

By the Committee on Finance & Taxation and Representatives
Albright, Wallace, Fasano and Starks

1 A bill to be entitled
2 An act relating to tax on sales, use, and other
3 transactions; amending s. 212.05, F.S.;
4 reducing the rate of the tax on charges for
5 telecommunication service from 7 percent to 6.5
6 percent; providing for application of such tax;
7 providing legislative intent to further reduce
8 the rate in a subsequent year; amending s.
9 212.12, F.S., to conform; providing an
10 effective date.

12 Be It Enacted by the Legislature of the State of Florida:

14 Section 1. Paragraph (e) of subsection (1) of section
15 212.05, Florida Statutes, 1998 Supplement, is amended to read:

16 212.05 Sales, storage, use tax.--It is hereby declared
17 to be the legislative intent that every person is exercising a
18 taxable privilege who engages in the business of selling
19 tangible personal property at retail in this state, including
20 the business of making mail order sales, or who rents or
21 furnishes any of the things or services taxable under this
22 chapter, or who stores for use or consumption in this state
23 any item or article of tangible personal property as defined
24 herein and who leases or rents such property within the state.

25 (1) For the exercise of such privilege, a tax is
26 levied on each taxable transaction or incident, which tax is
27 due and payable as follows:

28 (e)1. Effective January 1, 2000,at the rate of 6.5 6
29 percent on the total charge ~~charges~~ for:

30 a. ~~All telegraph messages and long-distance telephone~~
31 ~~calls beginning and terminating in this state,~~

1 telecommunication service as defined in s. 203.012, and those
2 services described in s. 203.012(2)(a). The tax shall be
3 applied to the total charge for each message, call, or other
4 segment or component of telecommunication service for which a
5 customer is charged. It is the intent of the Legislature that,
6 pursuant to future legislative action, the rate at which
7 telecommunication service as defined in s. 203.012 and those
8 services described in s. 203.012(2)(a) are taxed be reduced to
9 6 percent on January 1, 2001, except that the tax rate for
10 charges for telecommunication service is 7 percent.

11 2. At the rate of 7 percent on the total charge for
12 electrical power or energy.

13 3. At the rate of 6 percent on charges for:

14 a.b. Any television system program service.

15 b.e. The installation of telecommunication and
16 telegraphic equipment.

17 d. ~~Electrical power or energy, except that the tax~~
18 ~~rate for charges for electrical power or energy is 7 percent.~~

19 4.2. For purposes of this chapter, "television system
20 program service" means the transmitting, by any means, of any
21 audio or video signal to a subscriber for other than
22 retransmission, or the installing, connecting, reconnecting,
23 disconnecting, moving, or changing of any equipment related to
24 such service. For purposes of this chapter, the term
25 "telecommunication service" does not include local service
26 provided through a pay telephone. The provisions of s.
27 212.17(3), regarding credit for tax paid on charges
28 subsequently found to be worthless, shall be equally
29 applicable to any tax paid under the provisions of this
30 section on charges for telecommunication or telegraph services
31 or electric power subsequently found to be uncollectible. The

1 word "charges" in this paragraph does not include any excise
2 or similar tax levied by the Federal Government, any political
3 subdivision of the state, or any municipality upon the
4 purchase or sale of telecommunication, television system
5 program, or telegraph service or electric power, which tax is
6 collected by the seller from the purchaser.

7 ~~5.3.~~ Telegraph messages and telecommunication services
8 which originate or terminate in this state, other than
9 interstate private communication services, and are billed to a
10 customer, telephone number, or device located within this
11 state are taxable under this paragraph. Interstate private
12 communication services are taxable under this paragraph as
13 follows:

14 a. One hundred percent of the charge imposed at each
15 channel termination point within this state;

16 b. One hundred percent of the charge imposed for the
17 total channel mileage between each channel termination point
18 within this state; and

19 c. The portion of the interstate interoffice channel
20 mileage charge as determined by multiplying said charge times
21 a fraction, the numerator of which is the air miles between
22 the last channel termination point in this state and the
23 vertical and horizontal coordinates, 7856 and 1756,
24 respectively, and the denominator of which is the air miles
25 between the last channel termination point in this state and
26 the first channel termination point outside this state. The
27 denominator of this fraction shall be adjusted, if necessary,
28 by adding the numerator of said fraction to similarly
29 determined air miles in the state in which the other channel
30 termination point is located, so that the summation of the
31 apportionment factor for this state and the apportionment

1 factor for the other state is not greater than one, to ensure
2 that no more than 100 percent of the interstate interoffice
3 channel mileage charge can be taxed by this state and another
4 state.

5 6.4. The tax imposed pursuant to this paragraph shall
6 not exceed \$50,000 per calendar year on charges to any person
7 for interstate telecommunications services defined in s.
8 203.012(4) and (7)(b), if the majority of such services used
9 by such person are for communications originating outside of
10 this state and terminating in this state. This exemption
11 shall only be granted to holders of a direct pay permit issued
12 pursuant to this subparagraph. No refunds shall be given for
13 taxes paid prior to receiving a direct pay permit. Upon
14 application, the department may issue a direct pay permit to
15 the purchaser of telecommunications services authorizing such
16 purchaser to pay tax on such services directly to the
17 department. Any vendor furnishing telecommunications services
18 to the holder of a valid direct pay permit shall be relieved
19 of the obligation to collect and remit the tax on such
20 service. Tax payments and returns pursuant to a direct pay
21 permit shall be monthly. For purposes of this subparagraph,
22 the term "person" shall be limited to a single legal entity
23 and shall not be construed as meaning a group or combination
24 of affiliated entities or entities controlled by one person or
25 group of persons.

26 7.5. If the sale of a television system program
27 service, as defined in this paragraph, also involves the sale
28 of an item exempt under s. 212.08(7)(j), the tax shall be
29 applied to the value of the taxable service when it is sold
30 separately. If the company does not offer this service
31 separately, the consideration paid shall be separately

1 identified and stated with respect to the taxable and exempt
2 portions of the transaction as a condition of the exemption,
3 except that the amount identified as taxable shall not be less
4 than the cost of the service.

5 Section 2. Subsection (11) of section 212.12, Florida
6 Statutes, 1998 Supplement, is amended to read:

7 212.12 Dealer's credit for collecting tax; penalties
8 for noncompliance; powers of Department of Revenue in dealing
9 with delinquents; brackets applicable to taxable transactions;
10 records required.--

11 (11) The department is authorized to provide by rule
12 the tax amounts and brackets applicable to all taxable
13 transactions that occur in counties that have a surtax at a
14 rate other than 1 percent which transactions would otherwise
15 have been transactions taxable at the rate of 6 percent.
16 Likewise, the department is authorized to promulgate by rule
17 the tax amounts and brackets applicable to transactions
18 taxable at 3 percent pursuant to s. 212.08(3), transactions
19 taxable at ~~7 percent~~ pursuant to s. 212.05(1)(e)1. and 2., and
20 on transactions which would otherwise have been so taxable in
21 counties which have adopted a discretionary sales surtax.

22 Section 3. This act shall take effect July 1, 1999.

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25 HOUSE SUMMARY

26 Reduces the sales tax on charges for telecommunication
27 service from 7 to 6.5 percent, effective January 1, 2000,
28 and provides legislative intent to further reduce the
29 rate to 6 percent the following year.
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