



Utility Tax Revenues are derived from fees levied on the purchase of electricity, 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.

Effective 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, Progress Energy Company reduced their customer rates by 9%. This has had an impact on City utility tax revenues in fiscal years 2003 and 2004. Total utility tax revenues are expected to remain level for fiscal year 2004/05.

In fiscal year 2004/05 Utility Taxes will generate an estimated \$10,654,730 for General Fund purposes. This represents approximately 10.4% of the total General Fund operating revenues.