

## **FORECASTING PROCEDURES**

The Office of Management and Budget develops revenue forecasts by reviewing current and projected economic data, historical trends of specific revenue sources, and input from operating departments responsible for collecting the revenue. State revenue estimates are analyzed and modified to reflect local experience.

Ad valorem revenue is calculated from actual tax roll information certified by the Orange County Property Appraiser and millage rates approved by the Board of County Commissioners.

Projected half-cent sales tax reflects an increase in sales per capita for FY 99-00 and FY 00-01. It also includes impacts of an increase in county population and an inflationary increase.

Estimated state revenue sharing decreases in FY 99-00 and FY 00-01, in response to the State of Florida's plans to phase out the Intangible Property Tax.

Various gas taxes take into account gallons per capita, growth, and the idiosyncrasies of the State's distribution formulas for the four gas taxes Orange County receives.

Capital impact fees are projected to increase moderately.

Local option tourist development tax is expected to realize an increase in FY 99-00 and FY 00-01.

Forecasted public service tax collection assumes that actual revenue for the two most recent years is typical and includes adjustments for inflation and population growth.

Interest revenue was projected at a 5 percent annual interest rate using forecasted revenues available for investment.

Interfund transfers track the flow of various revenue sources between funds. The interfund transfer schedule is based on revenue availability and funding required in individual funds.

## **MAJOR REVENUE SOURCES**

### Ad Valorem Taxes

This revenue is derived from the levy of taxes on personal tangible property and real property. The countywide ad valorem millage for FY 99-00 will be decreased by 1/16 of a mill and in FY 00-01 an additional decrease of 1/16 of a mill is budgeted. Countywide ad valorem receipts are budgeted at \$244,875,155 for FY 99-00 and \$254,328,800 for FY 00-01, a 6.3% increase for FY 99-00 and a 3.8% increase for FY 00-01. The increases are due to new construction and property value appreciation.

The countywide ad valorem millage supports the County's General Fund, the Capital Projects Fund, and the Parks Fund.

In addition to the countywide millage levy, the County has several dependent taxing districts, one independent taxing district and numerous municipal service taxing units (MSTU's). Other projected ad valorem collections and millage levies are shown in the Budget in Brief section of this document.

### Half-Cent Local Government Sales Tax

In October 1982, Orange County began receiving a distribution of funds equal to one-half cent of the total sales tax collected in the county. These funds are collected and distributed on a monthly basis by the Florida Department of Revenue.

Funds distributed to each county are proportioned as follows:

$$\text{Distribution Factor} = \frac{\text{Unincorporated County Population} + \frac{2}{3} \text{ Incorporated Population}}{\text{Total County Population} + \frac{2}{3} \text{ Incorporated Population}}$$

$$\text{County Share} = \text{Distribution Factor} \times \text{Half-Cent Sales Tax Collected in County.}$$

In FY 98-99 sales tax was budgeted at \$89,400,000. As the economy continues to strengthen, sales tax revenue is expected to increase to \$93,500,000 in FY 99-00 and \$98,200,000 in FY 00-01.

### State Revenue Sharing

The Florida Revenue Sharing Act of 1972 provides the guidelines for this State distribution. Two tax sources are earmarked for sharing with counties: 2.9 percent of net cigarette tax collections; 41.3 percent of net intangible tax collections. Intangible tax collections provide 95 percent of total revenue shared with counties in this category. For FY 99-00 and FY 00-01 proceeds from state revenue sharing are projected to be \$21,800,000 and \$16,000,000, respectively, as the State of Florida phases out the intangible tax.

### Constitutional Gas Tax

Constitutional Gas Tax is collected by the Florida Department of Revenue and is transferred by the State Board of Administration (SBA) to the counties. It is a 2-cent per gallon tax on gasoline. The distribution factor is calculated based on a formula contained in Article XII of the Constitution. The formula calculates the sum of three weighted ratios: one-fourth is the ratio of county area to state area; one-fourth is the ratio of the county population to state population; and one-half is the ratio of the total Constitutional Gas Tax collected in each county to the total collected in all counties of the state during the previous fiscal year.

Distribution is divided into two parts, an 80 percent portion and a 20 percent portion. The State Board of Administration is entitled to keep the 80 percent portion to meet debt service requirements. However, the SBA does not administer bond issues for Orange County. Orange County, therefore, receives both portions of this tax. Fund 1003/Constitutional Gas Tax Fund receives the 80 percent portion and Fund 1002/Transportation Trust Fund receives the 20 percent portion.

Total Constitutional Gas Tax was budgeted at \$7,856,300 for FY 98-99. FY 99-00 and FY 00-01 are budgeted at \$7,900,000 and \$8,028,000, respectively.

### County Gas Tax

County Gas Tax is a one-cent per gallon tax on gasoline. It is distributed to counties by the Florida Department of Revenue based on the same formula used to distribute Constitutional Gas Tax. For FY 99-00 and FY 00-01, the projected amount is \$3,100,000 and is budgeted in the Gas Tax Revenue 1977 Debt Service Fund (2312).

### Local Option Gas Tax

A 6-cent per gallon gas tax is levied in Orange County as provided by the Florida legislature. This tax is distributed according to annual population estimates presented by the Bureau of Economic and Business Research. Receipts are collected by the Florida Department of Revenue and distributed monthly to the local governments.

In FY 98-99, budgeted revenue for Local Option Gas Tax was \$19,400,000. For FY 99-00 and FY 00-01, \$19,233,106 and \$19,713,934 are respectively budgeted.

### Capital Impact Fees

The Board of County Commissioners has instituted five impact fees on new development: 1) Water and Sewer Connection Fee; 2) Fire Impact Fee; 3) Law Enforcement Impact Fee; 4) Transportation Impact Fee; and 5) School Impact Fee. School impact fees are remitted quarterly to the Orange County School Board. Other impact fees are used for the purchase and construction of capital assets.

### Local Option Tourist Development Tax

On authority granted by the state legislature, Orange County has elected to levy a 5 percent tax on most rents, leases or lets, and living accommodations in hotels, motels, apartments houses, and mobile home parks which have been contracted for periods of six months or less. In 1991-92, Orange County assumed responsibility for enforcement of this tax and collection of the revenue. This service was previously performed by the Department of Revenue which assessed a one percent administrative charge on the proceeds. The switch to local enforcement and collection by the Orange County Comptroller has eliminated the one month delay in receiving funds, reduced administration cost, and increased compliance and collection levels.

Four percent is to be used exclusively for debt service on bonds issued for construction of the Orange County Convention Center, a portion of the debt service on the Orlando Arena as included in the interlocal agreement with the City of Orlando, and for promotion of tourism in the Orange County area. The fifth percent is intended to finance a sports franchise facility and is placed in a separate trust fund.

Projected revenues as included in the Convention Center budget are \$89,370,831 for FY 99-00, and \$115,889,373 for FY 00-01. The fifth cent revenue is only budgeted at \$22,000,000 for FY 99-00. In FY 00-01, the fifth cent portion is included in the Convention Center budget.

### Public Service Tax

Florida Statutes 166.231 authorizes municipalities and charter counties, such as Orange County, to levy a public service tax.

The Board of County Commissioners approved this tax in 1991. As of October 1991, the tax has been levied on purchases of electricity, fuel oil, metered or bottled gas (natural liquefied petroleum gas or manufactured), water service and telecommunication services. The 1993 State legislative session approved an exemption of the tax on fuel oil and gas for agricultural purposes; expected annual savings to agricultural businesses is \$250,000. It is anticipated that public service tax will provide a revenue of \$52,550,000 in FY 99-00 and \$53,550,000 in FY 00-01.

## **REVENUE CATEGORIES**

Revenues in this section have been categorized according to the uniform accounting system structured by the State of Florida. Categories include:

### Taxes

Charges levied by a local unit against the income or wealth of a person or corporation. Examples are ad valorem taxes, local option gas taxes, local option resort taxes, and franchise taxes.

### Licenses and Permits

Revenues derived from the issuance of local licenses and permits. Examples include occupational licenses and building permits.

### Intergovernmental Revenue

Revenues received from federal, state and other local government sources in the form of grants, shared revenues, and payments in lieu of taxes. Half-cent local sales tax, state revenue sharing and state grants are examples.

### Charges for Services

All revenues stemming from charges for current services, excluding revenues of Internal Service Funds. Examples are refuse collection fees, water and wastewater fees, park entrance fees, court fees, and excess fees from the Constitutional Officers.

### Fines and Forfeitures

Revenues received from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations, and for neglect of official duty. Examples include court fines, parking violations, and pollution control violations.

### Miscellaneous Revenue

Revenue from sources not otherwise provided in the above categories. Interest earnings, contributions, rents, and impact fees are examples of miscellaneous revenues.

### Statutory Deduction

Florida Statutes Chapter 129.01 requires counties to budget 95% of anticipated revenues. The calculated reduction therefore amounts to five percent. This deduction is applied against operating revenues in all funds except grant and internal service funds.

### Interfund Transfers

Transfers between individual funds of a governmental unit which are not repayable and are not considered charges for goods or services. An example is an interfund transfer from the Sales Tax Trust Fund (sales tax revenue) to the General Fund to support general County operations.

### Bond/Loan Proceeds

Revenue derived from the issuance of long term debt, such as bonds or commercial paper. Proceeds are deposited into capital projects funds and/or debt service funds.

### Fund Balance

Funds collected but not expended from the previous year. This balance carries forward to support current year activities. Refer to the Budget in Brief section of this document for additional information.

### Other Non-Revenues

Includes non-operating revenues such as repayment of a loan from the General Fund by a separate operating fund.

### Internal Service Charges

Revenues derived from goods and services furnished by central service agencies of the governmental unit to other departments of the same governmental unit. The five Internal Service Funds in Orange County are Fleet Management, Data Center, Graphic Reproduction, Risk Management, and Medical Benefits.