



Utility Tax Revenues are derived from fees levied on the purchase of electricity, telephone services, natural gas, water, fuel oil and propane within the City of Clearwater. Under Florida statutes, a City can levy utility tax on electricity, natural gas, liquid propane and water at a rate not to exceed 10% of gross receipts, and a tax on fuel oil not to exceed 4 cents per gallon. The City of Clearwater levies each of these taxes at the maximum level.

Since October 1, 2001, telecommunications, (formerly taxed at 7% of the service charge), are no longer subject to utility taxes. Instead the Communications Services Tax Simplification Law levies a tax on telecommunications sales that is budgeted with the Sales Tax. The resulting decrease in utility taxes is expected to be offset by an increase in telecommunications/sales tax revenues.

In the spring of 2002, Florida Power Company reduced their customer rates by 9%. This will have an impact on City utility tax revenues in fiscal year 2003. Total Utility tax revenues are expected to have decreased by 4.3% for fiscal year 2002/03 and then increase by 7% for the 2003/04 fiscal year.

In fiscal year 2003/04 Utility Taxes will generate an estimated \$10,661,090 for General Fund purposes. This represents approximately 10.8% of the total General Fund operating revenues.