue. Types of public safety services provided include \$2.7 million for Citywide 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 \$4.3 million for FY03. FY02 projected and FY03 budgeted revenues are based on department input and trend analysis.

	FY01 ACTUAL	FY02 BUDGET (Millions)	FY02 PROJECTION	FY03 BUDGET
Charges for Services:				
Police	\$ 7.2	\$ 5.5	\$ 5.8	\$ 6.9
Fire	5.8	6.0	5.8	6.1
Convention Center	5.5	5.6	4.9	4.3
Total Charges for Svcs.	\$ 18.5	\$ 17.1	\$ 16.5	\$ 17.3
Change from Prior Year	7.6%	(7.6%)	(10.8%)	4.8%

Fines and Forfeitures

Represents fines and penalty revenues received arising from the commission of statutory offenses within Tampa municipal limits, code enforcement penalties, and violation of other local ordinances. Of this, funds from civil penalties and traffic infractions are \$2.4 million, accounting for 82% of total fines and forfeitures revenue. FY03 estimates are based on historical collections over the last two fiscal years excluding one-time occurrences.

	FY01 ACTUAL	FY02 BUDGET (Millions)	FY02 PROJECTION	FY03 BUDGET
Fines & Civil Penalties	\$ 2.8	\$ 2.3	\$ 2.3	\$ 2.4
Change from Prior Year	27.3%	(17.9%)	(17.9%)	4.3%

Interest Earnings

This is primarily interest earned on the General Fund’s portion of the City’s overall pooled cash account. Revenue projections are based on trend analysis and declining interest rates over the last year.

	FY01 ACTUAL	FY02 BUDGET (Millions)	FY02 PROJECTION	FY03 BUDGET
Interest Earnings	\$ 5.2	\$ 4.5	\$ 4.3	\$ 4.4
Change from Prior Year	15.6%	(13.5%)	(17.3%)	2.3%

Transfers and Other Financing Sources

Main transfers to the General Fund in FY03 include the following:

- \$34.7 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.
- \$5.1 million from the Occupational License Tax Fund representing funds in excess of debt service requirements for the Florida Aquarium.
- \$2.9 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 budget at \$31.6 million in FY03. Total revenue is based on state estimates less a revenue reserve of <\$2.8> million or 8.3% due to the uncertainty of future distribution caused by current volatility of the telecommunication industry. Portions of this tax are transferred to the General Fund (\$1.7 million) and Cable Communications Fund (\$2.9 million) to replace franchise fee revenues previously collected under the old tax structure. Prior year telecommunication and cable franchise fees and utility taxes data have been combined for comparative purposes:

	FY01 ACTUAL	FY02 BUDGET (Millions)	FY02 PROJECTION	FY03 BUDGET
Communications Svcs. Tax	\$ 25.2	\$ 30.0	\$ 31.0	\$ 31.6
Change from Prior Year	2.9%	19.0%	23.0%	1.9%

• Electric Utility Tax

Electric utility taxes are expected to increase approximately 1% primarily due to steady growth in power consumption.

	FY01 ACTUAL	FY02 BUDGET (Millions)	FY02 PROJECTION	FY03 BUDGET
Electric Utility Taxes	\$ 24.6	\$ 24.0	\$ 24.8	\$ 25.0
Change from Prior Year	5.6%	(2.4%)	0.8%	0.8%

• Water Utility Tax

FY03 water utility taxes are budgeted at \$2.6 million. Revenue increases of 8.7% in FY02 projected and 4.0% in FY03 result from restructured water rates implemented in FY02 and continued increased demands for water.

	FY01 ACTUAL	FY02 BUDGET (Millions)	FY02 PROJECTION	FY03 BUDGET
Water Utility Taxes	\$ 2.3	\$ 2.3	\$ 2.5	\$ 2.6
Change from Prior Year	(4.2%)	0.0%	8.7%	4.0%

GUARANTEED ENTITLEMENT STATE REVENUE SHARING FUND

State shared revenues based on state estimates will total approximately \$8.7 million for FY03. 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, \$3.8 million, budgeted in the General Fund (see General Fund - State Shared Revenues section).

CABLE COMMUNICATIONS FUND

Transfers from Utility Tax Capital Fund and fund balance constitute \$3.0 million, or 91%, of Cable Communications Fund's total budgeted revenues of \$3.3 million for FY03. A transfer from the Utility Tax Capital Fund of \$2.6 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 fund balance of \$0.4 million make up the balance of revenues and other financing sources budgeted for FY03.

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 (\$6.3 million) and Gas Tax bond debt service requirements (\$3.5 million).

	FY01 ACTUAL	FY02 BUDGET (Millions)	FY02 PROJECTION	FY03 BUDGET
Local Option Gas Taxes	\$ 10.0	\$ 10.2	\$ 9.9	\$ 10.0
Change from Prior Year	(3.8%)	2.0%	(1.0%)	1.0%

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. FY03 budgeted revenues total \$9.5 million and represent 0% growth over FY02 projection primarily over uncertainty of the economy. 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).

	FY01 ACTUAL	FY02 BUDGET (Millions)	FY02 PROJECTION	FY03 BUDGET
Occupational Licenses	\$ 9.3	\$ 9.5	\$ 9.5	\$ 9.5
Change from Prior Year	6.9%	2.2%	2.2%	0.0%

UTILITY TAX CAPITAL IMPROVEMENT PROJECTS FUNDS

Transfers from other funds constitute \$15.4 million, 99%, of the Utility Tax Capital Improvement Projects Fund's total revenues of \$15.6 million. These are used primarily to fund capital improvement construction projects. Transfers from other City funds include: Utility Tax Capital Fund \$13.2 million; Cable Communications Fund \$0.5 million; University of South Florida Shuttle trust and agency \$0.6 million; and Ybor tax increment financing funds of \$1.1 million.

COMMUNITY INVESTMENT TAX (CIT) FUND

FY03 community investment tax revenues are \$12.7 million and represents 90% of total revenues. A transfer from fund balance accounts for the remaining 10%, or \$1.5 million of total \$14.2 million of revenue budgeted. This is a 1/2 cent local option sales tax that was approved by countywide referendum on September 3, 1996. Major uses of these funds are: capital improvement projects - \$5.4 million; vehicle replacement - \$4.8 million; and debt service - \$4.0 million. FY03 budgeted revenues are based on state estimates.

	FY01 ACTUAL	FY02 BUDGET (Millions)	FY02 PROJECTION	FY03 BUDGET
Community Investment Taxes	\$ 12.4	\$ 11.7	\$ 11.7	\$ 12.7
Change from Prior Year	14.8%	(5.6%)	(5.6%)	8.5%

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 FY03, \$8.5 million of revenue is budgeted to support various transportation projects (\$5.1 million) and improvements to International Plaza Drive (\$3.4 million).