

UNINCORPORATED AREA (MSTU) BUDGET

The *Unincorporated Area (MSTU) Budget* portion of the FY2014 Budget Message provides an overview to the unincorporated area budget. It includes the following sections:

- Municipal Services Taxing Unit (MSTU)
- MSTU Revenues
- MSTU Expenditures
- Summary of MSTU Budget

Municipal Services Taxing Unit (MSTU)

The Municipal Services Taxing Unit (MSTU) is the part of the County budget that is devoted to providing services that are delivered exclusively to the unincorporated area. These services, such as law enforcement and building permitting, are similar to those which most cities provide. Florida Statutes require that MSTU services are to be provided "from funds derived from service charges, special assessments, or taxes within such unit only" {F.S. 125.01(1)(q)}. The Pinellas MSTU was established in 1975 and is codified as Chapter 114, Article X of the County Code.

The general operating revenue and expenditures for the MSTU funded primarily by property taxes are included within the County's General Fund. Two funds, the Building and Development Review Services Fund and the Surface Water Utility Fund, are entirely devoted to unincorporated area programs. MSTU-related operating expenditures budgeted in other funds, such as traffic sign and signal maintenance, and capital improvement expenditures such as Penny for Pinellas projects, are not included in this discussion of the unincorporated area budget.

MSTU Revenues

MSTU Revenues consist of the following:

- Property Taxes (also known as ad valorem taxes): A millage rate is adopted by the Board of County Commissioners and collected in the unincorporated area to support MSTU services. The millage rate for FY2014 is 2.0857 mills. This rate has remained the same since FY2008. The tax base for the MSTU increased by 2.94% compared to FY2013.
- Revenues Totally Generated by the MSTU: There are a number of County revenues that are totally generated by activity in the unincorporated area. These revenue sources have traditionally been credited to the Pinellas MSTU. In FY2014, these revenues include: communications services taxes; fees for building permits, tree removal, lot clearing, and zoning; surface water utility fees; and mobile home licenses.
- Revenues Specifically Allowed by State Law: Chapter 218.64 of the Florida Statutes authorizes the County to allocate a portion of the One-Half Cent Sales Tax state shared

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revenue) to the MSTU. Sales tax support for the MSTU is \$3.4M, which is based on the MSTU's percentage of total General Fund operating expenses.

- Other Revenues: Pinellas County has traditionally assigned a portion of other revenue sources to the MSTU, generally based on the ratio between the MSTU budget and the overall County General Fund budget. In FY2014, those revenues include interest income and excess fees for the Tax Collector and Property Appraiser. These revenues are related to specific MSTU expenditures or to the other MSTU revenues previously identified.

Unlike many cities, the Pinellas MSTU has no utility taxes or franchise fees, which add to the cost of utility services. For example, some city residents pay up to a 10% utility tax and a 6% franchise fee on their electricity bills.

MSTU Expenditures

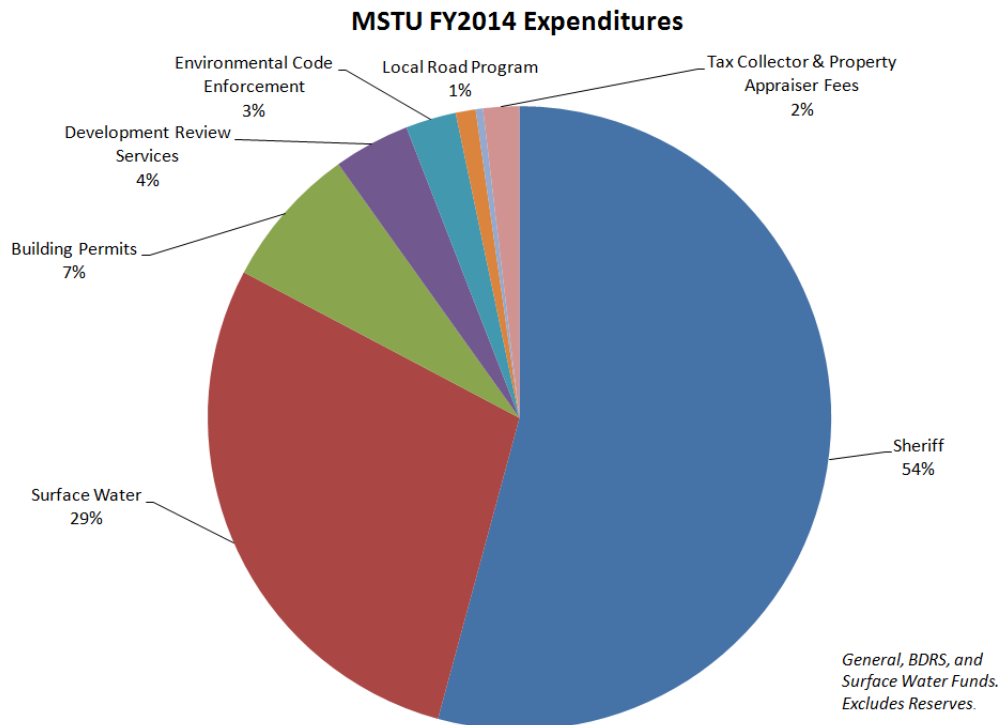
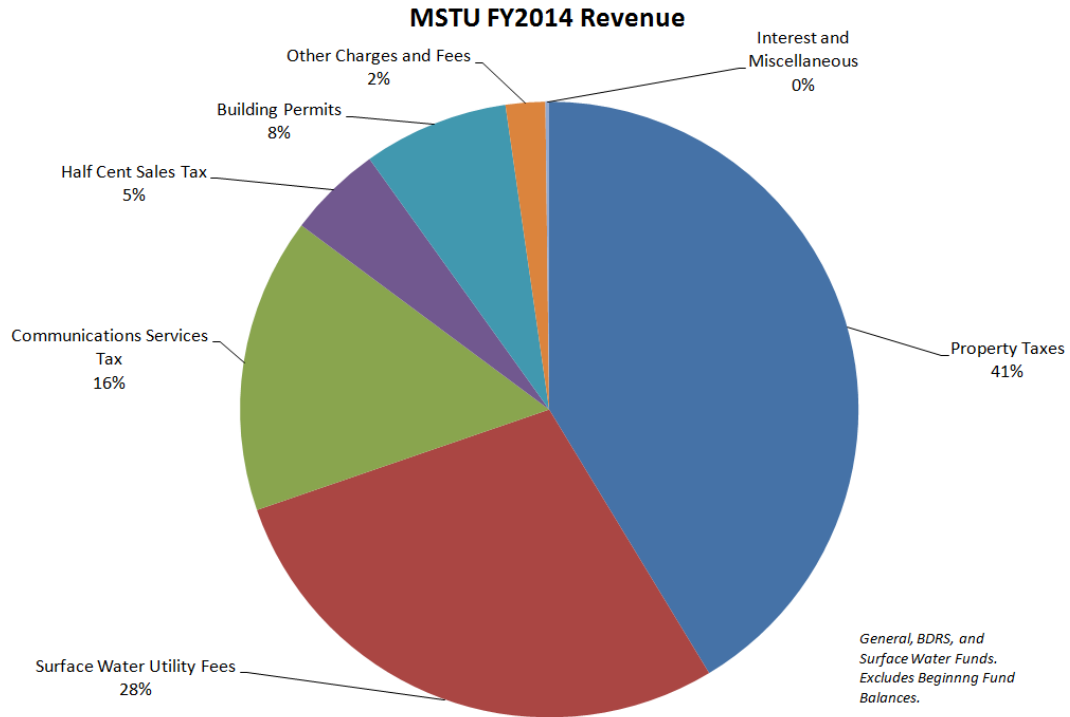
MSTU Expenditures include both direct and indirect costs and consist of the following activities:

- Sheriff's Office Law Enforcement: The Sheriff provides law enforcement services (road patrol) to the unincorporated area. The budget is determined by the Sheriff's Office based on an analysis of the resources (patrol officers, vehicles, etc.) that are anticipated. The current methodology for this allocation was reviewed and revised by an independent consultant in 2003. In FY2014, 34% of the Sheriff's law enforcement activity is dedicated to the MSTU.
- Departments or Programs entirely dedicated to the MSTU: Several agencies are engaged in providing services exclusively to the unincorporated area. In the FY2014 Budget, these activities are building inspection, development review services, code enforcement, surface water, and lot clearing.
- Departments or Programs partially dedicated to the MSTU: Departments whose services, and therefore costs, are allocated between countywide and MSTU activities include zoning services and Economic Incentive Grants for job creation.
- Activities associated with revenue collection: The budgets for the elected Property Appraiser and Tax Collector are determined by statutory formulas that spread their costs in proportion to the property tax and other revenue they are responsible for supporting. Their budgets are approved by the State Department of Revenue. At the end of the fiscal year, any charges in excess of what these agencies actually required to operate are returned in the same manner.

In FY2014, stormwater system maintenance is budgeted in a new Surface Water Utility Fund. Also, the East Lake Community Library is being funded through a separate dependent district. This has eliminated the expenditures for these activities which were budgeted in the General Fund MSTU in prior years.

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The following charts and table summarize the MSTU budget for FY2014.



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Revenue

Property Taxes	28,322,850
Surface Water Utility Fees	19,449,630
Communications Services Tax	10,600,000
Half Cent Sales Tax	3,375,000
Building Permits	5,218,620
Other Charges and Fees	1,421,440
Interest and Miscellaneous	133,520
Total Revenue	<u>68,521,060</u>

Expenditures

Sheriff	33,953,480
Surface Water	17,862,840
Building Permits	4,633,750
Development Review Services	2,478,350
Environmental Code Enforcement	1,642,380
Local Road Program	650,000
Economic Development/Zoning	237,120
Tax Collector & Property Appraiser Fees	<u>1,172,320</u>
Total Expenditures	<u>62,630,240</u>

**Note: Budget for General, BDRS, and Surface Water Utility funds. Does not include Beginning Fund Balances or Reserves.*