

# Revenue Sources Tax Operating Funds

The tax operating funds include the combined revenues of the General Fund; Utility Tax Fund; Guaranteed Entitlement Fund; Cable Communication Fund; Local Option Gas Tax Fund; Stormwater 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; Florida Department of Revenue Office of Research and Analysis estimates; and use of other methods as appropriate. Narratives and tables of major tax operating revenues reflecting actual and estimated collections and percent changes since FY03 are provided below:

## GENERAL FUND

### Taxes and Franchise Fees

Taxes and franchise fees total approximately \$144.9 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 overall General Fund budget.

- **Property Taxes**

The FY05 property tax estimate of \$121.5 million represents an increase of \$8.6 million or 7.6% above the FY04 projection of \$112.9 million. It includes further adjustments for payment of delinquent taxes, \$0.3 million, and estimated uncollectable taxes, (\$0.5) million, due to pending litigation. Strong demand for new and existing homes and a resilient local economy continues to generate steady growth in property values. Initial FY05 ad valorem revenue, \$121.7 million, is based on:

- Assessed property valuations of \$19.6 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).

	FY03 ACTUAL	FY04 BUDGET	FY04 PROJECTION	FY05 BUDGET
	(Millions)			
Property Taxes	\$ 105.2	\$ 113.0	\$ 112.9	\$ 121.5
Change from Prior Year	7.7%	7.4%	7.3%	7.6%

- **Franchise Fees**

Franchise fees are levied against electric and gas companies conducting business within the boundaries of Tampa. Rates are applied on a company's gross monthly revenue at 4.6% for

electric and 5% on gas service. FY04 electric franchise fee revenue is projected at \$20.8 million, 4.0% over FY03 actual, primarily due to a steady demand for electrical services and rising oil costs resulting in higher fuel adjustment charges. FY05 revenues are budgeted at \$21.2 million or nearly 2.0% over FY04 projected reflecting continued modest growth.

	FY03 ACTUAL	FY04 BUDGET	FY04 PROJECTION	FY05 BUDGET
	(Millions)			
Electric Franchise Fees	\$ 20.0	\$ 20.2	\$ 20.8	\$ 21.2
Change from Prior Year	4.7%	1.0%	4.0%	1.9%

### 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 \$5.0 million budgeted in FY05 for license and permit revenues. This reflects a modest increase over FY04 projected revenue of \$4.9 million anticipating construction activity to remain at current levels.

	FY03 ACTUAL	FY04 BUDGET	FY04 PROJECTION	FY05 BUDGET
	(Millions)			
Building Permits	\$ 4.9	\$ 4.6	\$ 4.9	\$ 5.0
Change from Prior Year	4.3%	(6.1%)	0.0%	2.0%

Occupational license funds of \$9.9 million are directed to a special revenue fund for debt purposes, with \$6.5 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. FY05 Sales Tax and State Revenue Sharing budgeted revenues are based on estimates provided by the Florida Department of Revenue Office of Research and Analysis.

• **Sales Taxes**

State legislation allows local governments to share revenues equal to 1/2 cent of the six cents of sales taxes collected in their counties via Local Government Half-cent Sales Tax Program. The FY05 sales tax estimate is \$25.4 million and will represent the first full fiscal year of collections since the implementation of revision seven to Article V of the Florida Constitution allocating state court system funding between the state and local jurisdictions. These revisions reduced the percentage of state sales taxes receipts distributed to municipalities and counties from 9.563% to 8.814% and increased the distribution percentage to municipalities from the Municipal Revenue Sharing Program in order to hold cities harmless. Though Senate Bill 2962 corrected most of the formula inequities from the original 2003 legislation, projected gains from municipal revenue sharing (\$2.1 million) will fall short of estimated sales tax revenues lost (\$2.5 million) by approximately \$400,000. This is mainly due to differences in allocation methodologies between the two programs.

	FY03 ACTUAL	FY04 BUDGET (Millions)	FY04 PROJECTION	FY05 BUDGET
Sales Taxes	\$ 25.9	\$ 25.8	\$ 26.7	\$ 25.4
Change from Prior Year	1.2%	(0.4%)	3.1%	(4.9%)

• **State Revenue Sharing**

These revenues represent distributions from the state's municipal revenue sharing trust fund, which for FY05 is projected to be comprised primarily of a portion of sales tax (70.4%) and one-cent municipal fuel taxes (29.1%) collected statewide. Effective July 1, 2004, the percentage of state sales tax deposited for municipal revenue sharing increased from 1.0715% to 1.3409%. FY05 State Revenue Sharing revenue estimate, \$6.1 million, is net after deposits of \$4.9 million to the Guaranteed Entitlement Fund to meet Performing Arts Center bond requirements. An increase of \$2.1 million over FY04 is due to Florida legislation changes previously discussed under Sales Taxes.

	FY03 ACTUAL	FY04 BUDGET (Millions)	FY04 PROJECTION	FY05 BUDGET
State Revenue Sharing	\$ 3.7	\$ 4.0	\$ 4.0	\$ 6.1
Change from Prior Year	0.0%	8.1%	8.1%	52.5%

• **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 \$153,000 or 0.7%. This is primarily due to an increase in PILOT, \$219,600, mainly from increased FY03 water and wastewater department capital assets. This is offset by a decrease in PILOF, (\$66,600), due to lower than projected FY03 water and wastewater revenues.

	FY03 ACTUAL	FY04 BUDGET (Millions)	FY04 PROJECTION	FY05 BUDGET
PILOF/PILOT	\$ 11.8	\$ 13.6	\$ 13.6	\$ 13.7
Change from Prior Year	2.6%	15.3%	15.3%	0.7%

**Charges for Services**

Approximately \$21 million is budgeted in FY05 for various services provided by General Fund departments. Of this, public safety services, \$13.6 million, account for 65% of total charges for services revenue. Types of public safety services provided include \$2.7 million for Citywide emergency medical service (EMS) coverage; \$3.4 million for fire protection/EMS services 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 \$5.1 million for FY05. FY04 and FY05 projected revenues are based on a combination of FY05 budgeted expenditures (for airport fire/EMS coverage and off-duty security services) and department estimates.

	FY03 ACTUAL	FY04 BUDGET (Millions)	FY04 PROJECTION	FY05 BUDGET
Charges for Services:				
Police	\$ 7.9	\$ 6.9	\$ 6.9	\$ 6.8
Fire Rescue	6.3	6.1	6.4	6.8
Convention Center	5.6	4.5	5.3	5.1
Total Charges for Svcs.	\$ 19.8	\$ 17.5	\$ 18.6	\$ 18.7
Change from Prior Year	3.7%	(11.6%)	(6.1%)	0.5%

**Fines and Forfeitures**

Overall, \$3.6 million is budgeted for FY05 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. Funds from civil penalties and traffic infractions contribute \$2.8 million, accounting for 78% of total fines and forfeitures. FY05 estimates are based on anticipated increase in traffic fine collections being offset by Article V legislation changes (see Sales Taxes under Intergovernmental Revenue) to help fund the state court system.

	FY03 ACTUAL	FY04 BUDGET (Millions)	FY04 PROJECTION	FY05 BUDGET
Fines & Forfeitures	\$ 2.3	\$ 2.5	\$ 3.1	\$ 2.8
Change from Prior Year	0.0%	8.7%	34.8%	(9.7%)

**Interest Earnings**

This is primarily interest earned on the General Fund's portion of the city's overall pooled cash account. FY05 budgeted revenues are slightly higher than FY04 in anticipation of future Federal Reserve interest rate increases.

	FY03 ACTUAL	FY04 BUDGET (Millions)	FY04 PROJECTION	FY05 BUDGET
Interest Earnings	\$ 4.6	\$ 4.4	\$ 4.6	\$ 4.7
Change from Prior Year	0.0%	(4.3%)	0.0%	2.2%

## Transfers and Other Financing Sources

Main transfers to the General Fund in FY05 include the following:

- \$40.8 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.
- \$6.5 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 FUND

The major revenue sources for the Utility Tax Fund are 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 passage of the Communications Services Tax Simplification law in 2001. Communications services provided to customers within the city limits are taxed at 5.22 % with proceeds collected and distributed by the Florida Department of Revenue.

### • Communications Services Tax

Communications services taxes are budgeted at \$28.8 million in FY05 and are based on estimates provided by the Florida Department of Revenue's Office of Research and Analysis. Revenue growth is expected to remain flat for FY05 and foreseeable future due to uncertainty and increased competition for existing customers within the telecommunication industry. Portions of this tax are transferred to the General Fund (\$1.4 million) and Cable Communication Fund (\$2.4 million) to replace franchise fee revenues previously collected under the old tax structure.

	FY03 ACTUAL	FY04 BUDGET (Millions)	FY04 PROJECTION	FY05 BUDGET
Communications Svcs. Tax	\$ 29.4	\$ 29.2	\$ 28.7	\$ 28.8
Change from Prior Year	(7.5%)	(0.7%)	(2.4%)	0.3%

### • Electric Utility Tax

Electric utility taxes are expected to increase in FY05 by approximately 2.7% over the FY04 projection of \$25.5 million. are based on trend analysis of historical collections over the last three years and power company estimates.

	FY03 ACTUAL	FY04 BUDGET (Millions)	FY04 PROJECTION	FY05 BUDGET
Electric Utility Taxes	\$ 25.9	\$ 26.3	\$ 25.5	\$ 26.2
Change from Prior Year	3.2%	1.5%	(1.5%)	2.7%

### • Water Utility Tax

FY05 water utility taxes are budgeted at \$3.0 million, 3.4% over the FY04 projection of \$2.9 million and is based on increased collections over the last twelve months and anticipates continued growth in water demand.

	FY03 ACTUAL	FY04 BUDGET (Millions)	FY04 PROJECTION	FY05 BUDGET
Water Utility Taxes	\$ 2.6	\$ 2.7	\$ 2.9	\$ 3.0
Change from Prior Year	(3.7%)	3.8%	11.5%	3.4%

## GUARANTEED ENTITLEMENT STATE REVENUE SHARING FUND

State shared revenues based on state estimates will total approximately \$11 million for FY05. 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, \$6.1 million, budgeted in the General Fund (see General Fund - State Shared Revenues section).

## CABLE COMMUNICATION FUND

Other financing sources constitute \$3.9 million, or 91%, of Cable Communications Fund's total budgeted revenues of \$4.3 million for FY05. A transfer from the Utility Tax 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 Fund - Communications Services Tax). This replaces cable revenues previously collected as franchise fees under the old tax rate structure. Interest earnings of \$0.3 million and transfers from Cable Franchise Fee fund balance of \$0.4 million and the Cable fund balance of \$1.4 million make up the balance of revenues and other financing sources budgeted for FY05.

## LOCAL OPTION GAS TAX REVENUE FUND

Local option gas taxes of 6 cents per gallon are levied 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 (\$7.0 million) and Gas Tax bond debt service requirements (\$3.6 million).

	FY03 ACTUAL	FY04 BUDGET (Millions)	FY04 PROJECTION	FY05 BUDGET
Local Option Gas Taxes	\$ 10.8	\$ 10.0	\$ 10.6	\$ 10.6
Change from Prior Year	2.9%	(7.4%)	(1.9%)	0.0%

## STORMWATER FUND

FY05 Stormwater program revenue is \$12.4 million with transfers from the General Fund (\$6.7 million) and Utility Tax Fund (\$3.9 million) comprising 85% of total revenue. The remaining \$1.8 is generated via utility fees and assessments. The General Fund portion will support personnel and operating costs, while the Utility Tax transfer will fund FY05 capital improvement construction projects. Stormwater utility assessments are new revenue that serves as a dedicated funding source to address planning, maintenance and operational needs.

## 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. Florida Statute 205.0535 governing local occupational license tax reclassification and rate structure revisions allows municipalities to review and adjust their business license fee structure every two years. On July 15, 2004, the city of Tampa passed Ordinance 2004-161 temporarily increasing business license fees by 5% for FY05 and FY06. This is the first rate increase in four years and will automatically revert back to prior rate structure on October 1, 2006. FY05 budgeted revenues total \$9.9 million and represent 5.3% growth over FY04 projection. These funds are obligated to pay for Florida Aquarium debt service requirements with the remainder transferred to the General Fund for general operations (see General Fund - Licenses/Permits and Transfers sections).

	FY02 ACTUAL	FY03 BUDGET (Millions)	FY03 PROJECTION	FY04 BUDGET
Occupational Licenses	\$ 9.3	\$ 9.5	\$ 9.4	\$ 9.9
Change from Prior Year	(2.1%)	2.2%	1.1%	5.3%

## UTILITY TAX CAPITAL IMPROVEMENT PROJECTS FUNDS

Other financing sources constitute all of the Utility Tax Capital Improvement Projects Fund's total revenues of \$8.0 million. These are used primarily to fund capital improvement construction projects. Transfers from other city sources and jurisdictions include: Utility Tax Fund \$4.2 million; Cable Communication Fund \$1.5 million; University of South Florida Shuttle trust and agency \$0.4 million; Ybor-Tampa Electric Land Sale trust and agency \$0.4 million; and \$0.2 million of aid in construction funding from Hillsborough County; and \$1.3 million from fund balance.

## COMMUNITY INVESTMENT TAX (CIT) FUND

FY05 community investment tax revenues are \$12.5 million and represents 90% of revenues. A transfer from fund balance accounts for the remaining 10%, or \$1.4 million of total \$13.9 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 - \$4.5 million; and debt service - \$4.0 million. FY05 budgeted revenues are based on state estimates.

	FY03 ACTUAL	FY04 BUDGET (Millions)	FY04 PROJECTION	FY05 BUDGET
Community Investment Taxes	\$ 12.8	\$ 12.3	\$ 12.3	\$ 12.5
Change from Prior Year	2.4%	(3.1)%	(3.1)%	1.6%

## 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 FY05, \$6.6 of revenue is budgeted to support various transportation projects. Major projects include improvements to 40th Street (\$1.8 million) for two segments, Busch Blvd. to Fowler Ave. and Hillsborough Ave. to Busch Blvd., the New Tampa area (\$2.5 million) for the East-West Road and I-275 Interchange, I-75 at West Meadows Bridge and Cross Creek Boulevard: Clay Gully to Arbor Green Lane Widening. Ongoing projects from FY04 include Westshore area intersection improvements (\$0.6 million) and Gandy/Euclid roadway improvements (\$0.7 million).