

ECONOMIC INDICATORS

The Hillsborough County budget is affected by various economic variables that are significant drivers of demand for County services and of major revenues. The following is a brief discussion of past and projected trends for key economic indicators including jobs, employment levels, population, income, construction, and sales.

Weak housing markets and a decline in business inventories in late 2006 and early 2007 resulted in a marked slowdown in US economic growth. While overall growth in US Gross Domestic Product (GDP) was a healthy 3.3% for 2006 much of that growth occurred in the first half of the year. Growth slowed from 5.6% in the first quarter 2006 to 2.5% in the fourth quarter and to a weak 0.7% in the first quarter 2007. On an annual basis national residential investment fell 15.8% in the first quarter. This drop reduced overall the GDP growth rate by 0.89 points yet was an improvement over the 1.21 points drag on fourth quarter growth. Other factors restraining first quarter growth were a large decline in inventories, weaker net exports and weaker consumer spending on nondurable goods. Despite housing weakness other areas of the strength remain. Business profits remain at a record level and are supporting business investment and job growth. Consumer spending on services and durable goods posted strong growth, more than offsetting the relative weakness in nondurable spending.

Home sales remained weak in the first half of 2007. Compared to a year ago national existing home sales are down more than 10% in May 2007 while new home sales are down 15.8% according to the Census Bureau. New homes supply on market is 7.1 months. Existing supply has risen to 8.9 months. These supply backlogs have suppressed home prices. Existing median home prices are down 2.1% from a year ago and new home median prices declined 0.8%. The National Association of Realtors (NAR) reports a 1.8% decline in median existing home prices for first quarter 2007. NAR reported the Tampa Bay area experienced a 2.0% decline. NAR reports rising housing affordability amid the modest price decline and good income growth. Higher mortgage rates, however, have restrained improved affordability. Analysts report some tentative signs of a bottom in housing markets in mid-2007 but do not expect an upturn until early to mid 2008.

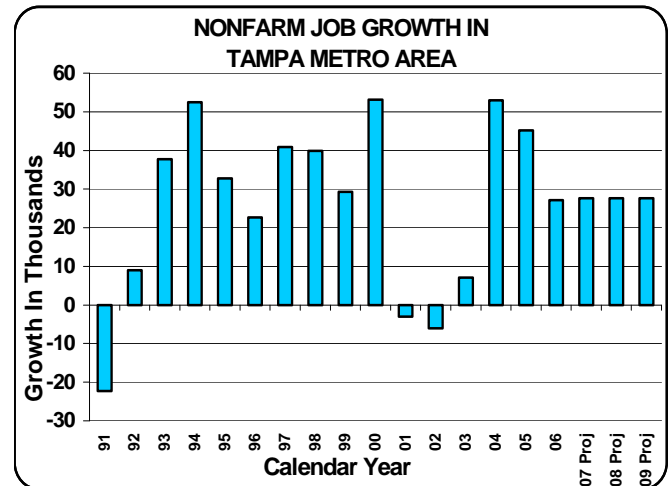
Job markets posted strong gains in 2006 and early 2007 despite the slowdown in housing markets and continued weakness in manufacturing employment. Strong business balance sheets have supported business investment and commercial real estate. Job growth has followed suit. Some job losses in housing construction have been reabsorbed in commercial construction. The nation gained 2.5 million jobs in 2006. The annual pace of growth has slowed to 1.9 million in 2007 reflecting slowing economic growth. Strong job gains have kept unemployment low at 4.5% (May 2007) and resulted in healthy wage gains. Wages and salaries increased 3.6% for the first quarter 2006 to first quarter 2007 period, exceeding the 12-month 2.9% increase of the Consumer Price Index for March 2007.

Gains in jobs and wages have been an important support to consumer spending and have more than offset the negative effects of the housing market, modestly higher interest rates and growing debt burdens. Rapid home value appreciation and historically low interest rates encouraged homeowners to withdraw equity from their homes and use

the funds to increase current consumption. Unsold homes and falling prices have been feared to turn this positive wealth effect to a negative effect. While these events will moderate spending they have, thus far, not been as big a drag on national consumer spending as feared. Census Bureau data report a 5.0% gain in retail spending in May 2007 over May 2006. This is the strongest growth in over a year.

In addition to weak housing markets other factors will combine to slow the growth of consumer spending going forward. High energy and food costs are taking an increasing share of consumer income. Inflation peaked at 4.3% in June 2006 and has been on a volatile course since. Fluctuating oil and gasoline prices brought inflation down to 1.3% in October 2006 but rose again in 2007 pushing inflation to 2.7% in May 2007. This volatility has fostered caution among consumers.

Forecasters are predicting a summer and fall rebound from the weak performance of first quarter 2007. The sales to inventory ratio is now low and flush businesses will be working to increase production in later 2007 to meet current demand. Combined with expectations that housing markets are near their bottom and will turn around in 2008, GDP growth is expected to return to an annual rate of about 3.0% for late 2007 and for 2008 as a whole. A more protracted housing market correction and its downward pressure on consumer spending are the main risks to this forecast.

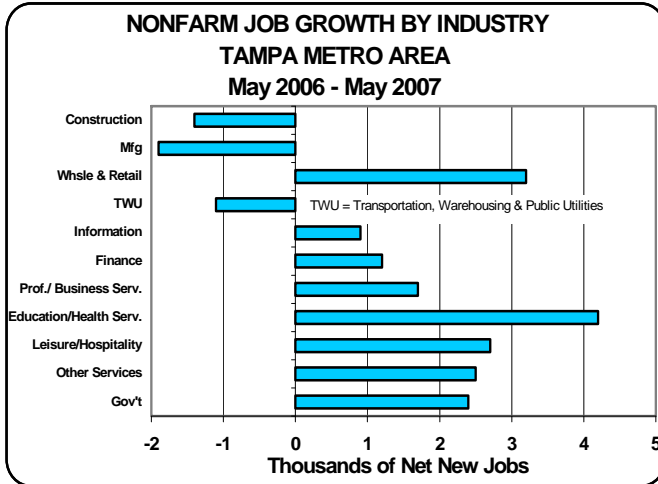


Source: Florida Agency for Workforce Innovation and Woods & Poole Economics, Inc

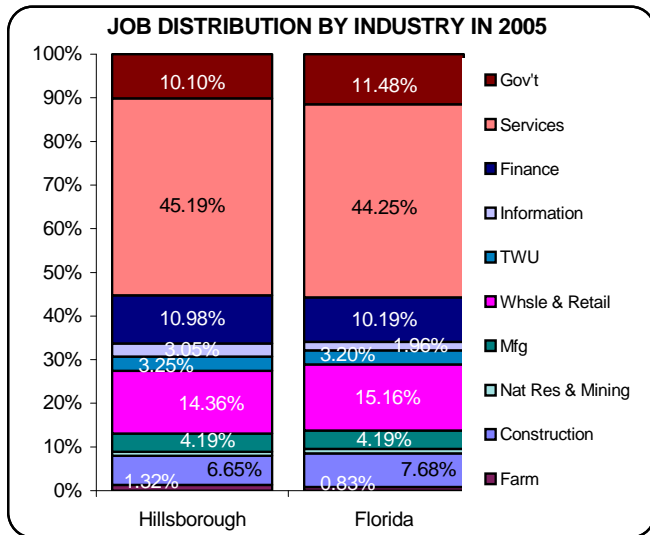
The Tampa metro area (Hillsborough, Pinellas, Pasco, and Hernando counties) gained 14,100 jobs in the 12 months to May 2007. Metro Tampa's 1.1% job growth trailed the nation's and Florida's rates of 1.5% each. Education, health and hospitality accounted for nearly half of all net new jobs in Metro Tampa.

ECONOMIC INDICATORS

Unemployment rates remain low. The May Metro Tampa unemployment rate is 3.2%. Hillsborough's rate is 3.1%. The seasonally unadjusted US unemployment rate is 4.3% and Florida's rate is 3.2%.



Source: Florida Agency for Workforce Innovation



Note: TWU = Transportation, Warehousing & Utilities

Source: BEA, Regional Economic Information System (REIS)

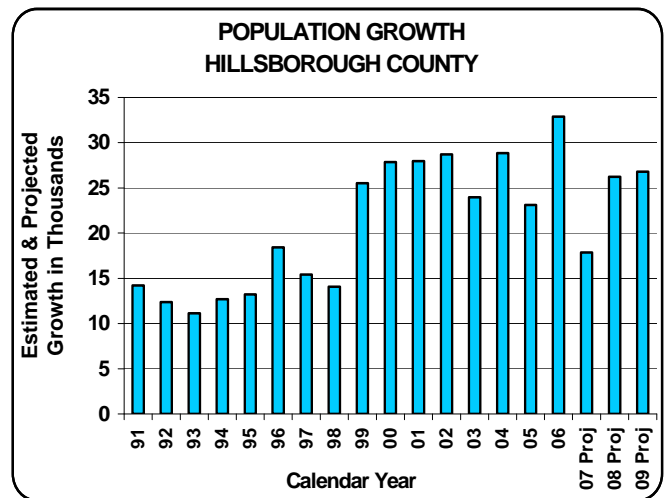
LARGEST HILLSBOROUGH EMPLOYERS, 2006

Hillsborough County School Board	24,969
Hillsborough County Government	11,290
University of South Florida	8,743
Verizon	7,652
Tampa International Airport	6,500
MacDill Air Force Base	5,812
Tampa General Hospital	4,920
Publix Food Centers	4,702
City of Tampa	4,700
St Joseph's Hospital	4,407

Source: Hillsborough County, Florida Comprehensive Annual Financial Report, Fiscal Year Ended September 30, 2006

Job growth in Metro Tampa, and, indeed, Florida and the nation, has been heavily concentrated in services industries. In 2005 services industry jobs accounted for over a third of all existing jobs and self employment in both Hillsborough County and Florida. Wholesale and retail trade accounted for another 14%-15% of all jobs in the County and the State. Many of Hillsborough County's largest non government employers are retail, services and health companies.

While job growth is perhaps the single most important and visible economic indicator for a local area, other indicators play important roles as well. The University of Florida's Bureau of Economic and Business Research forecasts Hillsborough County population growth through 2010 will average more than 26,000 persons annually. Hillsborough population growth averaged about 23,400 persons annually during 1995-2005.

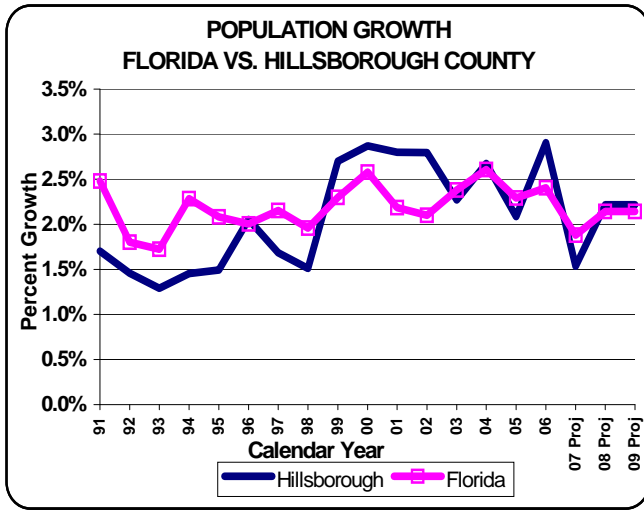


Source: Bureau of Economic and Business Research (BEBR)

The rate of Hillsborough's population accelerated in the period since 1999 compared to 1991—1998. Hillsborough's growth rate has often exceeded the state since 1999. The Bureau of Economic and Business Research, University of Florida, forecasts population growth of 2.2% for Hillsborough and 2.1% for the state for 2007 and 2008.

Population growth is, in turn, a primary factor driving housing markets and retail sales as well as job growth. Building permit activity is a leading indicator of housing starts. Hillsborough single family housing starts rose strongly in recent years in response to forty year low mortgage rates. Single family detached housing permits increased strongly each year during 2001 through 2005. As interest rates rose in 2005, single-family detached permits fell 35% in the last quarter of 2005 compared to 2004. Detached permits continued to trail year ago figures by about half in the first quarter of 2007 as well. Single-family attached permits declined about 74% in the first quarter of 2007.

ECONOMIC INDICATORS



Source: Bureau of Economic and Business Research (BEBR)

The recent decline in single-family detached and attached permits reflects nationally slowing housing markets. National home sales have fallen substantially while median prices have weakened more modestly. The Greater Tampa Association of Realtors reported a 38.1% drop in year-to-date existing Hillsborough home sales (MLS listed) in May 2007 compared to May 2006. The National Association of Realtors reported the Tampa Bay median existing sales price declined 2.0% during the first quarter 2006 to first quarter 2007 period.

Property taxes on residential and commercial real estate provide Hillsborough County Government with its largest source of revenue. Recent growth in taxable real estate values has reflected strong housing markets as well as reassessment activity by the Property Appraiser's Office. Countywide taxable value growth averaged 12.4% annually during 1997-2007. Countywide taxable value grew about 12.8% for FY 08 after 22.8% growth for FY 07. Slowing housing markets resulted in slower taxable value growth and will likely result in further slowing for FY 09.

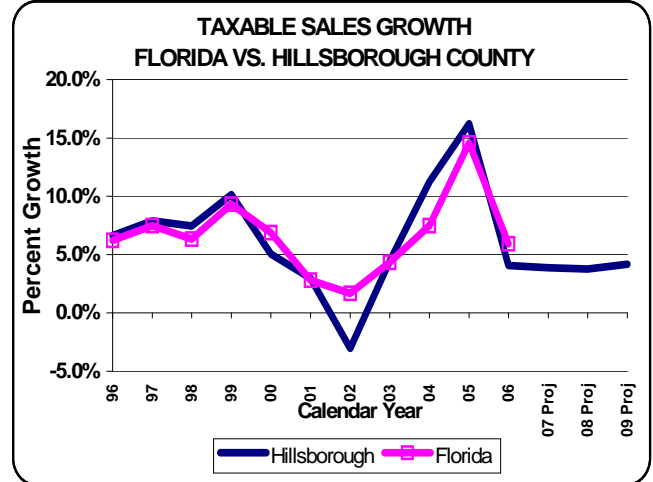
LARGEST HILLSBOROUGH PROPERTY TAXPAYERS, 2006

	\$ Millions
Tampa Electric Company	40.9
Verizon	22.0
Hillsborough County Aviation Authority	11.2
Mosaic Phosphates Company	6.9
Camden Property Trust	5.1
Wal-Mart	4.7
Post Apartment Homes LP	4.6
Glimcher Limited Partnership	4.3
Busch Entertainment Corporation	2.9
Teachers Insurance and Annuity Association	2.8

Source: Hillsborough County, Florida Comprehensive Annual Financial Report, Fiscal Year Ended September 30, 2006

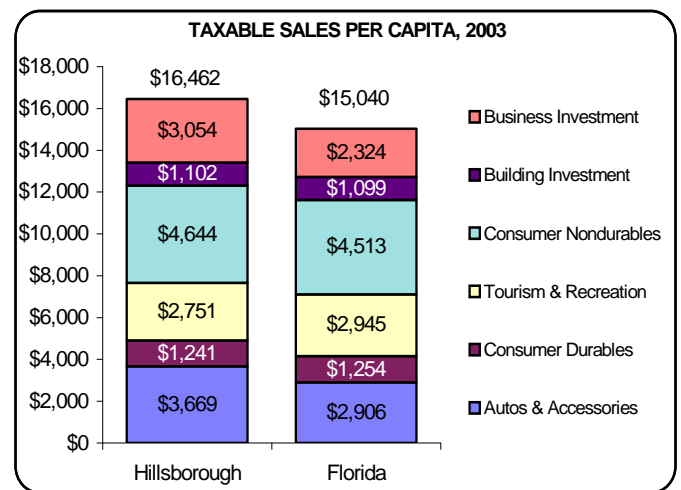
Taxable sales rise and fall as the economy, particularly employment, rises and falls. Sales are also related to population, tourism, and income growth. Hillsborough County taxable sales rose 16.2% in 2005. Florida sales rose 14.6%. Poor housing markets and high fuel prices

slowed growth to 4.1% and 5.9% respectively. Most national forecasters expect slow spending growth to continue through 2008. Hillsborough County Management and Budget Department models forecast 3.9% growth in FY 07 and 3.8% in FY 08.



Sources: Florida Department of Revenue and Hillsborough County Management and Budget Projections

Hillsborough County's taxable sales are highly dependent on consumer nondurable purchases. These are things of everyday life: clothing, some grocery items, personal services, etc. When comparing the sources of Hillsborough County's taxable sales to Florida's some notable differences arise. Hillsborough in 2003 was more dependent on automobile related sales and business investment (items and services related to construction activity). Hillsborough County sales are less exposed to changes in tourism and recreation with 16.7% of sales arising from that industry compared to nearly 20% for the state.

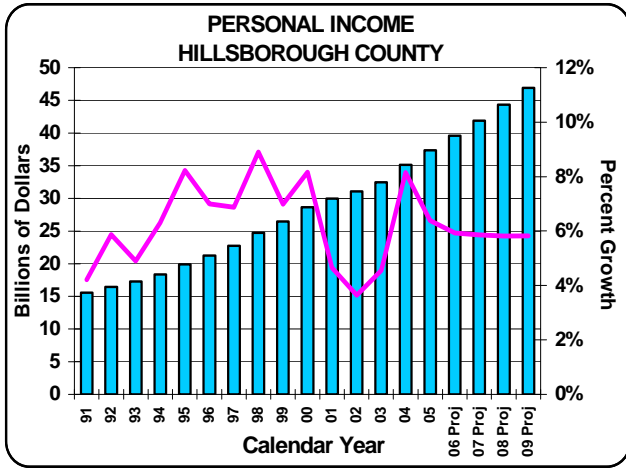


Source: Bureau of Economic and Business Research (BEBR)

With the absence of direct and comprehensive measures of a local area's economic output, total personal income is a good surrogate measure. Hillsborough County's 2005 total personal income stood at \$37.8 billion, a 6.4% increase over 2004.

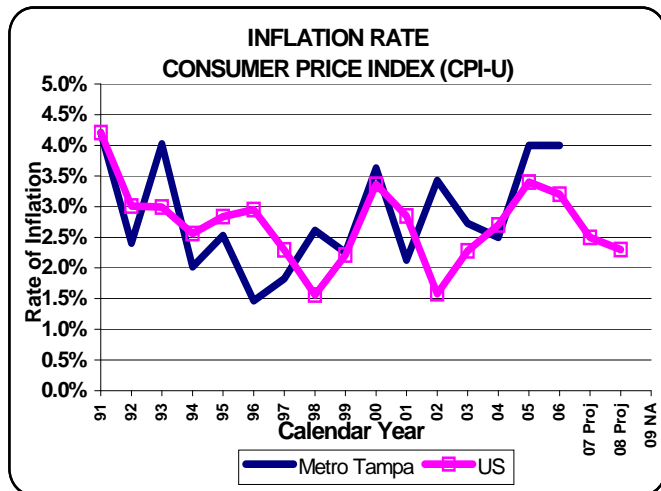
ECONOMIC INDICATORS

Income growth exceeded the Tampa Bay region's 2005 inflation rate of 4.0% and the national rate of 3.4%. Woods & Poole Economics estimates growth of 5.9% for 2006. Growth of 5.9% is projected for 2007 and 5.8% for 2008.



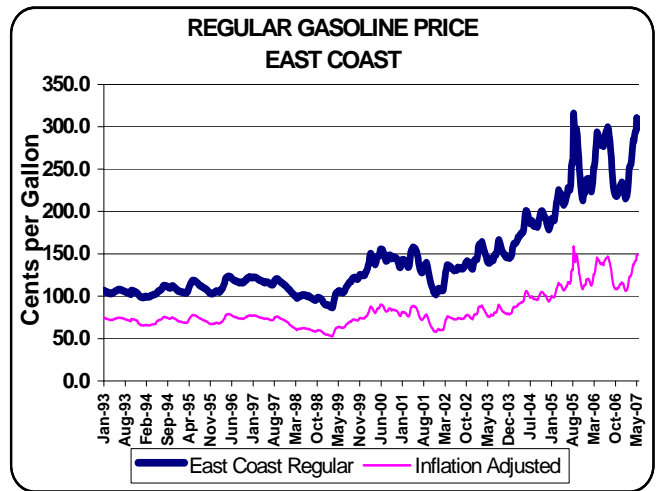
Sources: BEA, Regional Economic Information System (REIS), and Woods & Poole Economics, Inc

Median household income in Hillsborough County stood at \$44,850 in 2004, compared to Florida's \$40,900. For the first time Hillsborough County median household income exceeded the nation (\$44,334).



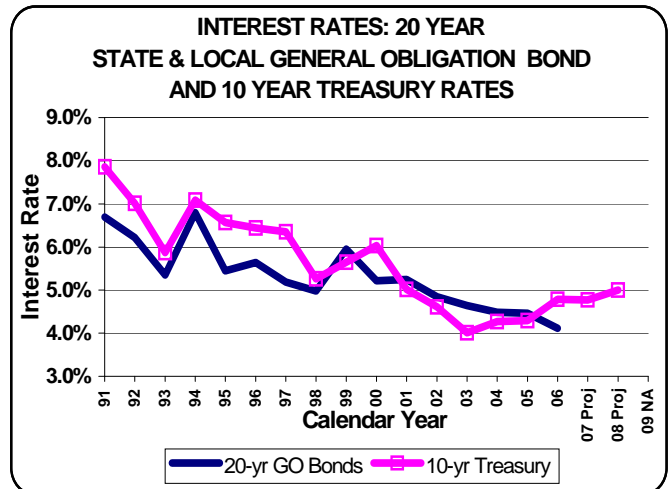
Sources: U.S. Department of Labor, Bureau of Labor Statistics and National Association for Business Economics (NABE)

Inflation is forecasted to moderate at 2.5% for 2007 and 2.3% 2008. Slower economic growth is creating less pricing pressure. Oil and gasoline prices are expected to retreat in late 2007 and in 2008.



Sources: US Energy Information Administration and U.S. Department of Labor, Bureau of Labor Statistics

Short-term interest rates have risen since 2004 as the Federal Reserve switched its emphasis from fighting recession to fighting a return of inflation. Further Fed hikes are unlikely as inflationary pressures may be declining as housing markets and economic growth cool.



Sources: Federal Reserve Board and National Association for Business Economics (NABE)

Risks always abound in economic forecasting. A deeper and extended housing correction is the greatest risk. Volatile energy prices are also a concern. Economic fundamentals, however, are broadly positive.

MAJOR COUNTY REVENUES

Hillsborough County relies on a variety of revenue sources to finance operations and construction activities. These sources include taxes, special assessments, fees, intergovernmental funding and service charges. Some examples of revenue sources include user fees financing the County's water and wastewater utility, gasoline taxes financing roadway construction and maintenance, and permit fees supporting building permit and inspection programs.

Several major factors impact revenues: changes in overall county-wide population, changes in specific service populations and their demands, increases or decreases in real disposable income (which measures residents' after-tax buying power adjusted for inflation), and inflation. One or more of these factors or "drivers" impact most revenues directly or indirectly.

Estimates of revenues for budgetary purposes are gathered from a variety of sources. Based on past trends and their experienced judgment of current and future conditions, operating departments, agencies, and Constitutional Officers provide estimates of revenue from program-related fees (charges for services), state and federal grants, licenses and permits, fines, and assessments. The Florida Department of Revenue provides estimates of revenues from the Local Government Half-Cent Sales Tax, Indigent Care Surtax, Community Investment Surtax, various State-collected gasoline taxes, and the State Revenue Sharing program (based on a cigarette tax and sales tax). Ad valorem tax revenue, the remaining major revenue source, is estimated from taxable property values provided by the Property Appraiser by July 1st of each year in conjunction with applicable millage rates.

Projections of year-end FY 07 and FY 08 estimated revenues reflect the slowing performance of the US and Florida economies in the face of weak housing markets and a large business inventory correction in early 2007. U.S. economic growth slowed in mid-2006. Higher interest rates took their toll on housing markets while high energy prices fueled inflation and sapped consumer discretionary income. Economic growth slowed from a robust 5.6% for the first quarter of 2006, to 2.5% in the fourth quarter, to a weak 0.7% in the first quarter of 2007. While housing will likely remain weak through late 2007, forecasters remain optimistic about the economic picture. The latest National Association for Business Economics (NABE) consensus forecast expects economic growth in the last half of 2007 to average 3.0%. Growth in 2008 is also forecast at 3.0%. Further weakening of housing markets and the resulting decline in consumer spending are the main risks to this forecast.

Property tax, sales tax, revenue sharing and fuel tax revenue estimates for FY 08 and FY 09 were formulated in spring and early summer 2007 and were based upon time series forecasting techniques, trend analysis, state forecasts, and expert judgment. Management and Budget used a time-series regression technique

known as an Autoregressive Integrated Moving Average Model (ARIMA). ARIMA uses historical data and estimates an equation to approximate those data and, subsequently, forecast the future path of the estimated variable. Overall, the ARIMA models forecasted slower revenue growth for the balance of FY 07. Combining ARIMA forecasts with other forecasts based on trend analysis and expert judgment rooted in past and present experience, a consensus was reached that non-sales tax revenues would generally meet budgeted expectations for FY 07. Sales tax revenue growth has substantially slowed statewide resulting in lower expectations for half-cent sales tax revenue and state revenue sharing distributions compared to budgeted expectations for FY 07. State forecasts issued in spring 2007 also indicated weaker revenue performance. These factors were included in developing our revenue estimates for FY 08 and FY 09.

Forecasters expect that the slowdown in growth, lower energy prices and easing of inflationary pressures will induce the Federal Reserve to hold short term interest rates steady for the balance of 2007 and into early 2008. Housing and consumer markets are expected to further decline in late 2007 before improving in mid-2008. These events will likely restrain revenue growth in FY 08. Hillsborough County will carefully monitor the affect on revenues and expenditures.

The following sections discuss major revenues and how they have changed over time.

Ad Valorem Taxes

In modern times, property taxes, also called *ad valorem* taxes, have traditionally been the major source of revenue for local governments, large and small. For Hillsborough County, these taxes comprise the largest percentage of all revenue – about 39% in FY 08.

Hillsborough County levies a property tax on all property within the County, including that within municipalities, for services provided throughout Hillsborough County. This tax, referred to as the *Countywide Property Tax*, is deposited in the County's General Fund. Hillsborough County also levies the *Municipal Services Taxing Unit (MSTU) Property Tax* to fund municipal-type services provided only in the unincorporated areas of the County. This tax is only assessed on property in unincorporated areas of the County and is deposited in the Unincorporated Area General Fund. One example of an MSTU tax-funded service is fire protection supplied by the Hillsborough County Fire Rescue Department.

To fund operations of the city-county library system, the County levies a third property tax called the *Special Library District Tax*. This tax applies only to property in the City of Tampa and in unincorporated areas of the County. The Cities of Temple Terrace and Plant City operate their own libraries, although they receive fund-

MAJOR COUNTY REVENUES

ing from the County system to establish a coordinated system for all County residents. In addition to the Board of County Commissioners of Hillsborough County, other jurisdictions in the county have authority to levy their own property taxes. Entities such as the cities of Tampa, Temple Terrace, and Plant City, the Hillsborough County School Board, the Hillsborough Area Regional Transit Authority, the Southwest Florida Water Management District, the Tampa Port Authority and the Children's Board all levy their own ad valorem taxes. Each of these tax levies is listed on a consolidated tax bill sent to individual taxpayers each November.

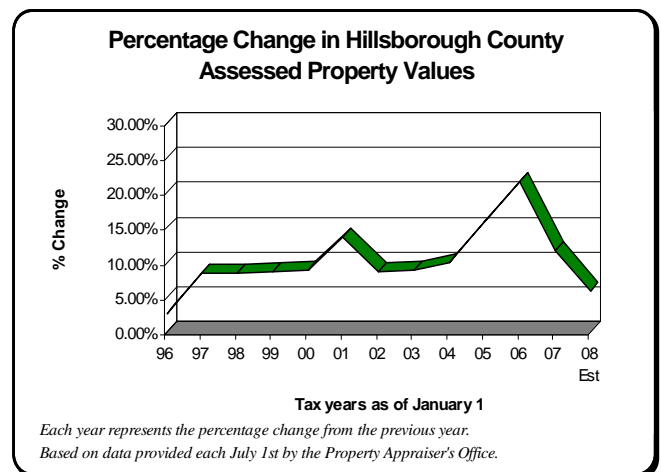
In addition to the tax levies already mentioned, the County is required to levy a separate property tax to meet annual debt service requirements for the payment of voter approved general obligation bonds. In the past, voters have approved bonds for jail facilities, park facilities, and the acquisition of environmentally sensitive land. In November 1992, residents approved a referendum to finance additional park facilities in the unincorporated areas. Since it benefits only the unincorporated areas, this limited general obligation debt is funded through an MSTU millage.

Property tax revenues depend upon the *assessed* value of real and personal property, less any exemptions. The Hillsborough County Property Appraiser, a separately elected constitutional officer, is responsible for assessing property values throughout the County. Growth in this tax base increases County ad valorem tax revenues without requiring any increase in the tax rate (also called the millage rate). Taxable values tend to fluctuate over time. In the past, due mainly to slower appreciation of existing property and to slowdown in new construction, the increase in taxable value slowed from an annual average increase of 13 percent during the early to mid-1980's to an actual decline in FY 93. The rate of taxable value growth in Hillsborough County then accelerated through FY 07. Countywide taxable values increased 8.1% for FY 98, 8.7% for FY 99, 8.7% for FY 00, 9.5% for FY 01, 13.0% for FY 02, 8.0% for FY 03, 8.7% for FY 04, 10.6% for FY 05, 15.7% for FY 06 and 22.8% for FY 07, slowing to 11.7% for FY 08. These rates reflect strong economic growth in the late 1990s and historically low interest rates during 2000-2005. Other contributing factors to this growth include changes in appraisal methods and reconsideration of certain exemptions.

Hillsborough County single family housing starts rose strongly during 2000-2005 in response to forty year low mortgage rates. Single family detached housing permits increased strongly each year during 2001 through 2005. As interest rates rose in 2005, single-family detached permits fell 35% in the last quarter of 2005 compared to 2004. Detached permits continued to trail year ago figures by about half in the first quarter 2007. Single-family attached permits declined about 74% in first quarter 2007. The recent decline in single-family permits parallels the nationwide slowdown in housing markets. National home sales have fallen substantially while median prices have declined more modestly. The

Greater Tampa Association of Realtors reported a 38.1% drop in year-to-date existing Hillsborough home sales (MLS listed) in May 2007 compared to May 2006. The National Association of Realtors reported the Tampa Bay median existing sales price declined 2.0% between first quarter 2006 and first quarter 2007.

Construction markets tend to lag interest rate changes and general changes in economic conditions. Annual property tax rolls are based on land and structure values as of January 1st. Ad valorem revenue growth would, therefore, respond in the following years to higher interest rates or deteriorating economic conditions that slow construction permitting in a current year.



Estimates of ad valorem tax revenues are prepared during the budget process by the Hillsborough County Management and Budget Department based on historical and current information on economic activity. ARIMA modeling is a key forecasting tool for taxable property values and is used in conjunction with, state taxable value forecasts, trend analysis, and expert knowledge. After reviewing ARIMA and state forecasts, Management and Budget made the determination to use the state forecast in the Pro Forma budget for FY 08 through FY 10. Each annual forecast is replaced with actual data from the Property Appraiser's Office as they became available. Slowing housing markets have resulted in slower taxable value growth. Latest 2007 Property Appraiser data for the FY 08 budget year reflect an 11.7% gain in Countywide taxable values and a 12.8% gain in Unincorporated Area taxable values.

In June 2007, a further restraint on property tax revenue was enacted by the Florida Legislature. Most cities and counties are required to reduce their FY 08 operating millages to below the rolled-back rate. The rolled-back rate is the millage rate that generates the same revenue (less tax increment financing district payments) from existing property this year as was levied last year. Existing property is total taxable value less the value of new construction, the dedicated portion of tax increment financing districts and any increase above 115% of tangible personal property. If the value of

MAJOR COUNTY REVENUES

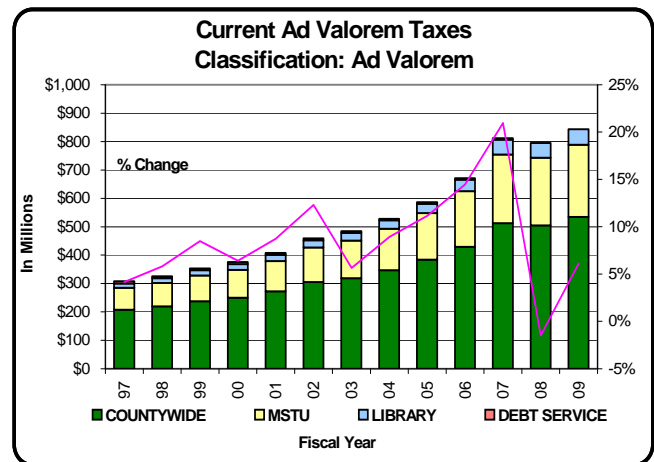
existing property increased over the last year then the rolled-back millage rate for this year will decline. Affected taxing authorities (including the Hillsborough County Board of County Commissioners) will apply this new millage to existing property and to any new property thus gaining the benefit of additional revenue only from the new property. The Legislature's June roll back legislation also requires, for FY 08 only, a further reduction of 3% to 9% from the rolled-back rate.

Under the statutory formula, Hillsborough County is required to take a 5% reduction from the rolled-back rate. Practically, this means a 5% revenue reduction, or \$40.1 million, from actual property taxes levied for FY 07 from existing property. Some of this reduction is offset by the \$30.6 million of new revenue generated from new construction that took place during 2006. The net result for the FY 08 Countywide General Fund is an \$8 million or 1.6% reduction compared to the adopted FY 07 levy. The Unincorporated General Fund reduction is \$2.9 million or 1.2%. The Library Tax District reduction is \$1 million or 1.8%. The three fund total reduction is \$11.9 million compared to adopted FY 07 operating levies. The legislative reduction totals \$109 million when compared to what would have been FY 08 status quo levies using FY 07's adopted operating millage rates and taxable values for FY 08.

Weak housing markets through mid-2008 are expected to continue to restrain growth for FY 09. Current state forecasts for FY 09 project 5.9% growth in countywide taxable value. The roll back statute requires rolling back millage rates and then adjusting them upward by the rate of growth in Florida Per Capita Personal Income for FY 09 and beyond. Based on the state forecast and the bill's provisions, and in the absence of any additional legislative or voter mandated reductions, FY 09 property tax levies for the three tax funds are projected to rise 6.2% from FY 08.

An additional factor potentially affecting FY 09 property tax revenue is the constitutional amendment proposed to be placed on the January 2008 ballot by the Florida Legislature. This amendment, currently under review by the Florida Supreme Court, would create a super homestead exemption and phase out the Save Our Homes limitations. Should this amendment be approved by voters, its impact will significantly reduce property tax revenues beyond the reductions already experienced due to the statutory roll back previously enacted.

The Property Appraiser's values are subject to adjustment by the Value Adjustment Board after the budget is adopted. Since these adjustments impact the tax base, actual ad valorem tax revenues may differ from initial budget estimates.



The chart *Current Ad Valorem Taxes* shows the changes in the County's ad valorem tax revenues for the Countywide, MSTU, Library District and Environmentally Sensitive Lands ad valorem taxes since 1997. Strong growth in taxable value during FY 96 to FY 07 allowed the County to reduce total BOCC millage each year during that period while maintaining ad valorem revenues needed to fund County needs.

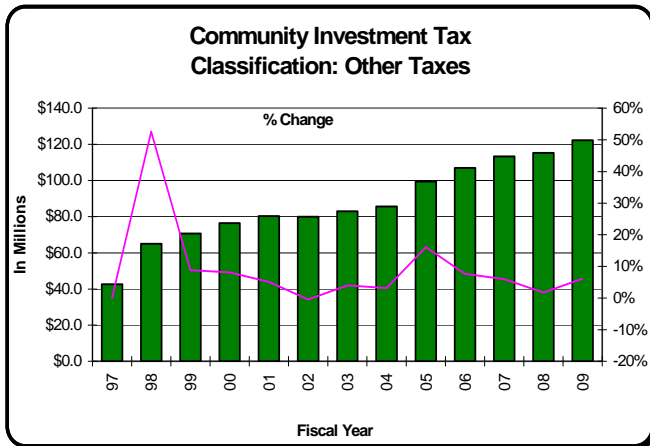
Other Taxes

The *Other Taxes* category includes receipts from non-ad valorem sources such as certain types of locally-imposed gasoline and sales taxes, and tourist development taxes. This category accounts for about 16% of all revenue.

Local Government Infrastructure Surtax - In a referendum held on September 3, 1996, voters of Hillsborough County approved the levy of a 0.5% sales surtax for a thirty year period, effective December 1, 1996. The proceeds from this "*Community Investment Tax*" are used to acquire, construct and improve general government, public education and public safety infrastructure to promote the health, safety and welfare of Hillsborough County residents.

In Fiscal Years 1997 through 2026, this tax is projected to generate in excess of \$4.7 billion in revenue based on an average annual long-term growth rate of 6%. The Hillsborough County School Board will receive 25% of this revenue via monthly disbursements. Another estimated \$318 million will finance, over the thirty year period, Raymond James Stadium. This stadium is used by the University of South Florida football team, the Tampa Bay Buccaneers of the National Football League, and multiple special events. The remaining Community Investment Tax revenue is distributed among the County and its three municipalities using the same distribution formula that applies to the regular Local Government Half-Cent Sales Tax.

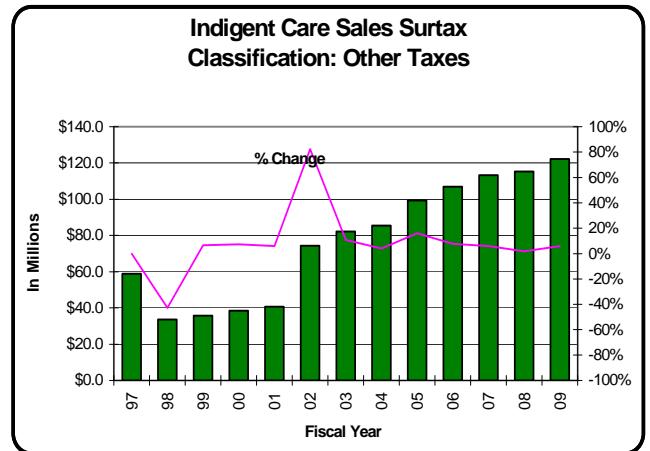
MAJOR COUNTY REVENUES



Management and Budget staff provides short and long term projections of sales surtax revenues based on ARIMA modeling, trend analysis, state forecasts, and current economic conditions. Reflecting strong economic growth and consumer spending, CIT revenues rose 8.8% in FY 99 and 8.1% in FY 00. FY 01 CIT revenues grew about 5.0%. The FY 02 revenues fell 0.25% reflecting falling retail sales due to recession in 2001 and slow tourism activity following September 11. Revenue growth improved in FY 04 to 4.7% and, with boosts from post-hurricane spending and low interest rates jumped to 14.6% in FY 05. Weak housing markets and slower economic growth in late 2006 contributed to slower revenue growth of 8.2% for 2006. Combining ARIMA forecasts, expert judgment of the Management and Budget Department staff and Florida Department of Revenue forecasts lead Management and Budget staff to a growth forecast of 2.9% for FY 07, 1.7% for FY 08 and 6.1% for FY 09.

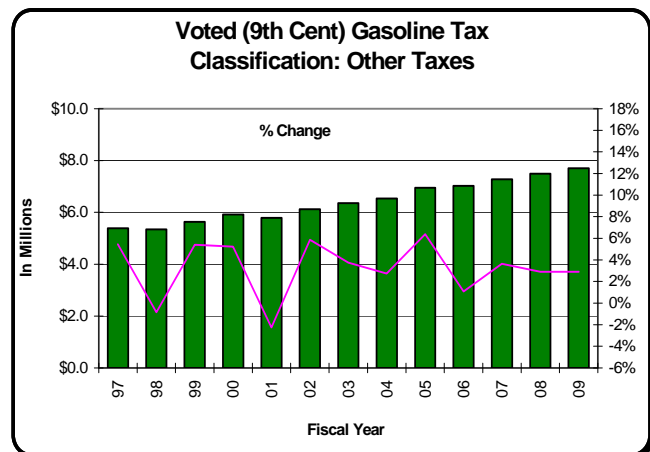
Indigent Care and Trauma Center Sales Surtax - The *Indigent Care and Trauma Center Sales Surtax* funds Hillsborough County's acclaimed Indigent Health Care Program. This surtax was first imposed for a two-year period in FY 85 at a rate of 0.25 percent. In FY 92, the Board of County Commissioners authorized a seven year 0.5 percent sales surtax within Hillsborough County. On May 23, 1997, the state legislature approved a bill to extend the sales surtax until October 1, 2005. The legislation requires that any county that levied the tax prior to October 1, 1998 must adopt an ordinance, by extraordinary vote, to extend the surtax to October 1, 2005 and to authorize the amount of tax to be levied. On July 9, 1997, the Board of County Commissioners approved the required ordinance to extend the surtax.

As approved, the ordinance extended the surtax through September 30, 2005 and authorized a reduction in the surtax rate from 1/2 cent per dollar of sales price to 1/4 cent per dollar of sales price. This reduction remained in place through September 30, 2001, when it increased to 1/2 cent per dollar of sales price.

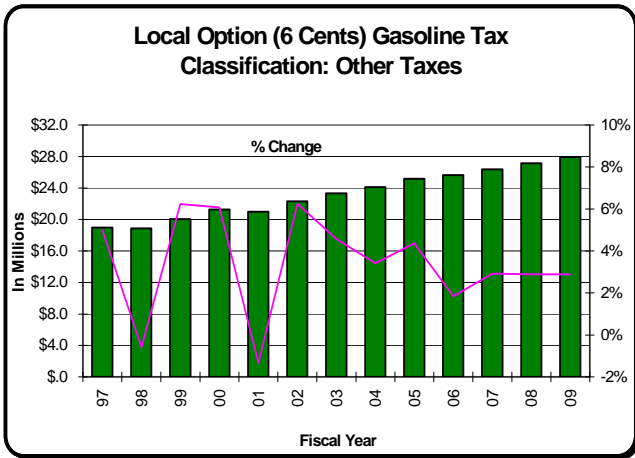


The 2003 Legislature extended the authority for this surtax on a continuing basis (removed the sunset provision) with a requirement that a biennial audit be delivered to the local governing body and to the chair of the legislative delegation. The chart for this tax reflects revenues since FY 97. FY 98 through FY 01 revenues reflect the reduction in the surtax rate from 0.5 percent to 0.25 percent effective October 1, 1997, with corresponding decreases in revenues. The large revenue increase, over 80% for FY 02, reflects the return to a 0.5% rate on October 1, 2001. In the absence of rate, other structural tax changes and audit adjustments the Indigent Care Sales Surtax and the Local Government Infrastructure Sales Surtax (CIT) should exhibit nearly identical trends. Using the same methods and tax base, Management and Budget staff forecast the Indigent Care Surtax will match CIT forecasts.

Gasoline Taxes - The Taxes revenue classification includes two gasoline taxes, the Voted (9th Cent) Gasoline Tax and the Local Option (6 Cents) Gasoline Tax. Gasoline taxes collected within Hillsborough County are distributed among the County and its three municipalities.



MAJOR COUNTY REVENUES



Gas taxes are an important source of funds for road network improvement, maintenance, and road resurfacing. Like most gasoline taxes, and as shown in the respective charts, gasoline tax revenues have grown slowly over the last several fiscal years due primarily to increased fuel efficiency of automobiles and other gasoline powered vehicles. FY 99 and FY 00 gasoline tax revenues increases reflected strong fuel demand resulting from rapid economic growth. FY 01 local option gas taxes fell due to higher fuel costs and a slowing economy, but returned to long-term trends in FY 02 & FY 03. A strong economy kept gas tax revenue growth high in FY 04 and FY 05 as well. Fuel prices are likely to remain relatively high compared to the late 1990s. This could have a negative effect on long term gasoline demand and, therefore, fuel tax revenues. Currently, the 6- year trend growth for fuel tax revenues is about 2.9% annually. Management and Budget staff forecasts for FY 08 and FY 09 follow this 6- year trend.

Local Option Tourist Development Tax - This tax, imposed primarily on tourist-related resorts and facilities, provides funding for tourist and economic development. The tax was increased in 1990 from 3% to 4% to provide funds as a pledge against sports facility debt. In October 1995, an additional one percent was added to finance the Ice Palace, an indoor sports and entertainment arena constructed in downtown Tampa. This brings the current tax rate to 5%.

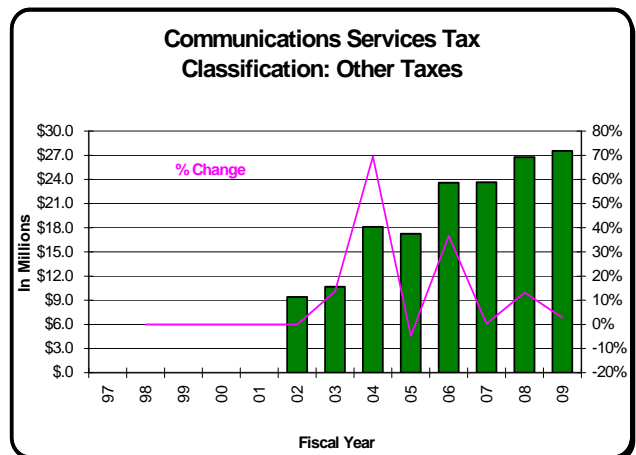
Tourist tax revenues rose steadily from FY 97 – FY 01. FY 02 revenues fell substantially in the aftermath of September 11. Revenues began to rebound in FY 03 and into early FY 04. As the economy recovered and tourists returned to travel, FY 04 revenues modestly exceeded pre-September 11 levels. Strong tourism markets boosted revenues for FY 05, and FY 06 revenues increased 4.2%. Growth of 6.3% is forecast for FY 07. Growth of 5% to 5.5% is forecast for both FY 08 and FY 09.



Tourist tax revenue forecasts are based on ARIMA forecasts by the Management and Budget Department, as well as Economic Development Department staff expertise.

Communications Services Tax – In 2001, the State of Florida established the communications services tax. The goal was to restructure taxes on telecommunications, cable television, direct-to-home satellite, and related services. The law replaced and consolidated several different state and local taxes with a single tax comprised of two parts: the Florida communications services tax and the local communications services tax. The definition of communications services encompasses voice, data, audio, video, or any other information or signals, including cable services that are transmitted by any medium. The local tax does not apply to direct-to-home satellite services.

The 2001 legislation also set a default rate for each locality so that the new law was revenue neutral. However, it allowed each local taxing jurisdiction to levy its own tax rate on communications services rather than use the default rate.



For FY 02, Hillsborough County used the default rate of 2.2%. Effective January 1, 2003, the BOCC lowered the rate to 2%. Effective January 1, 2004, the Board raised the rate to 4.0%, with

MAJOR COUNTY REVENUES

the provision that one-quarter of the tax go to fund construction of fire stations. During the FY 06 & FY 07 budget process, the BOCC changed the share of this tax for fire station construction to 37.5%.

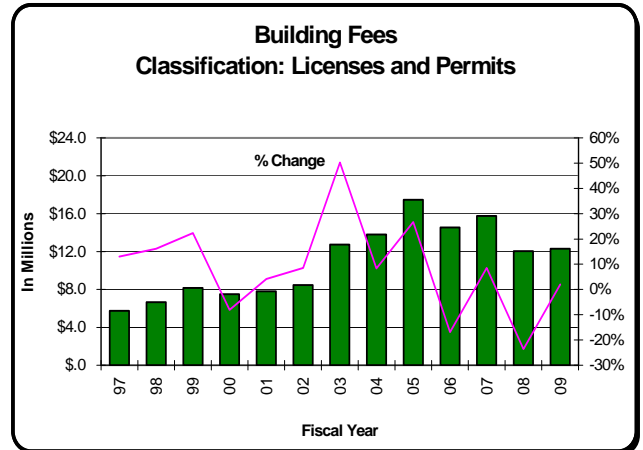
The Communications Services Tax is likely to reflect the rapid and comprehensive change occurring in the communications industry. New technologies, particularly internet and wireless, are changing the way we use telephones, computers and television. These changes will continue to complicate the forecasting of this revenue. Strong FY 06 and FY 07 actual revenues have resulted in a strong FY 08 growth estimate of 13.1%. The budget reflects the state's growth forecast of 2.9% for FY 09.

This tax is levied in the unincorporated area only. The three municipalities levy their own communications services tax.

Licenses and Permits

Although fees from licenses and permits provide less than 1% of total County revenues, they are worth mentioning because of their relationship to the regulatory functions of County government and their usefulness in gauging activity of growth in related segments of the County's economy.

The chart on Building Permit Fee revenue since 1997 illustrates the general health of the local building industry. As shown in the "Economic Indicators" section of the Executive Summary, increases in local construction activity through FY 99 produced strong revenue growth in this area. As in the rest of the nation both residential and commercial construction was very strong in Hillsborough during the late 1990s. Building fee revenue surged 16.2% in FY 98 and 22.4% in FY 99. Rapid commercial construction, however, outpaced absorption in 2000 resulting in increasing vacancy rates and softening rents. This development, combined with higher interest rates in 2000, contributed to a 41.2% fall in the value of commercial permits issued in 2000. New residential permits fell 19.5%. Building fee revenue fell 8% in FY 00. Single family permitting activity improved in 2001 and 2002 supporting better building fee revenue growth 4.2% in FY 01 and 8.5% in FY 02. FY 03 revenues included fee increases for residential housing permits and building trades subpermits. This was the first time these fees were increased since 1989. After a one-time increase of nearly 50% in this revenue, FY 04 revenue grew 8.3%. Strong markets produced a 26.7% gain for FY 05. In response to higher interest rates, residential building permits fell 19.5% in 2006. This drop led to a 16.9% fall in this revenue for FY 06. Total year-to-date residential permits are down 46.5% for the first quarter of 2007. Growth for FY 07 is forecast at 8.5%.



Permit activity is likely to remain sluggish in FY 08 due to the continued backlog of unsold existing and new homes. Analysts do not expect housing sales to turn around until mid-2008. These forecasts reflect national consensus expectations of housing markets and the expert judgment of Planning and Growth Management staff.

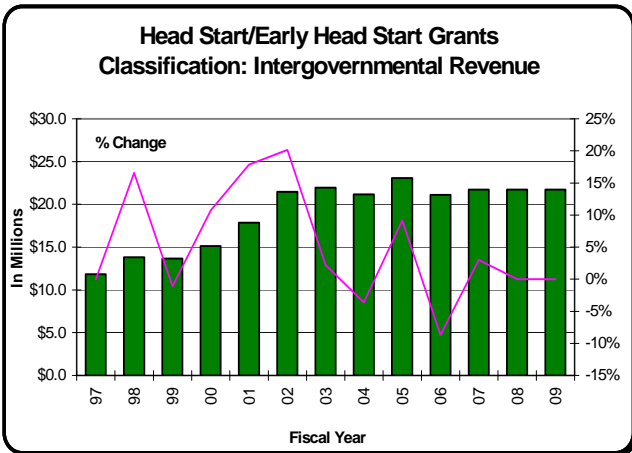
Intergovernmental Revenues

The County receives about 12% of its revenue from intergovernmental sources including federal and state grants.

Grants - Major grants received by the county include funding for head start, children and elderly food programs, anti-drug abuse programs, environmental issues, jail construction, and Housing and Urban Development grants for community development and housing rental.

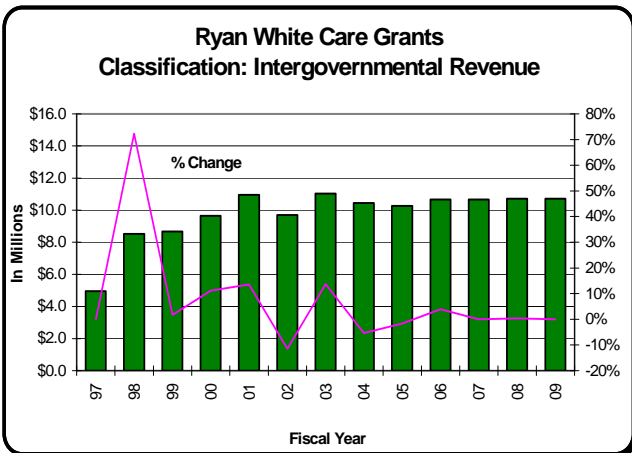
The County's largest grants are for the Head Start and Early Head Start Program. The program provides services designed to enhance children's physical, social, emotional and intellectual development. Early Head Start serves low-income pregnant women and families with infants and toddlers. Head Start provides preschool services for three and four year old children from low income families in Hillsborough County. Young children with disabilities or developmental delays are also served in an environment of inclusion. The centers are located throughout the County and transportation is provided for the Head Start children. All families receive health, dental, and preventative mental health services and parent involvement opportunities.

MAJOR COUNTY REVENUES



As the chart above indicates, revenue grew substantially from FY 97 through FY 02. This is due to Cost-of-Living Adjustments (COLA) and Expansion funding. However, starting in FY 03 the rate of increase began to slow and have generally been confined to the COLAs. Estimates are prepared by the Children's Services Department in consultation with the granting agency, the U.S. Department of Health and Human Services, Region IV Administration for Children and Families.

On December 1, 1992, the Hillsborough County Board of County Commissioners was designated as the grantee agency for the Ryan White CARE Act of 1990 for Title I funds to be allocated among service providers for HIV+ individuals in the Tampa-St. Petersburg area, comprised of Hillsborough, Pinellas, Pasco, and Hernando Counties. On June 18, 1997, the County was designated to administer Ryan White Title II in Hillsborough, Pinellas, Pasco, Hernando, Polk, Highlands, Hardee and Manatee Counties. Both Ryan White grants are administered by the Health and Social Services Department in accordance with the dollar allocations of the Ryan White Care Council.

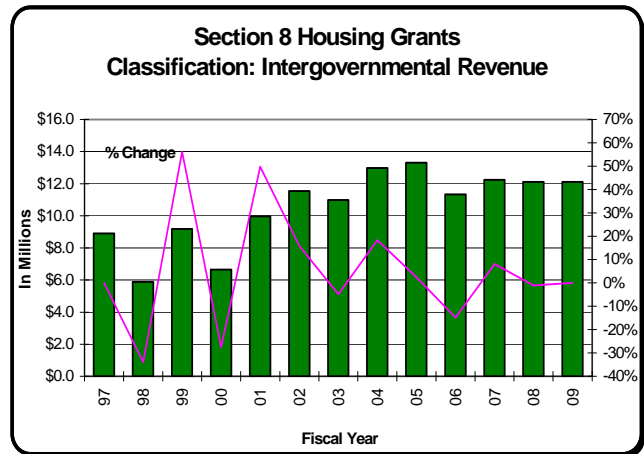


As the chart above indicates, Ryan White grant revenue has been

relatively stable. The main exception would be the increase in FY 98 when Title II funding was added. Estimates are prepared by the Health and Social Services Department in consultation with the granting agency, the U.S. Department of Health and Human Services, Region IV, Health Resources and Services Administration.

While the U.S. Department of Health and Human Services is the County's largest granting agency, significant funding comes from the U.S. Department of Housing and Urban Development (HUD). The largest HUD program is the Section 8 Housing Choice Voucher Program. This program provides financial assistance to low-income families so they can obtain decent, safe and sanitary rental housing in Hillsborough County.

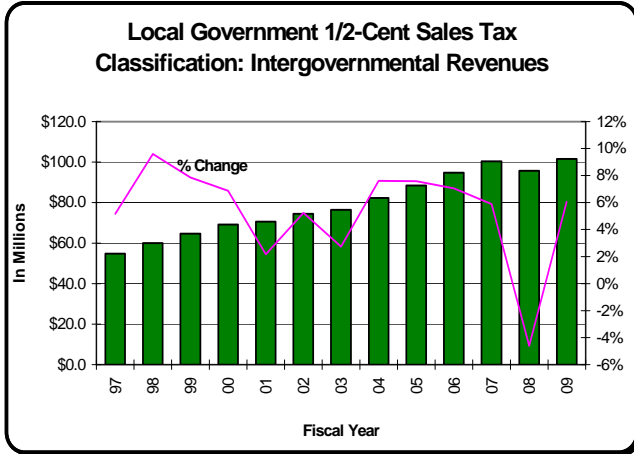
As the chart below indicates, Section 8 grant revenue had slow but steady increases from FY 97 through FY 04. Though timing issues related to receiving the funds caused the graphed fluctuations, the amounts actually granted increased gradually. However, the revenue is expected to fall from FY 05 levels through FY 09. Estimates are prepared by the Health and Social Services Department in consultation with the U.S. Department Housing and Urban Development (HUD).



State-Shared Revenues - Two State-shared revenues are important sources of funding for the County. The *Local Government Half-Cent Sales Tax* has been a growing source of revenue for the County since FY 83. In FY 98, actual collections exceeded the budget by \$4 million. The FY 99 budget was also understated by as much as \$5 million. The excess revenue collected in FY 98 and FY 99 were brought forward to FY 00 as non-recurring revenues available for non-recurring projects. During FY 96 to FY 00 half-cent revenues grew an average 7.6% annually. This high growth reflected the high levels of consumer spending in the late 1990s. As recession affected consumer spending, a slowdown in taxable sales growth occurred in FY 01, FY 02 and FY 03. Half-cent revenue grew only 2.2% in FY 01, 5.2% in FY 02, and 2.7% in FY 03. Strong economic conditions in 2004 and 2005 boosted growth

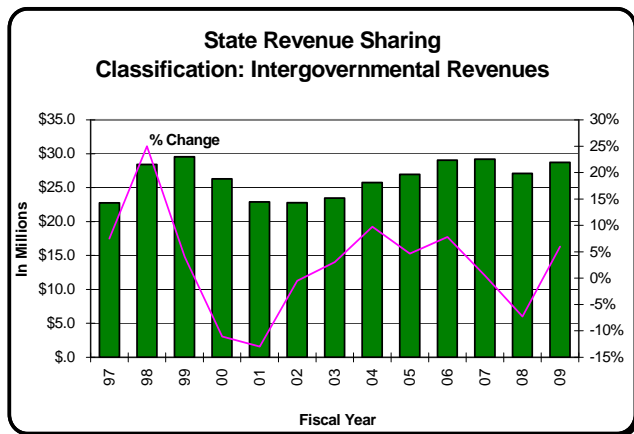
MAJOR COUNTY REVENUES

above 7% for FY 04, FY 05 and FY 06. However, state legislation related to Article V implementation lowered the share of sales tax shared with local governments by 9.5% effective July 1, 2004.



Management and Budget ARIMA forecasts and state forecasts of much slower statewide sales growth led to a consensus forecast of 0.12% growth for FY 07 followed by 4.6% decline over FY 07 budgeted revenues for FY 08 returning to a 6.1% increase for FY 09. Weak housing markets tend to reduce consumer spending.

The second important State source is State Revenue Sharing. Until July 1, 2000 the county received a portion of the State intangibles tax along with a small contribution from the one-cent cigarette tax. As with other State estimates, FY 98 and FY 99 State Revenue Sharing was underestimated. FY 00 included a 25% reduction in the intangibles tax based on a change approved by the Florida Legislature in 1999. In May 2000 the Legislature passed an additional change to State Revenue Sharing. As of July 1, 2000 counties still receive the one-cent cigarette tax but no longer receive any portion of the intangibles tax. In place of the

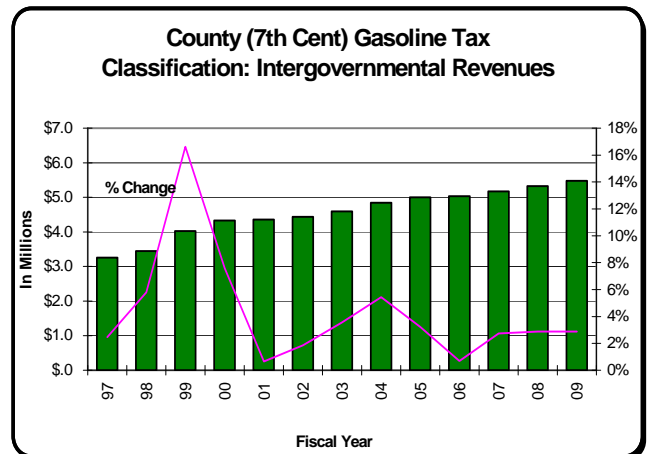


intangibles revenue the Legislature authorized 2.25% of state

sales tax revenue be included in State Revenue Sharing. This change further reduced state revenue proceeds, but likely produced a more stable revenue source over the long term. This change causes State Revenue Sharing to grow in a similar manner to the Half-Cent Sales Tax. State Revenue Sharing forecasts, therefore, will closely track Half-Cent forecasts. Later, state legislation related to Article V implementation lowered the share of sales tax shared with counties through revenue sharing by 9.1% effective July 1, 2004.

The *Constitutional Gas Tax* is a 2-cent levy shared with counties only. Eighty percent of the revenue can be used for debt service, if any, to be managed by the State Board of Administration. Any remainder of the 80 percent portion is then distributed to the County. The other 20 percent is given to the County for the acquisition, construction and maintenance of roads. This revenue is expected to remain a stable source of income.

The *County (7th Cent) Gasoline Tax* is considered a State-Shared Revenue since its distribution is based on a State-set formula — not based solely on total collections within the county of collection.

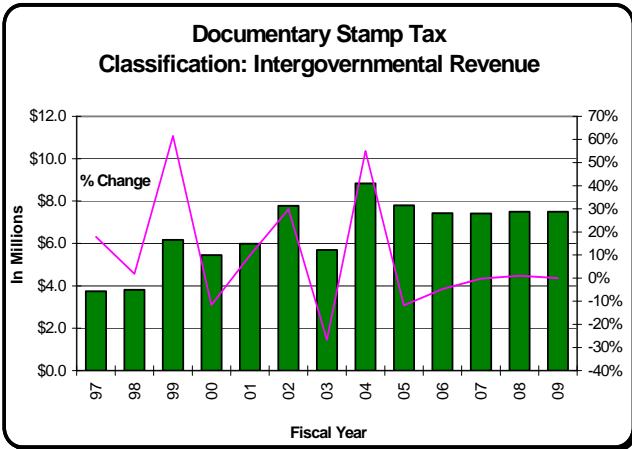


This revenue, along with other gasoline taxes and road network impact fees, is used to finance road network improvements and maintenance. As the associated chart shows, revenues from this tax have grown steadily since FY 97. Growth accelerated in the late 1990s, as did growth in most revenues. FY 08 and FY 09 Management and Budget staff projections for the Constitutional Gas Tax and County Gas Tax match the 6-year trend rates of 2.9% for all fuel tax revenues.

Documentary Stamp Tax - The State of Florida levies a Documentary Stamp Tax on all real estate transactions. Of the total collected in each County, 11.3425% is returned to Local Governments to fund local affordable housing plans. The growth in this revenue generally follows the same pattern as Building Permits since they are interrelated. The high level of building activity in FY

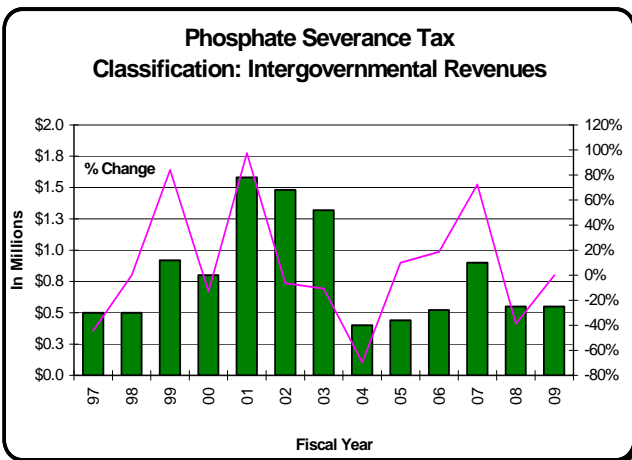
MAJOR COUNTY REVENUES

98 & FY 99 caused the FY 99 revenue spike as seen in the chart below. However, mortgage refinancing is also subject to the



documentary stamp tax. The high level of mortgage refinancings in FY 02 is behind that year's surge. The housing market supported high growth in this revenue for FY 04 and FY 05, but as interest rates rose in late 2005 and 2006 we have experienced a decline in sales. Housing markets are not projected to turn around before mid-2008. We anticipate that FY 08 and FY 09 revenues will remain relatively flat. These forecasts reflect expert staff judgment of the Management and Budget and Housing and Community Code Enforcement Departments using a five year trend analysis and monitoring of the Florida Legislature.

Phosphate Severance Tax - The State of Florida levies a tax on phosphate rock mined in the state. The 1982 session of the State Legislature authorized a distribution of 10% of this tax to counties. To receive funds from this source, a county must demonstrate a nexus, direct or indirect, to the phosphate industry. The volatility of the phosphate industry in the late 1980's adversely affected the amount of tax levied; in FY 94 the state permanently reallocated a portion of these taxes to other jurisdictions.

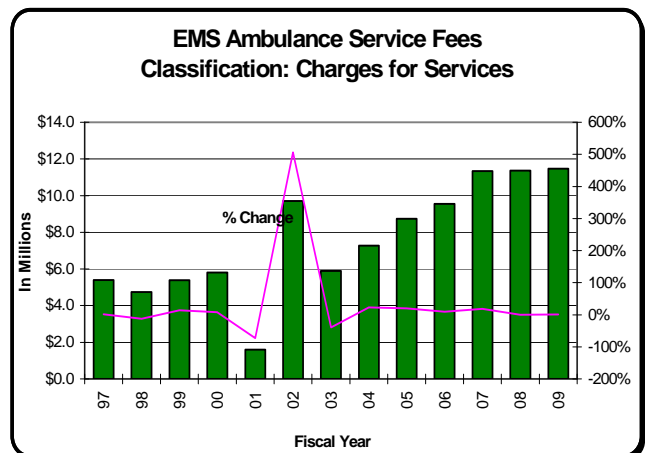


The accompanying chart shows this revenue's volatility over the years. Revenue in FY 99 reflected better international market conditions for phosphates and phosphatic fertilizer. In May 2000 the Legislature increased the county share of the tax from 10% to 18%. In FY 04, a major phosphate mining company scaled back operations in Hillsborough County and shifted them to Manatee and Hardee counties. This is a short-term shift and revenues were expected to return to near normal in FY 07. Unfortunately, this rebound was not evident at the time of this writing, and the FY 08 and FY 09 estimates reflect lower anticipated revenues. Forecasts are based on Management and Budget staff judgment and analysis of the number of phosphate mining reviews for the preceding three years.

CHARGES FOR SERVICES

Charges for Services comprise approximately 26% of budgeted income and include revenues from such services as ambulance transports, water, special recreation programs, sewer service charges, internal service charges, fees for housing federal prisoners, and municipal, commercial and franchise solid waste disposal fees. In preparing the County's annual budget, the departments whose operations are supported by these fees provide the estimates of anticipated revenue. Departments rely upon past trends and their accumulated expert knowledge to construct these estimates. Over the past several years, the County has had to rely more heavily on this type of revenue. One example of this type of revenue is illustrated by the chart labeled *EMS Ambulance Service Fees*, which shows a steady source of revenue, except in FY 98 & FY 01. In FY 99, collections were contracted out and revenue began to rise. However, a problem with the collection vendor in FY 01, caused revenue to decrease substantially. The vendor has been replaced and collections have returned to historic levels.

The Fire Rescue Department together with the Management and Budget Department develop the estimates for these fees using expert judgment and a five year trend analysis.

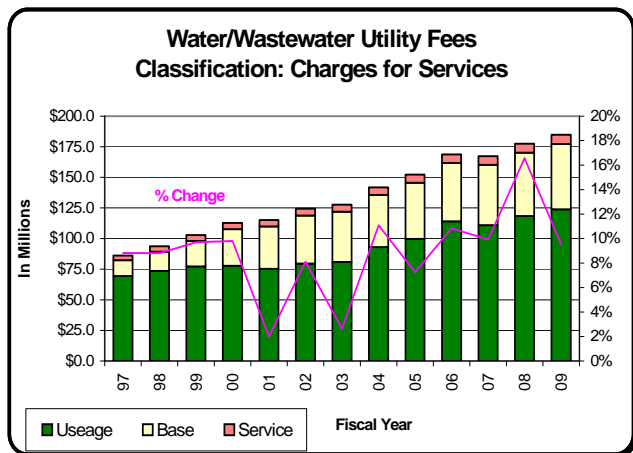


MAJOR COUNTY REVENUES

Water and Wastewater Utility User Charges - The primary source of revenue for the Hillsborough County Water and Wastewater utility system is the monthly charges to its customers. These charges are composed of three parts – Base Facility Charges, Volumetric Charges and the Customer Service Charge. Since FY 01, the standard residential Base Facility Charge for Potable Water has been \$7.90 per month, for Wastewater it has been \$12.75 per month and the Customer Service Charge has been \$3.80. Volumetric Charges are tiered and billed per 1000 gallons. These charges are designed to promote water conservation.

A rate study is conducted by the Water Resource Services Department every two years to set the rates for the biennial budget. The study, which is validated by an independent consultant, is prepared to determine if the revenues are sufficient to meet the financial needs of the County's Water and Wastewater System. This study is the basis for the monthly user charges for the following two years, with the exception of the "Purchased-Water Pass-Through" consumption charge to recover the cost of all retail and bulk potable water purchases. The Water Department calculates the "Purchased-Water Pass-Through" charge annually and implements any changes for the 12-month period on or about October 1 of each year. Accelerating growth and the need to reduce reliance on ground water pumping have required Tampa Bay Water to construct additional projects which increased the cost of bulk water purchased.

The chart below shows that overall revenues from user, base and service charges have grown steadily, which reflects the impact of growth in the unincorporated area over the last ten years. Hillsborough County's effective implementation of tiered conservation rates and other conservation programs have mitigated the need to increase usage charges other than the Purchased-Water Pass-Through charge.



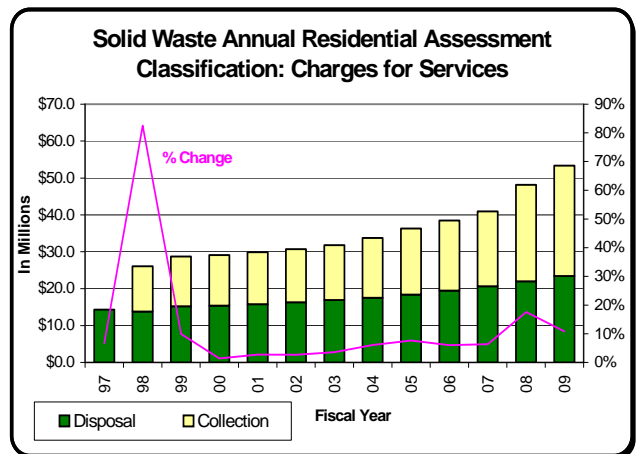
Solid Waste Residential Assessments - These non-ad valorem

assessments, which appear on the ad valorem tax bill, fund residential solid waste collection and disposal as well as provide a stable revenue source for Solid Waste Management System bonds. Starting in FY 98, there are two separate assessments - a solid waste collection assessment and a solid waste disposal assessment. Both assessments are collected in the Unincorporated Area only.

The solid waste collection assessment was approved by the BOCC on November 13, 1996, and went into effect on October 1, 1997. This assessment replaced the annual \$82.08 fee residents previously paid directly to collectors for curbside service. Franchise collectors are now paid directly by the County. From FY 98 through FY 03 the rate was \$76.20. For FY 04 the rate was \$80.68 and increased to \$85.16 for FY 05 through FY 07. A request is pending to increase this to \$105.61 for FY 08 and FY 09.

Residents are also assessed a solid waste disposal assessment on the ad valorem tax bill. These assessment fees replace the tipping fee previously charged by disposal facilities for residential refuse disposal, whether transported by the residential user or a commercial service. From FY 87 to FY 91, this assessment was \$96.50 and was reduced to \$84.00 in FY 92. In FY 96 and FY 97, the disposal fee was \$89.71; in FY 1998 this assessment decreased to \$85.43. A request to increase this rate to \$87.99 for FY 08 and FY 09 is pending. Refuse originating from non-residential sources is subject to a tipping fee at the time of disposal.

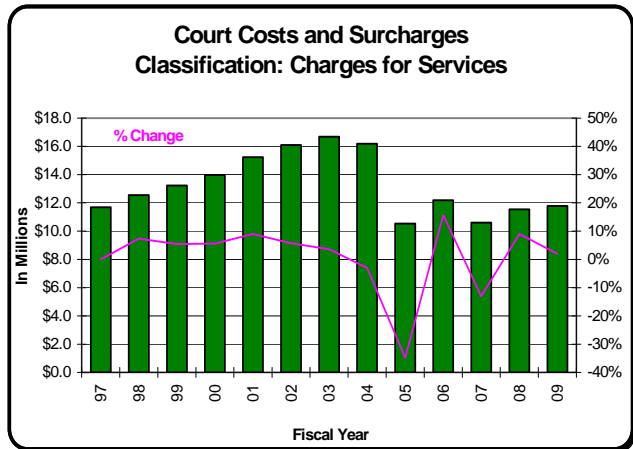
Reflecting Solid Waste Management Department expert staff judgment and existing property tax rolls, solid waste funding sources for are expected to rise by 13.3% for FY 08 and 9.2% for FY 09, mainly due and rate increases discussed above and increased volume of tonnage processed related to growth in the system.



Sheriff's Office Fees – The majority of these fees are reimbursements to services provided by the Sheriff's Office. For example,

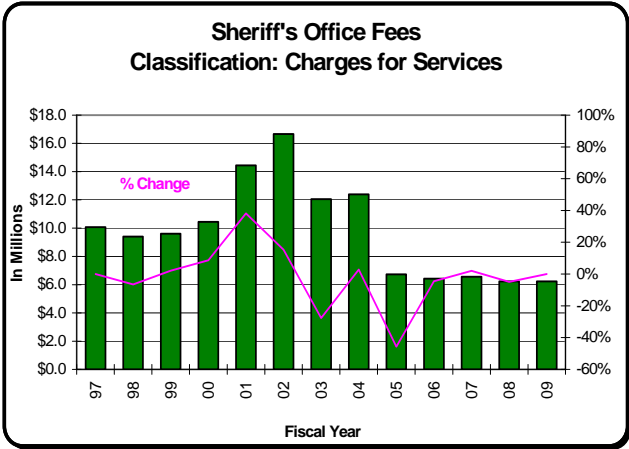
MAJOR COUNTY REVENUES

the cities reimburse for School Crossing Guards provided by the Sheriff and the School District reimburses half of the costs for the School Resource Deputy program. The largest reimbursement is from the U.S. Department of Justice for detention of federal inmates awaiting trial. The revenue estimates are provided by the Sheriff's Office based on the estimated cost to provide these services to the outside agencies. The revenue has been consistent over the last ten years, with the exception of FY 01 and FY 02. During those two years, the Hillsborough County Indigent Health Care Program was reimbursing for the cost of Indigent Inmate Healthcare. That reimbursement was ceased in FY 03. Revenue classified as Sheriff's Office Fees dropped significantly beginning in FY 05 due to a reclassification of certain revenues from Sheriff's Office fees to Board of County Commissioner revenues. The revenue estimates are provided by the Sheriff's Office based on the estimated cost to provide these services to the outside agencies.

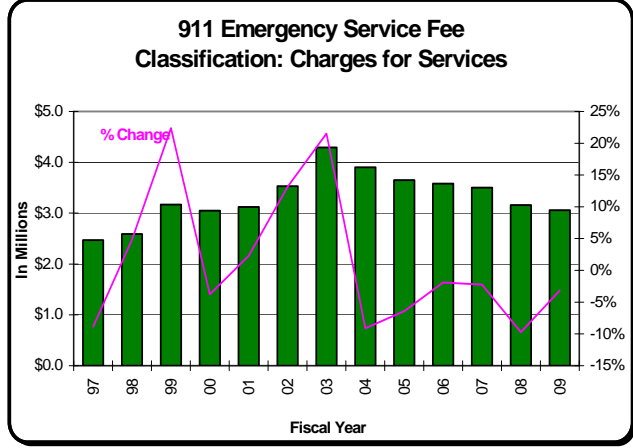


911 Emergency Service Fee – This fee is paid by landline telephone subscribers within Hillsborough County to fund the 911 emergency service program. The monthly rate is 50 cents per access line up to a maximum of 25 lines per account. There is a similar fee imposed by the State of Florida on cellular telephones subscribers to fund the electronic 911 system. Part of this levy is shared with the Counties.

The income from the 911 service fee grew steadily from FY 95 through FY 03. However, in FY 04 the revenue began to decline as the number of landline telephones declined. Information and Technology Services Department staff anticipates further decreases for FY 08 and FY 09 based on expert staff judgment and input from the Florida State Technology Board. It should be noted that the State's E911 fee has had a corresponding increase as the number of cellular telephones has increased.



Court Costs and Surcharges – Prior to FY 05, these revenues were composed of civil court filing fees, criminal court cost charges, and special surcharges designed to aid in the funding of the court system. However, effective July 1, 2004, most court-related fees and fines now accrue to the Clerk of the Circuit Court to pay for the Clerk's court related duties. Three new fees were allowed by the Legislature and adopted by Hillsborough County. The first is a traffic court surcharge used to fund court facilities. The second is a document recording fee to fund court technology. The third is a criminal court surcharge used to fund the court innovations, a law library, legal aid, and teen court/juvenile diversion programs. The Clerk of the Circuit Court together with the Management and Budget Department develop the estimates for these new fees using expert judgment and a five year trend analysis of similar fees. Revenue estimates for FY 08 are anticipated to up 8.9% over FY 07, with FY 09 up 2.0% over FY 08 levels,



Fines and Forfeitures

Fines and Forfeitures comprise only 0.3% of County revenues. Prior to July 1, 2004, these revenues consisted mainly of court, local ordinance and library fines. However, State legislation related to Article V implementation redirected court fines to the Clerk of the Circuit Court to carry out court-related functions. This re-

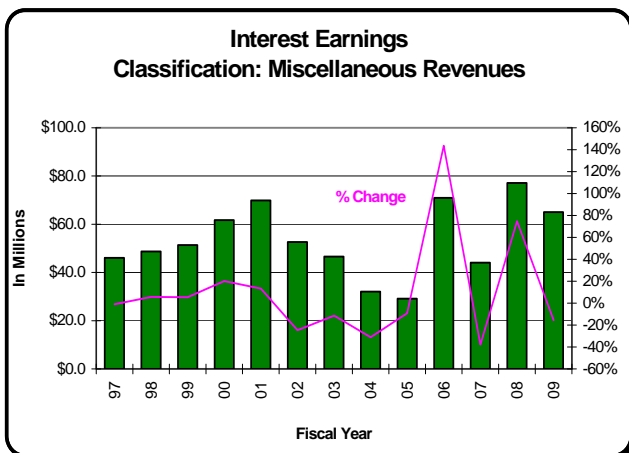
MAJOR COUNTY REVENUES

sulted in a revenue loss of approximately \$1.0 million.

Miscellaneous Revenues

Miscellaneous Revenues account for 7.4% of total revenues. Interest, special assessments and impact fees account for the majority of revenues in this category. In addition to the revenues detailed below, this category also includes rental income, sale of surplus equipment, property and land, and contributions and donations. It also reflects the net change in the fair value of investments. This last category reflects recent changes in governmental accounting standards. The County does not currently budget for unrealized changes in the value of its investments, but they are reflected in its financial statements and they impact future years' budgets through changes in the fund balance brought forward.

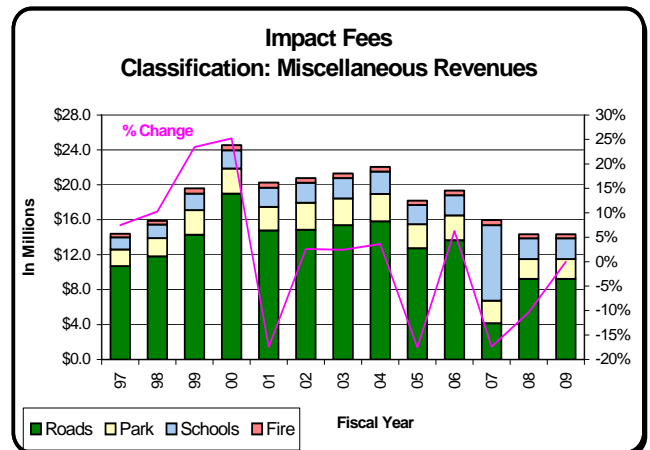
Interest Earnings – Interest earnings are one of the largest components of Miscellaneous Revenues and affect every county fund. As the chart below shows, there can be a great deal of fluctuation in interest earnings. The main reason for this fluctuation is a change in interest rates and since most of the County's funds are in short term investments, as short-term interest rates rise so will the County's interest earnings and vice versa. The spikes in FY 96 and FY 01 are due to short-term interest rate increases while the declines from FY 02 through FY 05 are due to short-term interest rate decreases. On June 30, 2004 the Federal Reserve, in response to improving economic growth, began a string of short-term interest rates increases. From June 2004 through June 2006 the Fed has increased the Fed Funds rate a total of 425 basis points. The Fed has not made any additional changes through July 2007. The Fed still stresses its vigilance against inflation but also has an eye on weak housing markets. Analysts project the Fed may stand pat for the balance of 2007 and possibly in 2008 unless housing markets weaken to the point of spilling over into other areas of the economy.



The other component of interest earnings is the average daily cash balance. Overall this tends to fluctuate very little from year to year,

but did steadily increase from FY 97 through FY 03. However, a one-time drawdown in reserves for capital projects and the use of excess revenues from the late 1990's for major maintenance projects has resulted in lower estimated interest earnings in FY 05 & FY 06. Actual interest revenues are expected to greatly exceed budget for FY 07, and the FY 08 and FY 09 estimates reflect overall higher reserves. The Management and Budget Department combines national interest rate forecasts with a three year average cash balance model to derive forecasts for interest earnings in each fund.

Impact Fees - Impact fees on new construction were implemented in June 1985 to finance capital facilities needed to maintain service levels in areas of growth. The first of these fees was for roads and parks, while the right-of-way portion of the roads impact fees was implemented in February 1986. School impact fees followed in August 1986, with fire impact fees implemented in June 1988. Originally, all impact fees were collected only in the unincorporated areas of the county. However, on January 1, 1993, school impact fees began to be collected in both incorporated and unincorporated areas of the county.



In April 1990, all impact fees, with the exception of fire impact fees, were increased. The degree of increase depended on several factors including land use, location, and engineering factors. Total impact fee revenues have shown steady growth since FY 95, reflecting overall county growth. Not shown, however, are the in-kind contributions provided by some developments in lieu of paying fees. Cost recovery rates for impact fees have dropped substantially since fees were changed in 1990. In July 2006, the Board voted to increase school impact fees beginning in November 2006. Revenue estimates starting in FY 07 were adjusted downwards to reflect significant transportation impact fee offset credits granted to developers during FY 06; with additional decreases forecast for FY 08 and FY 09. These are illustrated in the chart above. Fees are conservatively estimated by Management and Budget staff using a five year trend analysis and expert staff judgment.

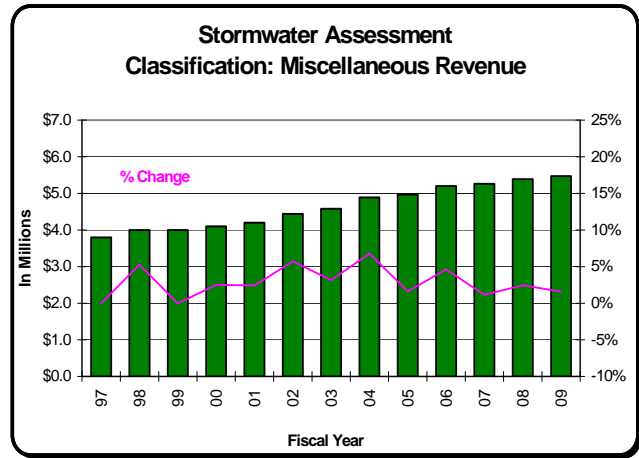
MAJOR COUNTY REVENUES

Stormwater Assessment - On June 22, 1989, the Board of County Commissioners of Hillsborough County imposed a stormwater assessment on developed properties within unincorporated Hillsborough County. This assessment pays for costs associated with the Hillsborough County stormwater system, including capital augmentation. The assessment applies to roofed and paved parcels of land within areas that cannot absorb water. The stormwater assessment is placed on the tax bill as a non-ad valorem assessment.

On August 15, 1991, the Board set the rates for single family residential and agricultural parcels at \$12 per year. Other residential parcels, such as apartment complexes and condominiums, are assessed \$6 per dwelling unit on the parcel. For non-residential parcels the assessment is \$.01 for each 1.5 square feet of area which cannot absorb water, with a minimum assessment of \$12. The stormwater rates have remained unchanged. Annual population growth in the unincorporated area accounts for the small but consistent annual increase in revenues.

Forecasts are derived by Public Works staff judgment and actual

property tax roll data. Overall revenues are estimated to increase slightly due to ongoing unincorporated area development.



COUNTY REVENUES BY SOURCE

		FY 06 Actuals	FY 07 Adopted	FY 08 Recommended	FY 09 Planned	% Total FY 08
Taxes						
Ad Valorem Taxes	D	\$674,093,953	\$815,069,495	\$803,169,121	\$851,924,247	38.8%
Community Investment Tax	D	107,126,448	113,284,171	115,223,923	122,206,493	5.6%
Indigent Healthcare Surtax	D	107,057,180	113,284,171	115,223,923	122,206,493	5.6%
Six-Cents Gas Tax	D	25,630,347	26,379,724	27,142,098	27,926,505	1.3%
Communications Services Tax	D	23,579,615	23,649,963	26,768,486	27,531,388	1.3%
Tourist Development Tax	D	20,690,941	19,401,669	23,205,600	24,409,970	1.1%
Ninth-Cent Gas Tax	D	7,023,536	7,278,144	7,488,482	7,704,900	0.4%
Other Taxes		67,033	61,000	65,800	66,358	0.0%
Total Taxes		965,269,053	1,118,408,337	1,118,287,433	1,183,976,354	54.8%
Licenses & Permits						
Building Permits	D	14,570,672	15,845,722	12,054,050	12,298,050	0.6%
Other Licenses & Permits		5,209,070	5,296,276	4,045,226	4,121,998	0.2%
Total Licenses & Permits		19,779,742	21,141,998	16,099,276	16,420,048	0.8%
Intergovernmental Revenue						
<u>State Shared Revenues</u>						
Local Government Half-Cent Sales Tax	D	94,754,257	100,337,686	95,714,471	101,514,768	4.6%
State Revenue Sharing	D	29,047,590	29,189,296	27,077,824	28,698,279	1.3%
Constitutional Fuel Tax	D	11,292,248	11,723,544	11,972,047	12,318,039	0.6%
Documentary Stamp Tax	D		7,426,314			0.0%
Shared State Restricted Revenue		12,903,525	5,833,827	13,175,214	13,608,456	0.6%
County Fuel Tax	D	5,039,038	5,176,865	5,326,476	5,480,412	0.3%
Shared State General Revenues		4,317,414	3,821,103	4,116,884	4,139,151	0.2%
Other Intergovernmental Revenues		2,305	0	2,500	2,500	0.0%
Subtotal		157,356,377	163,508,635	157,385,416	165,761,605	7.6%
<u>Intergovernmental Grants</u>						
Head Start/Early Head Start Grant	D	21,242,756	21,726,906	21,726,908	21,726,908	1.1%
Section 8 Housing Grant	D	11,744,720	12,250,332	12,121,088	12,121,088	0.6%
Ryan White Emergency Relief Grant	D	5,169,854	10,672,327	10,710,531	10,710,531	0.5%
Federal Human Services Grants		12,508,924	7,311,867	8,415,397	7,951,935	0.4%
Community Development Block Grant		4,104,548	6,085,956	6,115,565	6,115,565	0.3%
State Health & Human Svcs Grants		5,465,464	5,667,604	5,444,345	5,486,349	0.3%
Federal Health Grants		4,438,787	3,717,407	3,884,355	3,903,267	0.2%
Fed Economic Environment Grants		13,959,840	3,701,153	3,502,506	3,483,711	0.2%
State Physical Environment Grants		2,972,927	3,337,032	3,326,809	3,444,420	0.2%
Other State Grants		5,523,255	3,010,811	5,794,163	3,484,986	0.3%
Other Federal Grants		11,494,113	2,556,016	3,568,712	3,779,797	0.2%
Local Grants		2,335,117	371,630	399,416	403,221	0.0%
Subtotal		100,960,305	80,409,041	85,009,795	82,611,778	4.1%
Total Intergovernmental Revenue		258,316,682	243,917,676	242,395,211	248,373,383	11.7%
Charges for Services						
<u>Water/Wastewater Utility Fees</u>						
Water/Wastewater Usage Fees	D	114,165,462	110,964,596	118,448,030	123,895,811	5.7%
Water/Wastewater Base Fees	D	48,218,048	49,223,696	51,779,036	53,402,636	2.5%
Accrued Guaranteed Revenue Fees		16,055,898	10,926,285	11,514,725	11,636,060	0.6%
Customer Monthly Billing Charge	D	6,873,335	7,111,548	7,207,582	7,422,130	0.3%
Other Water/Wastewater Utility Fees		2,504,272	2,800,168	2,791,444	2,838,248	0.1%
Subtotal		187,817,015	181,026,293	191,740,817	199,194,885	9.3%

COUNTY REVENUES BY SOURCE

	FY 06 Actuals	FY 07 Adopted	FY 08 Recommended	FY 09 Planned	% Total FY 08
<u><i>Solid Waste Fees</i></u>					
Solid Waste Residential Assessments D	38,518,072	40,953,855	48,151,962	53,362,201	2.3%
Solid Waste Tipping Fees	26,653,255	29,184,651	32,745,314	33,311,735	1.6%
Solid Waste Recycling Revenue	16,525,877	15,097,600	15,692,600	18,843,411	0.8%
Subtotal	81,697,204	85,236,106	96,589,876	105,517,347	4.7%
<u><i>Other User Fees</i></u>					
Ambulance Fees D	9,550,531	11,336,347	11,357,092	11,459,298	0.5%
Court Costs & Surcharges D	12,191,838	10,600,350	11,547,786	11,781,963	0.6%
Planning & Growth Management Fees	7,880,876	7,077,956	6,203,050	6,512,880	0.3%
Sheriff's Office Fees D	6,427,746	6,556,000	6,232,550	6,232,050	0.3%
Public Safety Fees	6,359,312	6,333,096	5,742,156	5,727,076	0.3%
Environment & Physical Resource Fees	4,194,848	4,081,486	3,967,024	3,785,266	0.2%
Transportation Fees	4,892,049	3,945,954	4,477,806	4,484,486	0.2%
Human Services & Recreation Fees	3,723,709	3,833,870	3,486,864	3,573,955	0.2%
Economic Environment Fees	6,056,762	2,940,119	1,233,177	1,233,177	0.1%
Other User Fees	2,350,260	2,234,530	2,916,192	2,622,656	0.1%
Subtotal	63,627,931	58,939,708	57,163,697	57,412,807	2.8%
<u><i>Internal Charges</i></u>					
Internal Service Charges - Insurance	75,374,443	81,527,633	88,829,950	98,584,522	4.3%
Indirect Administrative Costs	34,651,388	34,813,156	36,769,542	36,923,987	1.8%
Internal Service Charges - Fleet	25,117,211	26,746,775	29,860,885	30,999,612	1.4%
Employee Health Insurance Premiums	21,043,977	20,800,752	22,557,128	25,399,327	1.1%
Insurance & Technology Reimbursements	4,176,019	4,691,260	8,092,774	11,574,878	0.4%
Subtotal	160,363,038	168,579,576	186,110,279	203,482,326	9.0%
Charges for Services Total	493,505,188	493,781,683	531,604,669	565,607,365	25.7%
Fines & Forfeits	7,380,396	4,795,755	6,077,539	6,163,134	0.3%
Miscellaneous Revenue					
<u><i>Special Assessments & Impact Fees</i></u>					
Water/Wastewater Special Assessments	13,719,152	17,029,457	19,088,707	20,028,187	0.9%
Stormwater Special Assessments D	5,218,351	5,264,000	5,389,000	5,475,000	0.3%
Streetlighting Special Assessments	7,251,723	7,768,596	7,786,672	7,786,672	0.4%
Transportation Impact Fees D	13,685,045	4,160,000	9,226,305	9,226,305	0.4%
Water/Wastewater Impact Fees	10,833,225	6,411,939	11,139,618	7,681,193	0.5%
Other Impact Fees D	6,119,660	11,822,900	5,105,999	5,105,999	0.2%
Subtotal	56,827,156	52,456,892	57,736,301	55,303,356	2.8%
Interest D	67,062,978	44,163,563	72,050,739	65,041,294	3.5%
Other Miscellaneous Revenues	46,639,311	16,017,397	23,358,164	21,571,043	1.1%
Miscellaneous Revenue Total	170,529,445	112,637,852	153,145,204	141,915,693	7.4%
Total Revenue - All Types	\$1,914,780,506	\$1,994,683,301	\$2,067,609,332	\$2,162,455,977	100.7%

Note:

Those revenues with a "D" following the title are discussed in more detail in the narrative following this table.