





TO: Honorable Mayor and City Council Members

THRU: Ed Lavalley, ICMA-CM, MPA, City Manager 

FROM: Linda Senne, CPA, CGFM, Finance Director 

DATE: September 5, 2017

MEETING DATE: September 12, 2017

SUBJECT: City Taxes Imposed & Sources of Revenue

Pursuant to Mayor's Holic's email dated August 30, 2017, attached is Sec. 66-163 of the Venice City Code that authorizes the tax levied for water service.

Also attached:

- The Major General Fund Revenue Sources that were discussed during the June 2017 budget workshops.
- List of revenue sources available per the *2016 Local Government Financial Information Handbook* prepared by the Florida Legislature's Office of Economic and Demographic Research (EDR) with assistance provided by the Florida Department of Revenue's Office of Tax Research. This list is categorized as follows:
 - Revenue Sources Authorized by State Constitution (tan color)
 - Revenue Sources Based on Home Rule Authority (green color)
 - Revenue Sources Authorized by the State Legislature
 - State imposed or taxes shared (blue color)
 - Other local revenue sources (pink color)

From: John Holic
Sent: Wednesday, August 30, 2017 6:23 AM
To: Edward Lavallee <ELavallee@Venicegov.com>
Cc: Linda Senne <LSenne@Venicegov.com>; Lori Stelzer <LStelzer@Venicegov.com>
Subject: Fw: General Fund Revenue and Fire Fee Consultant Contract

Ed,

Please provide me with a copy of the tax that Mike Rafferty is asking about. It should be obtainable from Finance Department as apparently a partial answer was already given him.

In addition, there are a number of taxes that we impose, some like the 1 cent sales tax are done by referendum and are at the maximum rate. Others have been imposed by resolution and may or may not be at the maximum.

I would like to have a synopsis of all taxes we (the city) have imposed and what their controlling document is. Additionally, I would like to know which are at a maximum and which can be raised. Please include the restrictions on use.

Finally, are we missing any taxes that we could be using? We found out about fire and police impact fees while doing the fire fee assessment study, but we didn't explore additional potential sources of revenue.

I would appreciate an answer on the Mike Rafferty question today if possible, the rest of the information will go on the next agenda for council consideration and direction.

Thanks,
John

John Holic
Mayor, City of Venice

ARTICLE IV. - PUBLIC SERVICE TAX⁵

Footnotes:

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Cross reference— Utilities, ch. 74.

State Law reference— Authority to impose public service tax, F.S. § 166.231.

DIVISION 1. - GENERALLY

Secs. 66-141—66-160. - Reserved.

DIVISION 2. - ELECTRICITY, METERED GAS, BOTTLED GAS AND POTABLE AND RECLAIMED WATER⁶

Footnotes:

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Editor's note— Section 2 of Ord. No. 2013-28 adopted Aug. 27, 2013 renamed div. 2 as set out herein. Formerly entitled "Electricity, Metered Gas and Bottled Gas".

Sec. 66-161. - Definitions.

The following words, terms and phrases, when used in this division, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

Bottled gas means all types and kinds of natural, liquefied petroleum and manufactured gas for lighting, heating, cooking, power or any other purpose delivered to any purchaser thereof for consumption within the city, excluding usage thereof as fuel for motor vehicles.

Electricity means all electric current or energy for lighting, heating, cooking, power or any other purpose delivered to any purchaser thereof within the city.

Metered gas means all types and kinds of natural and manufactured gas for lighting, heating, cooking, power or any other purpose delivered to any purchaser thereof within the city.

Purchase means every act or transaction whereby possession of, utilization of, control over or title to electricity, metered gas, bottled gas, and potable and reclaimed water, and the duty and obligation to pay therefor, become vested in the purchaser within the city, but not any such act or transaction when undertaken or performed by an agency or instrumentality of the Government of the United States of America, the state, the county or the city or when for use exclusively for church purposes by a recognized church.

Purchaser means every person legally liable for the payment for electricity, metered gas, bottled gas, and water service delivered to him by a seller, unless such person is an agency or instrumentality of the Government of the United States of America, the state, the county or the city, or is a recognized church making purchases exclusively for church purposes.

Seller means every person delivering electricity, metered gas, bottled gas, or water service to any purchaser thereof.

Water service means all costs associated with providing potable water and reclaimed water for the use, or reasonable availability for use, of the service for all city customers.

(Code 1982, § 17-42; Ord. No. 2013-08, § 2, 8-27-13)

Cross reference— Definitions generally, § 1-2.

Sec. 66-162. - Tax levied for electricity, metered gas and bottled gas.

There is hereby levied and imposed by the city, upon every purchase of electricity, metered gas and bottled gas (natural liquefied petroleum gas or manufactured gas) included in or reflected by any bill rendered by the seller to the purchaser, an excise tax, the amount whereof shall be determined and computed in accordance with the following schedules:

SCHEDULE A

- (a) To be used when the seller, in accordance with his rules and regulations, renders a bill monthly or more often to the purchaser to cover purchases made during the period of time to which the bill is applicable.
- (b) The amount of excise tax shall be ten percent of the total amount, exclusive of governmental charges and taxes, shown on any such bill as being due and payable on account of such purchases.

SCHEDULE B

- (a) To be used when the seller, in accordance with his rules and regulations, renders a bill bimonthly, quarterly or otherwise less frequently than monthly, to cover purchases made during the period of time to which the bill is applicable.
- (b) The seller shall:
 - (1) Determine what part of the total amount, exclusive of governmental charges and taxes, shown on any such bill as being due and payable on account of such purchases is, under his rules and regulations, attributable to the purchases made during each of the monthly periods included within the total period of time covered by such bill; and
 - (2) Compute the amount of excise tax attributable under this division to each such part of the total amount, as so determined, by employing, with respect to each such part, the method and procedure described in schedule A for monthly bills.
 - (3) The total amount of excise payable under this division on account of any such bill shall be the arithmetical sum of all of the amounts of excise tax resulting from the computations made with respect to each such part as provided in this division.

(Code 1982, § 17-43; Ord. No. 2013-08, § 2, 8-27-13)

Sec. 66-163. - Tax levied for water service.

There is hereby levied and imposed by the city, upon every purchase of water service included in or reflected by any bill rendered by the seller to the purchaser, an excise tax, the amount whereof shall be determined and computed in accordance with the following schedules:

SCHEDULE A

- (a) To be used when the seller, in accordance with his rules and regulations, renders a bill monthly or more often to the purchaser to cover purchases made during the period of time to which the bill is applicable.
- (b) The amount of excise tax shall be no greater than ten percent of the total amount, exclusive of governmental charges and taxes, shown on any such bill as being due and payable on account of such purchases.

Major General Fund Revenue Sources Fiscal Year 2018 Proposed Budget

The City of Venice relies on a combination of revenue sources to finance general fund operations. These sources include taxes, franchise fees, licenses and permits, intergovernmental revenue, charges for services, fines and forfeitures, miscellaneous revenues, administrative charges and transfers in. Estimates of revenues for budgetary purposes are gathered from a variety of sources. Ad valorem tax revenue is estimated utilizing taxable property values as provided by the Sarasota County Property Appraiser in conjunction with applicable millage rates. Other revenue estimates are based on past trends and judgement of current and future conditions. Trend analysis relies on history to project the future.

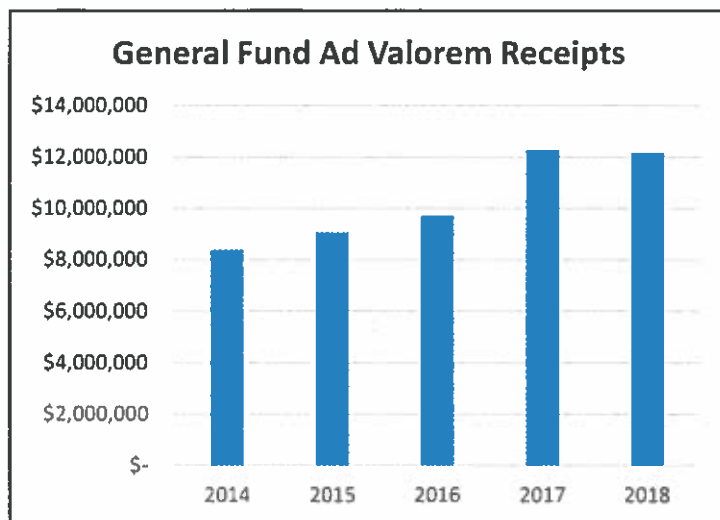
Revenues are projected on a conservative basis and fluctuate depending on the economy and consumer spending.

	Actual FY 15	Actual FY 16	Expected FY 17	Proposed Budget FY 18
Revenues:				
Ad Valorem Taxes	\$ 9,059,063	\$ 9,699,625	\$ 12,271,465	\$ 12,165,305
Communication Services Tax	1,098,069	1,089,305	1,097,314	1,099,316
Insurance Premium Taxes	461,629	454,007	461,629	207,731
Utility Service Taxes	2,494,179	2,564,309	2,529,762	2,574,762
Franchise Fees	2,337,425	2,305,140	2,328,716	2,381,134
Licenses & Permits	632,502	588,245	686,478	693,460
Intergovernmental Revenues	2,689,288	3,070,604	2,850,208	2,785,332
Charges for Services	74,535	119,424	115,872	61,480
Fines & Forfeitures	20,802	23,174	20,348	23,844
Interest	132,854	39,807	102,000	140,000
Miscellaneous	1,125,399	1,269,392	1,153,943	991,528
Other Financing Sources (Admin Charges & Transfers In)	3,953,813	3,913,202	3,649,795	3,624,842
Special Item: BP Settlement Funds	1,444,163	-	-	-
Total Revenues	\$ 25,523,721	\$ 25,136,234	\$ 27,267,530	\$ 26,748,734

Ad Valorem Taxes (Property Taxes)

Ad valorem taxes are charges levied by the local unit of a government against property owners within their jurisdiction based on the value of their real property. Historically, property taxes have been the largest single revenue source in the General Fund. Ad valorem taxes are estimated at \$12,165,305 for FY2018, which represents 45% of the General Fund revenue. In accordance with the City's adopted financial policies, ad valorem revenues are budgeted at 95% of the estimated levy.

A millage rate of one mill produces one dollar of tax revenue on each \$1,000 of taxable property value.



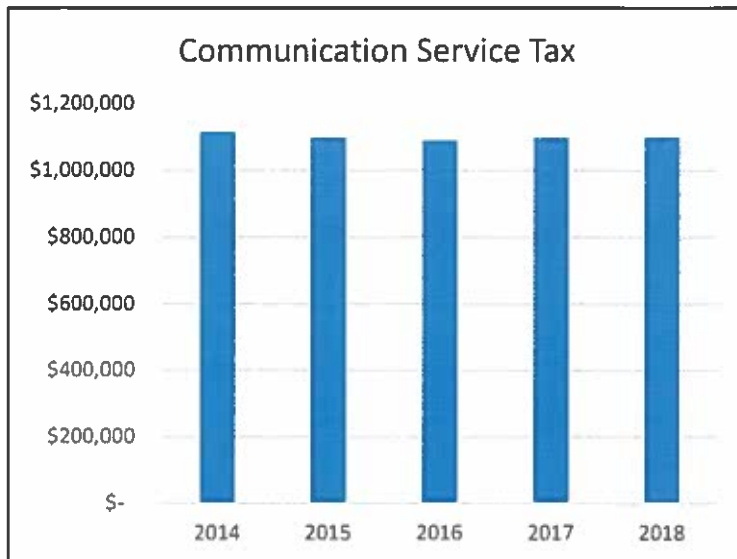
Fiscal Year		Amount
2014	Actual	\$ 8,398,173
2015	Actual	\$ 9,059,063
2016	Actual	\$ 9,699,625
2017	Expected	\$ 12,271,465
2018	Proposed	\$ 12,165,305

Communications Services Tax

Communication Services Tax (CST) is imposed on each sale of communication services in Florida. Examples of communications services include, but are not limited to:

- Cable and satellite television,
- Video and music streaming,
- Telephone, including Voice-over-Internet Protocol (VoIP),
- Mobile communications, and similar services.

The CST rate is 5.22% with estimated revenue of \$1,099,316 for FY2018.



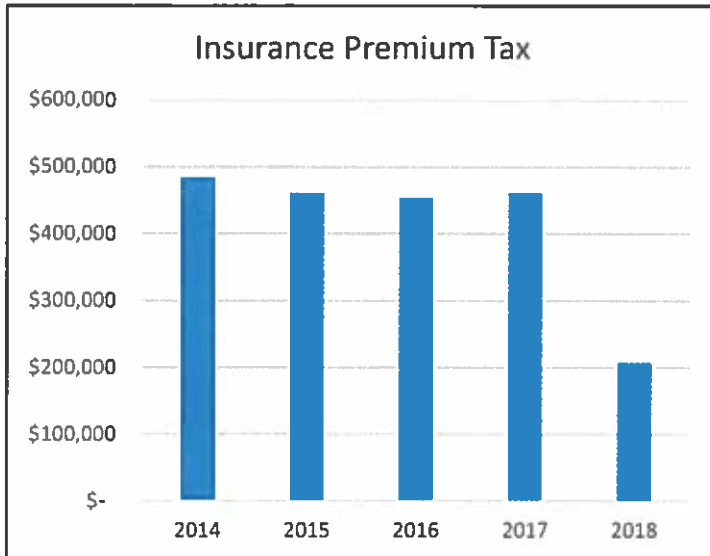
Fiscal Year	Amount
2014 Actual	\$ 1,116,328
2015 Actual	\$ 1,098,069
2016 Actual	\$ 1,089,305
2017 Expected	\$ 1,097,314
2018 Proposed	\$ 1,099,316

Police & Fire Insurance Premium Taxes

In establishing Chapters 175/185, Florida Statutes, the legislature declared that it is a proper and legitimate state purpose to provide a uniform retirement system for the benefit of firefighters and police officers. It further directed that such retirement systems or plans be managed, administered, operated and funded to maximize the protection of the Firefighters' and Municipal Police Officers Pension Trust Funds.

Each municipality that has a single employer pension trust fund for its firefighters and/or police officers may impose an excise tax of 1.85% (fire) and/or 0.85% (police) of the gross amount of property & casualty insurance premiums on policies covering property within the legally defined limits of the municipality. The taxes are collected by the insurance companies and remitted to

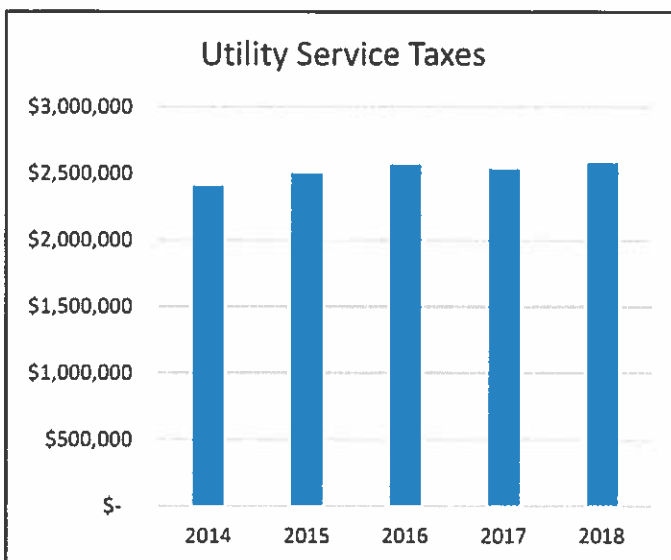
the State of Florida. These taxes are collected by the Department of Revenue and reported on the DR-908 tax return, and then transferred to the Firefighters' and Police Officers Premium Tax Trust Fund at the Division of Retirement. These funds are then available for distribution on or before July 1 to the participating pension plans on an annual basis, once the plan has been determined to be in compliance with all applicable statutory requirements. For FY2018 projected fire and police insurance premium taxes are \$246,276 (in Fire Services Special Revenue Fund) and \$207,731 (in General Fund), respectively. Prior to FY18, both these taxes were recorded in the General Fund.



Fiscal Year	Amount
2014 Actual	\$ 485,819
2015 Actual	\$ 461,629
2016 Actual	\$ 454,007
2017 Expected	\$ 461,629
2018 Proposed	\$ 207,731

Utility Service Taxes

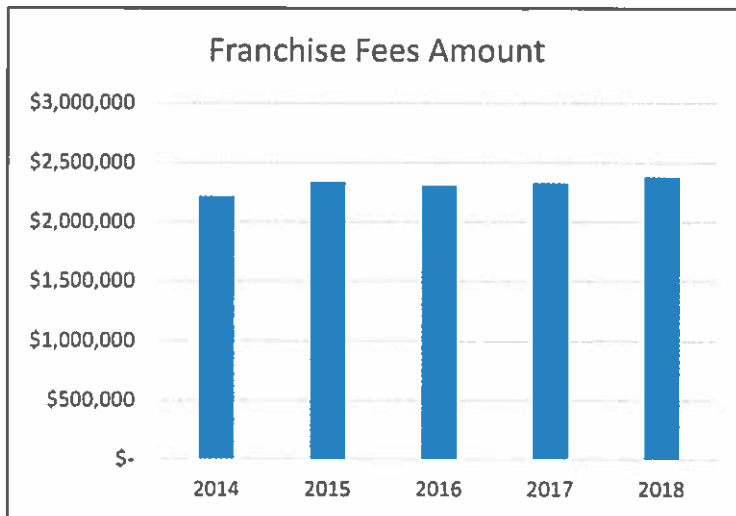
Taxes levied on the sale of electricity and bottled gas (propane) within the city limits. The tax rate is 10%. Utility taxes on electricity cannot be assessed on certain fuel adjustment changes after 1973. Utility taxes on electricity are the bulk (over 95%) of the amounts shown below.



Fiscal Year	Amount
2014 Actual	\$ 2,402,438
2015 Actual	\$ 2,494,179
2016 Actual	\$ 2,564,309
2017 Expected	\$ 2,529,762
2018 Proposed	\$ 2,574,762

Franchise Fees

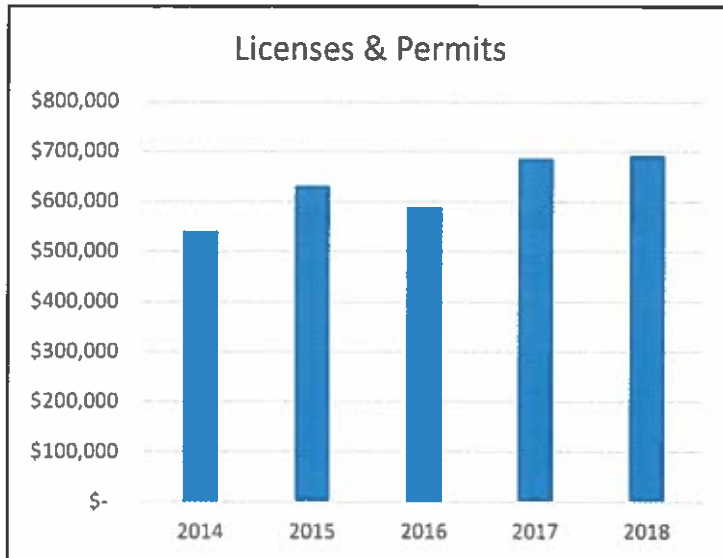
Franchise fees are levied on a corporation or individual by the local government in return for granting a privilege or permitting the use of public property subject to regulations. The City of Venice receives franchise fees for electricity, natural gas, and water. The City's largest franchise agreement is for electricity. The franchise fee for electricity is a fee charged to Florida Power & Light (FPL) to provide services to the customers of Venice. The current fee is 5.9% of billed revenues less actual write offs from the sale of electrical energy to residential, commercial and industrial customers within the incorporated areas of the City. The City also has a natural gas franchise agreement with Peoples Gas System. The current fee is 6.0% of the company's gross revenue, less any adjustments for uncollectable accounts, from the sale of natural gas to customers within the city limits. The City's General Fund also receives a water franchise fee as a PILOT (payment-in-lieu-of-taxes) from the Water and Sewer Utilities fund, currently at 5%.



Fiscal Year	Amount
2014 Actual	\$ 2,213,124
2015 Actual	\$ 2,337,425
2016 Actual	\$ 2,305,140
2017 Expected	\$ 2,328,716
2018 Proposed	\$ 2,381,134

Licenses & Permits

Includes local business licenses, annex mitigation fees, and planning & zoning permits. Total estimated licenses and permit fees is \$693,460 for FY2018.



Fiscal Year	Amount
2014 Actual	\$ 540,239
2015 Actual	\$ 632,502
2016 Actual	\$ 588,245
2017 Expected	\$ 686,478
2018 Proposed	\$ 693,460

Intergovernmental Revenues

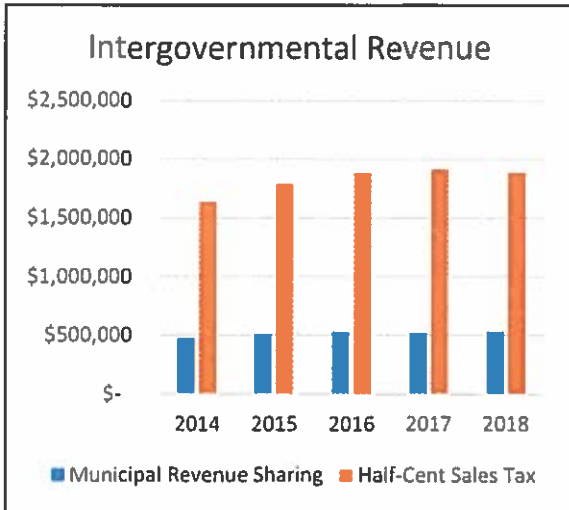
Monies for federal grants, state grants, local grants, and other revenues received from the state including: state revenue sharing, mobile home licenses, alcoholic beverage licenses, local government half-cent sales tax, and firefighters' incentive.

Municipal Revenue Sharing

State shared revenue is generated from three sources: 1) a percentage of sales and use tax collections, 2) 12.5% of the state alternative fuel user decal fee collections, and 3) the net collections from a one-cent municipal fuel tax. The State of Florida collects the revenue and disburses directly to municipalities. An allocation formula serves as the basis for the distribution of these revenues, which is provided by the State of Florida. Population is a major component of the allocation formula the State uses to disburse revenue. Based on historical revenue receipts and estimated population within the city this tax is expected to bring in \$528,530 to the General Fund and \$161,400 to the Motor Fuel Tax Fund.

Local Government Half-Cent Sales Tax

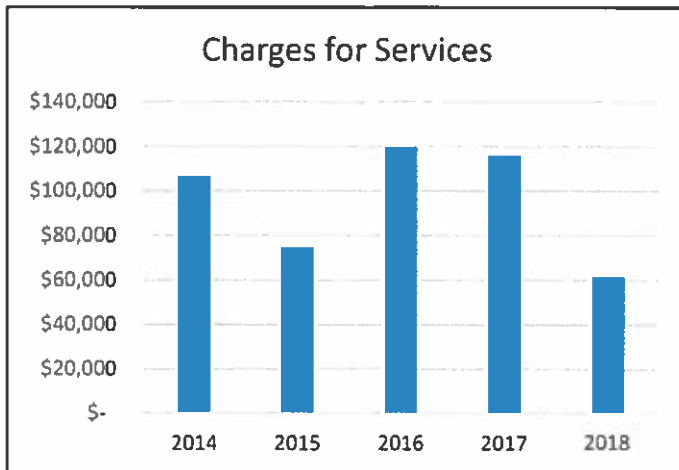
The largest source of intergovernmental revenue is the Local Government Half-Cent Sales Tax, budgeted at \$1,889,442. The State of Florida collects this tax and distributes net sales tax revenues to counties and municipalities that meet eligibility requirements. Allocation formulas serve as a basis for this distribution and its primary focus is to provide relief from ad valorem and utility taxes in addition to providing counties and municipalities with revenues for local programs. A major component of the distribution allocation is population.



Fiscal Year		Municipal Revenue Sharing	Half-Cent Sales Tax
2014	Actual	\$ 470,927	\$ 1,639,436
2015	Actual	\$ 509,451	\$ 1,791,003
2016	Actual	\$ 527,869	\$ 1,887,122
2017	Expected	\$ 516,736	\$ 1,875,444
2018	Proposed	\$ 528,530	\$ 1,889,442

Charges for Services

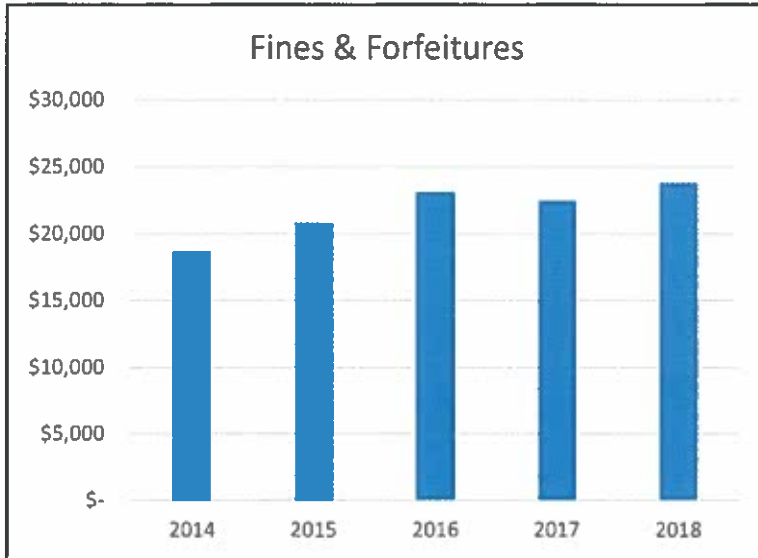
Charges for services represent fees charged for a service. The revenues in this category include planning commission fees, site and development fees, planning & zoning application fees, rezoning fees, plat filing fees and fire inspection fees. For FY2018, the estimated fire inspection fees have been removed from the General Fund and recorded as revenue in the Fire Services Special Revenue Fund. Total FY2018 charges for services is \$61,480 in the General Fund.



Fiscal Year		Amount
2014	Actual	\$ 106,621
2015	Actual	\$ 74,535
2016	Actual	\$ 119,424
2017	Expected	\$ 115,872
2018	Proposed	\$ 61,480

Fines & Forfeitures

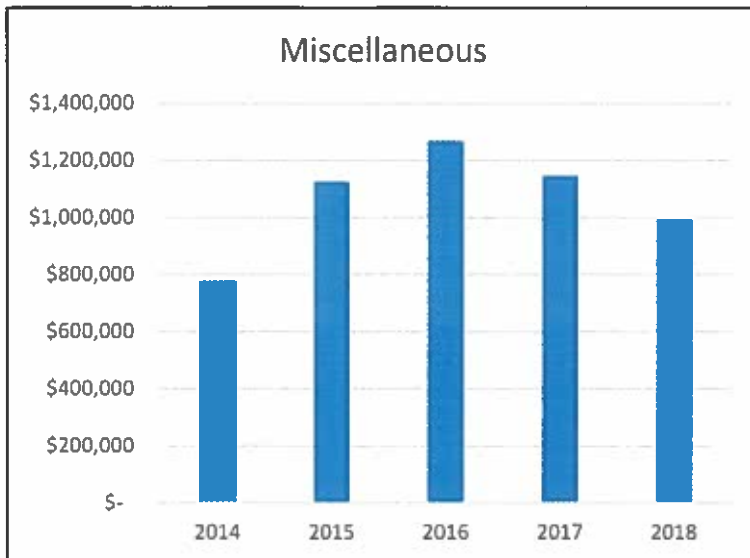
Revenue in this category is collected from payments of violations of local ordinances and parking fines.



Fiscal Year	Amount
2014 Actual	\$ 18,693
2015 Actual	\$ 20,802
2016 Actual	\$ 23,174
2017 Expected	\$ 20,348
2018 Proposed	\$ 23,844

Miscellaneous

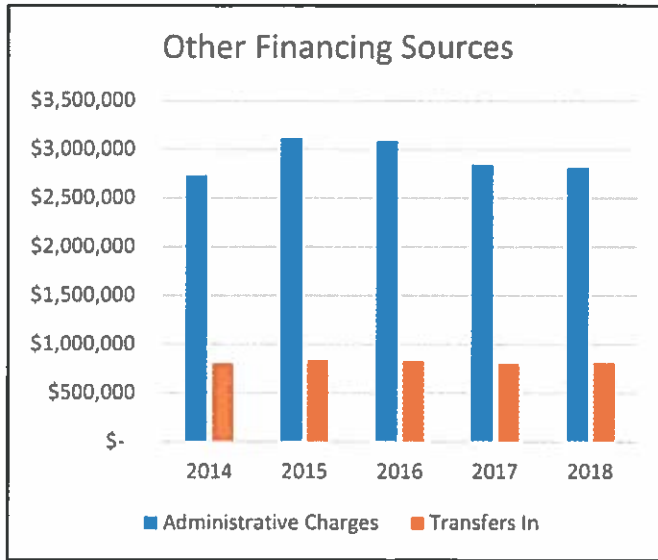
Miscellaneous revenues includes rent from Venice Pier Group, Inc., d/b/a Sharky's on the Pier, private contributions and other miscellaneous revenues.



Fiscal Year	Amount
2014 Actual	\$ 777,848
2015 Actual	\$ 1,125,399
2016 Actual	\$ 1,269,392
2017 Amended	\$ 1,153,943
2018 Proposed	\$ 991,528

Other Financing Sources (Administrative Charges and Transfers In)

All interfund transfers to account for monies transferred from other funds. Includes monies received in the general fund from the enterprise funds for general and administrative charges for time spent by general fund employees. The amount charged to each fund is computed in the Central Service Cost Allocation Plan. The total administrative charges for FY2018 is \$2,813,927 and the total transfers in from other funds is \$810,915.



Fiscal Year		Admin Charges	Transfers In
2014	Actual	\$ 2,729,628	\$ 804,632
2015	Actual	\$ 3,117,078	\$ 836,735
2016	Actual	\$ 3,086,772	\$ 826,430
2017	Expected	\$ 2,846,249	\$ 803,546
2018	Proposed	\$ 2,813,927	\$ 810,915

LIST OF REVENUE SOURCES AVAILABLE TO THE CITY OF VENICE

Taxes	Who Initiates	Max Rate	Current Rate	Authority	Reference	Restrictions
Authorized by State Constitution: Ad Valorem - operating Ad Valorem - debt service	City Vote	Up to 10,000 mills Principal and interest	3.6000 mills .6780 mills	FL Constitution FL Constitution	Art VII, Sect 9 Art VII, Sect 9	Public purpose Voted Debt service
Based on Home Rule Authority: Proprietary Fees: Admission Fees (e.g., parts, cultural facs.) Franchise Fees Electricity (FPI) Natural Gas (Peoples) User Fees (e.g., rec. facilities., parking) Utility Fees (e.g., water, sewer)	City City City City City	Reasonably Related to Service Reasonably Related to Privilege Reasonably Related to Privilege Reasonably Related to Service Reasonably Related to Service	None 5.9% 6% Various Various	Home Rule Franchise Agreement Franchise Agreement Home Rule Home Rule	Ordinance Thru 2037 Thru 2046 Ordinance/Resolution Ordinance/Resolution	Public purpose Public purpose Public purpose Public purpose Public purpose
Regulatory Fees: Building Permits Impact Fees Inspection Fees Storm water Fees	City/County City City City	Should Not Exceed Cost Should Not Exceed Cost Should Not Exceed Cost Should Not Exceed Cost	Various Various Various Various	Home Rule Home Rule Home Rule Home Rule	Ordinance/Resolution Ordinance/Resolution Ordinance/Resolution Ordinance/Resolution	For regulated purpose For regulated purpose For regulated purpose For regulated purpose
Special Assessments (1)	City	Special benefit, fair & reasonable	Council to vote on Fire Special Assmt 9/8/2017	FL Statutes	Ch. 125 and 170	Public purpose
(1) Examples include: Beach renourishment and restoration, downtown redevelopment, garbage collection and disposal, fire and rescue services, fire protection, parking facilities, sewer improvements, storm water management services, street improvements, and water and sewer line extensions.						
Authorized by State Legislature - State-Imposed or State Shared State Sales Taxes Half Cent Sales Tax	State	Set by State	1/2 cent of 6 cts.	FL Statutes	212.054-055	Public purpose
Discretionary Sales Surtaxes Local Government Infrastructure Surtax ** Emergency Fire Rescue Services and Fac Surtax ** School District Levy * Indigent Care/Trauma Center Surtax * Voter Approved Indigent Care Surtax *	Vote Vote Vote Vote Vote	1 cent 1 cent 1/2 cent 1/2 cent 1/2 cent	1 cent None None None None	FL Statutes FL Statutes FL Statutes FL Statutes FL Statutes	212.055(2) 212.055(8) 212.055(6) 212.055(4) 212.055(9)	Capital Emergency fire rescue services School capital Indigent/trauma health care services Indigent health care services
Fuel Taxes Constitutional Fuel Tax (5th and 6th cent) * County Fuel Tax (7th cent) * Municipal Fuel Tax (8th cent)	State State State	2 cents 1 cent 1 cent	2 cents 1 cent 1 cent	FL Statutes FL Statutes FL Statutes	206.41(1)(a) 206.41(1)(b) 206.41(1)(c)	Road construction or maintenance Road construction or oper/maintenance Transp. constr. or oper/maintenance
Other State Shared Revenues Municipal Revenue Sharing Alcoholic Beverage License Tax Fuel Tax Refunds Mobile Home License tax	State State State State	Set by State Set by State Set by State Set by State	Set by State Set by State Set by State Set by State	FL Statutes FL Statutes FL Statutes FL Statutes	Ch 206, 212, 218 561.342 206.41 Chapter 32D	Public purpose Public purpose Road construction or maintenance Public purpose

LIST OF REVENUE SOURCES AVAILABLE TO THE CITY OF VENICE

Taxes	Who Initiates	Max Rate	Current Rate	Authority	Reference	Restrictions
Authorized by State Legislature - Other Local Revenue Sources:						
Fuel Taxes						
Ninth Cent *	State	1 cent	1 cent	FL Statutes	206.41(1)(d)	Road construction or maintenance
1st Local Option Fuel Tax (up to 6 cents) **	County	6 cents	6 cents	FL Statutes	206.41(1)(e)	Transp. constr. or oper/maintenance
2nd Local Option Fuel Tax (up to 5 cents) **	County	5 cents	5 cents	FL Statutes	206.41(1)(e)	Road construction
Other Local Revenues						
Communication Services Tax	State	Set by State	Set by State	FL Statutes	Chapter 202	Public purpose
Highway Safety - Red Light Cameras	City	Set by State	None	FL Statutes	316.0083 and 318.18	Public purpose
Insurance Premium Taxes	Pension	Set by State	Set by State	FL Statutes	Ch 175 & 185	Police and Fire Pensions
Local Business Tax (Occupational Lic.)	City	Comparable Jurisdictions	Varies	FL Statutes	Chapter 205	Public purpose or economic development
Tourist Development Taxes:						
Original Tax (2 cents)	County	2 cents	2 cents	FL Statutes	125.0104(3)(c)	Tourism adv or facilities
Additional tax (1 cent)	County	1 cent	1 cent	FL Statutes	125.0104(3)(d)	Tourism adv or facilities, beaches
Prof. Sports Franchise Tax (1 cent)	County	1 cent	1 cent	FL Statutes	125.0104(3)(f)	Tourism adv or prof. sports facilities, conv
Add'l Prof. Sports Franchise Tax (1 cent)	County	1 cent	1 cent	FL Statutes	125.0104(3)(m)	Tourism adv or prof. sports facilities, conv
Public Service Taxes:						
Electric	City	10%	10%	FL Statutes	116.231-235	Public purpose
Water	City	10%	5%	FL Statutes	116.231-235	Public purpose
Gas	City	10%	10%	FL Statutes	116.231-235	Public purpose
* Not required to be shared with Municipality						
** Required to be shared with Municipality						