

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: Communications and Public Utilities Committee

BILL: SB 980

INTRODUCER: Senators Haridopolos and others

SUBJECT: Communications Services Tax/Decrease

DATE: March 30, 2007

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Caldwell	Caldwell	CU	Pre-meeting
2.	_____	_____	FT	_____
3.	_____	_____	GA	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

The bill lowers the tax rate of the communications tax that is applied to the sale price of communications services, direct-to-home satellite service, private communications service, and mobile communications service. It also changes the allocation to the state and counties of a portion of the taxes remitted.

This bill substantially amends sections 202.12 and 202.18 of the Florida Statutes.

II. Present Situation:

Section 202.12, F.S., provides for the taxation on the sales of communications services. Subsection (a) applies a 6.8 percent sales tax on communications service which originates and terminates in the state or originates and terminates in this state and is charged to a service address in this state when sold at retail. A 2.37 percent gross receipts tax imposed by chapter 203, F.S., is also to be collected on the same taxable transactions and remitted with the sales tax.

Subsection (b) imposes a rate of 10.8 percent on the retail sales price of any direct-to-home satellite service received in the state. The gross receipts tax imposed by chapter 203, F.S., is also to be collected on the same taxable transactions and remitted with the sales tax.

By reference, subsections (c) and (d) apply the 6.8 percent sales tax on certain private and mobile communications services.

Subsection 202.18(2), F.S., provides for the allocation and disposition of tax proceeds remitted under s. 202.12(1)(b), F.S. Sixty-three percent of the taxes collected on direct-to-home satellite services are distributed to the state, 37 percent of taxes collected on direct-to-home satellite

services are distributed to local governments, with 70 percent of the local governments distribution allocated to the Local Government Half-Cent Sales Tax Clearing Trust Fund and 30 percent allocated to the Fiscally Constrained Counties Revenue Sharing Program.

III. Effect of Proposed Changes:

The communications services state tax rate for certain communications services that originate and terminate in the state, certain private communications services, and mobile communications services is reduced to 5.63 percent from 6.8 percent. The communications services tax rate for direct-to-home satellite service is decreased to 9.63 percent from 10.8 percent. The rate for gross receipts and the communications services rates for which local governments receive revenues remains unchanged. However, local governments will receive less from the shared revenues.

The percentage allocation of the taxes collected on direct-to-home satellite services distributed to the state is reduced to 58.5 percent from 63 percent and consequently increases the portion distributed to local governments to 41.5 percent from 37 percent.

An effective date of January 1, 2008, which will allow sufficient time for the Department of Revenue to include notification of this change in its regular annual notice of rate changes and dealers to adjust their billing programs, is provided.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

According to the February 7, 2007, Revenue Estimating Conference Analysis, the total 2007-08 annualized revenue impact is -\$189,300,000. The annualized general revenue impact is -\$167.3 million, and state trust is -\$0.4 million. The local impact total is -\$21.6 million (Revenue Sharing -\$5.5 million; Local Government Half-Cent -\$16.1 million) annualized for Fiscal year 2007-08.

The effective date of the bill is January 1, 2008, which results in a partial first-year impact. According to the same analysis, the fiscal year 2007-08 impact is -\$78.9 million. The general revenue impact is -\$70.4 million, and the state trust is -\$0.2 million. The total

local impact is -\$8.3 million (Revenue Sharing -\$2.3 million; Local Government Half-Cent -\$6.2 million, and Fiscally Constrained Counties \$.2 million).

B. Private Sector Impact:

The private sector will pay \$189.3 million less in communications services taxes on an annualized basis.

C. Government Sector Impact:

State government will have approximately \$167.7 million less in revenue and local government will have approximately \$21.6 million less on an annualized basis.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

viii. Summary of Amendments:

None.

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