Amendment No.

CHAMBER ACTION

Senate House

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Representative Grant offered the following:

Amendment (with title amendment)

Remove everything after the enacting clause and insert:

Section 1. Subsection (1) of section 202.105, Florida Statutes, is amended to read:

202.105 Legislative findings and intent.—

(1) It is declared to be a specific legislative finding that the creation of this chapter fulfills important state interests by reforming the tax laws to provide a fair, efficient, and uniform method for taxing communications services sold in this state. This chapter is essential to the continued economic vitality of this increasingly important industry because it restructures state and local taxes and fees to account for the impact of federal legislation, industry deregulation, and the multitude of ~~convergence of service~~

~~offerings that is now taking place among~~ providers offering functionally equivalent communications services in today's marketplace. This chapter promotes the increased competition that accompanies deregulation by embracing a competitively neutral tax policy that will free consumers to choose a provider based on tax-neutral considerations. This chapter further spurs new competition by simplifying an extremely complicated state and local tax and fee system. Simplification will lower the cost of collecting taxes and fees, increase service availability, and place downward pressure on price. Newfound administrative efficiency is demonstrated by a reduction in the number of returns that a provider must file each month. By restructuring separate taxes and fees into a revenue-neutral communications services tax centrally administered by the department, this chapter will ensure that the growth of the industry is unimpaired by excessive governmental regulation. The tax imposed pursuant to this chapter is a replacement for taxes and fees previously imposed and is not a new tax. The taxes imposed and administered pursuant to this chapter are of general application and are imposed in a uniform, consistent, and nondiscriminatory manner.

Section 2. Section 202.11, Florida Statutes, is amended to read:

202.11 Definitions.—As used in this chapter, the term:

~~(1) "Cable service" means the transmission of video, audio, or other programming service to purchasers, and the purchaser interaction, if any, required for the selection or use of any such programming service, regardless of whether the~~

~~programming is transmitted over facilities owned or operated by the cable service provider or over facilities owned or operated by one or more other dealers of communications services. The term includes point-to-point and point-to-multipoint distribution services by which programming is transmitted or broadcast by microwave or other equipment directly to the purchaser's premises, but does not include direct-to-home satellite service. The term includes basic, extended, premium, pay-per-view, digital, and music services.~~

(1) ~~(2)~~ "Communications services" means the transmission, conveyance, or routing of voice, data, audio, video, or any other information or signals, including video ~~cable~~ services, to a point, or between or among points, by or through any electronic, radio, satellite, cable, optical, microwave, or other medium or method now in existence or hereafter devised, regardless of the protocol used for such transmission or conveyance. The term includes such transmission, conveyance, or routing in which computer processing applications are used to act on the form, code, or protocol of the content for purposes of transmission, conveyance, or routing without regard to whether such service is referred to as voice-over-Internet-protocol services or is classified by the Federal Communications Commission as enhanced or value-added. The term does not include:

(a) Information services.

(b) Installation or maintenance of wiring or equipment on a customer's premises.

(c) The sale or rental of tangible personal property.

(d) The sale of advertising, including, but not limited to, directory advertising.

(e) Bad check charges.

(f) Late payment charges.

(g) Billing and collection services.

(h) Internet access service, electronic mail service, electronic bulletin board service, or similar online computer services.

(2) ~~(3)~~ "Dealer" means a person registered with the department as a provider of communications services in this state.

(3) ~~(4)~~ "Department" means the Department of Revenue.

(4) ~~(5)~~ "Direct-to-home satellite service" has the meaning ascribed in the Communications Act of 1934, 47 U.S.C. s. 303(v).

(5) ~~(6)~~ "Information service" means the offering of a capability for generating, acquiring, storing, transforming, processing, retrieving, using, or making available information via communications services, including, but not limited to, electronic publishing, web-hosting service, and end-user 900 number service. The term does not include ~~any~~ video~~, audio, or other programming service that uses point-to-multipoint distribution by which programming is delivered, transmitted, or broadcast by any means, including any interaction that may be necessary for selecting and using the service, regardless of whether the programming is delivered, transmitted, or broadcast over facilities owned or operated by the seller or another, or whether denominated as cable service or as basic, extended, premium, pay-per-view, digital, music, or two-way cable~~ service.

(6) "Internet access service" has the same meaning as ascribed to the term "Internet access" by s. 1105(5) of the Internet Tax Freedom Act, 47 U.S.C. s. 151 note, as amended by Pub. L. No. 110-108.

(7) "Mobile communications service" means ~~commercial~~ mobile ~~radio~~ service, as defined in 47 C.F.R. s. 20.3 as in effect on June 1, 1999. The term does not include air-ground radiotelephone service as defined in 47 C.F.R. s. 22.99 as in effect on June 1, 1999.

(8) "Person" has the meaning ascribed in s. 212.02.

(9) "Prepaid calling arrangement" means the separately stated retail sale by advance payment of communications services that consist exclusively of telephone calls originated by using an access number, authorization code, or other means that may be manually, electronically, or otherwise entered~~,~~ and that are sold in predetermined units or dollars of which the number declines with use in a known amount.

(10) "Purchaser" means the person paying for or obligated to pay for communications services.

(11) "Retail sale" means the sale of communications services for any purpose other than for resale or for use as a component part of or for integration into communications services to be resold in the ordinary course of business. However, any sale for resale must comply with s. 202.16(2) and the rules adopted thereunder.

(12) "Sale" means the provision of communications services for a consideration.

(13) "Sales price" means the total amount charged in money or other consideration by a dealer for the sale of the right or privilege of using communications services in this state, including any property or other service, not described in paragraph (a), which is ~~services that are~~ part of the sale and for which the charge is not separately itemized on a customer's bill or separately allocated under subparagraph (b)8. The sales price of communications services may ~~shall~~ not be reduced by any separately identified components of the charge which ~~that~~ constitute expenses of the dealer, including, but not limited to, sales taxes on goods or services purchased by the dealer, property taxes, taxes measured by net income, and universal-service fund fees.

(a) The sales price of communications services includes ~~shall include~~, whether or not separately stated, charges for any of the following:

1. The connection, movement, change, or termination of communications services.

2. The detailed billing of communications services.

3. The sale of directory listings in connection with a communications service.

4. Central office and custom calling features.

5. Voice mail and other messaging service.

6. Directory assistance.

7. The service of sending or receiving a document commonly referred to as a facsimile or "fax," except when performed during the course of providing professional or advertising services.

(b) The sales price of communications services does not include charges for any of the following:

1. An ~~Any~~ excise tax, sales tax, or similar tax levied by the United States or any state or local government on the purchase, sale, use, or consumption of any communications service, including, but not limited to, a ~~any~~ tax imposed under this chapter or chapter 203 which is permitted or required to be added to the sales price of such service, if the tax is stated separately.

2. A ~~Any~~ fee or assessment levied by the United States or any state or local government, including, but not limited to, regulatory fees and emergency telephone surcharges, which must ~~is required to~~ be added to the price of the ~~such~~ service if the fee or assessment is separately stated.

3. Communications services paid for by inserting coins into coin-operated communications devices available to the public.

4. The sale or recharge of a prepaid calling arrangement.

5. The provision of air-to-ground communications services, defined as a radio service provided to a purchaser ~~purchasers~~ while on board an aircraft.

6. A dealer's internal use of communications services in connection with its business of providing communications services.

7. Charges for property or other services that are not part of the sale of communications services, if such charges are stated separately from the charges for communications services.

8. ~~To the extent required by federal law,~~ Charges for goods or services that are not subject to tax under this chapter, including Internet access services but excluding any item described in paragraph (a), that ~~which~~ are not separately itemized on a customer's bill, but that ~~which~~ can be reasonably identified from the selling dealer's books and records kept in the regular course of business. The dealer may support the allocation of charges with books and records kept in the regular course of business covering the dealer's entire service area, including territories outside this state.

(14) "Service address" means:

(a) Except as otherwise provided in this section:

1. The location of the communications equipment from which communications services originate or at which communications services are received by the customer;

2. In the case of a communications service paid through a credit or payment mechanism that does not relate to a service address, such as a bank, travel, debit, or credit card, and in the case of third-number and calling-card calls, the term "service address" means the address of the central office, as determined by the area code and the first three digits of the seven-digit originating telephone number; or

3. If the location of the equipment described in subparagraph 1. is not known and subparagraph 2. is inapplicable, the term "service address" means the location of the customer's primary use of the communications service. For purposes of this subparagraph, the location of the customer's

primary use of a communications service is the residential street address or the business street address of the customer.

(b) In the case of video ~~cable~~ services and direct-to-home satellite services, the location where the customer receives the services in this state.

(c) In the case of mobile communications services, the customer's place of primary use.

(15) "Unbundled network element" means a network element, as defined in 47 U.S.C. s. 153(29), to which access is provided on an unbundled basis pursuant to 47 U.S.C. s. 251(c)(3).

(16) "Private communications service" means a communications service that entitles the subscriber or user to exclusive or priority use of a communications channel or group of channels between or among channel termination points, regardless of the manner in which such channel or channels are connected, and includes switching capacity, extension lines, stations, and any other associated services that ~~which~~ are provided in connection with the use of such channel or channels.

(17)(a) "Customer" means:

1. The person or entity that contracts with the home service provider for mobile communications services; or

2. If the end user of mobile communications services is not the contracting party, the end user of the mobile communications service. This subparagraph only applies for the purpose of determining the place of primary use.

(b) "Customer" does not include:

1. A reseller of mobile communications services; or

2. A serving carrier under an agreement to serve the customer outside the home service provider's licensed service area.

(18) "Enhanced zip code" means a United States postal zip code of 9 or more digits.

(19) "Home service provider" means the facilities-based carrier or reseller with which the customer contracts for the provision of mobile communications services.

(20) "Licensed service area" means the geographic area in which the home service provider is authorized by law or contract to provide mobile communications service to the customer.

(21) "Place of primary use" means the street address representative of where the customer's use of the mobile communications service primarily occurs, which must be:

(a) The residential street address or the primary business street address of the customer; and

(b) Within the licensed service area of the home service provider.

(22)(a) "Reseller" means a provider who purchases communications services from another communications service provider and then resells, uses as a component part of, or integrates the purchased services into a mobile communications service.

(b) "Reseller" does not include a serving carrier with which a home service provider arranges for the services to its customers outside the home service provider's licensed service area.

(23) "Serving carrier" means a facilities-based carrier providing mobile communications service to a customer outside a home service provider's or reseller's licensed service area.

(24) "Video service" means the transmission of video, audio, or other programming service to a purchaser, and the purchaser interaction, if any, required for the selection or use of a programming service, regardless of whether the programming is transmitted over facilities owned or operated by the video service provider or over facilities owned or operated by another dealer of communications services. The term includes point-to-point and point-to-multipoint distribution services through which programming is transmitted or broadcast by microwave or other equipment directly to the purchaser's premises, but does not include direct-to-home satellite service. The term includes basic, extended, premium, pay-per-view, digital video, two-way cable, and music services ~~has the same meaning as that provided in s. 610.103~~.

Section 3. Subsection (1) of section 202.125, Florida Statutes, is amended to read:

202.125 Sales of communications services; specified exemptions.—

(1) The separately stated sales price of communications services sold to residential households is exempt from the tax imposed by s. 202.12 and s. 203.01(1)(b)3. This exemption does not apply to any residence that constitutes all or part of a transient public lodging establishment as defined in chapter 509, any mobile communications service, any video ~~cable~~ service, or any direct-to-home satellite service.

Section 4. Paragraph (a) of subsection (2) of section 202.16, Florida Statutes, is amended to read:

202.16 Payment.—The taxes imposed or administered under this chapter and chapter 203 shall be collected from all dealers of taxable communications services on the sale at retail in this state of communications services taxable under this chapter and chapter 203. The full amount of the taxes on a credit sale, installment sale, or sale made on any kind of deferred payment plan is due at the moment of the transaction in the same manner as a cash sale.

(2)(a) A sale of communications services that are used as a component part of or integrated into a communications service or prepaid calling arrangement for resale, including, but not limited to, carrier-access charges, interconnection charges paid by providers of mobile communication services or other communication services, charges paid by a video ~~cable~~ service provider ~~providers~~ for the purchase of video programming or the transmission of video or other programming by another dealer of communications services, charges for the sale of unbundled network elements, and any other intercompany charges for the use of facilities for providing communications services for resale, must be made in compliance with the rules of the department. A ~~Any~~ person who makes a sale for resale which is not in compliance with these rules is liable for any tax, penalty, and interest due for failing to comply, to be calculated pursuant to s. 202.28(2)(a).

Section 5. Paragraph (c) of subsection (3) of section 202.18, Florida Statutes, is amended to read:

202.18 Allocation and disposition of tax proceeds.—The proceeds of the communications services taxes remitted under this chapter shall be treated as follows:

(3)

(c)1. Except as otherwise provided in this paragraph, proceeds of the taxes levied pursuant to s. 202.19, less amounts deducted for costs of administration in accordance with paragraph (b), shall be distributed monthly to the appropriate jurisdictions. The proceeds of taxes imposed pursuant to s. 202.19(5) shall be distributed in the same manner as discretionary surtaxes are distributed, in accordance with ss. 212.054 and 212.055.

2. The department shall make any adjustments to the distributions pursuant to this section which are necessary to reflect the proper amounts due to individual jurisdictions or trust funds. In the event that the department adjusts amounts due to reflect a correction in the situsing of a customer, such adjustment shall be limited to the amount of tax actually collected from such customer by the dealer of communication services.

3.a. ~~Notwithstanding the time period specified in s. 202.22(5),~~ Adjustments in distributions which are necessary to correct misallocations between jurisdictions shall be governed by this subparagraph. If the department determines that misallocations between jurisdictions occurred, it shall provide written notice of such determination to all affected jurisdictions. The notice shall include the amount of the misallocations, the basis upon which the determination was made,

data supporting the determination, and the identity of each affected jurisdiction. The notice shall also inform all affected jurisdictions of their authority to enter into a written agreement establishing a method of adjustment as described in sub-subparagraph c.

b. An adjustment affecting a distribution to a jurisdiction which is less than 90 percent of the average monthly distribution to that jurisdiction for the 6 months immediately preceding the department's determination, as reported by all communications services dealers, shall be made in the month immediately following the department's determination that misallocations occurred.

c. If an adjustment affecting a distribution to a jurisdiction equals or exceeds 90 percent of the average monthly distribution to that jurisdiction for the 6 months immediately preceding the department's determination, as reported by all communications services dealers, the affected jurisdictions may enter into a written agreement establishing a method of adjustment. If the agreement establishing a method of adjustment provides for payments of local communications services tax monthly distributions, the amount of any such payment agreed to may not exceed the local communications services tax monthly distributions available to the jurisdiction that was allocated amounts in excess of those to which it was entitled. If affected jurisdictions execute a written agreement specifying a method of adjustment, a copy of the written agreement shall be provided to the department no later than the first day of the month following 90 days after the date the department transmits notice

of the misallocation. If the department does not receive a copy of the written agreement within the specified time period, an adjustment affecting a distribution to a jurisdiction made pursuant to this sub-subparagraph shall be prorated over a time period that equals the time period over which the misallocations occurred.

Section 6. Subsections (5) and (6) of section 202.22, Florida Statutes, are amended to read:

202.22 Determination of local tax situs.—

(5) If a dealer of communications services does not use one or more of the methods specified in subsection (1) for determining the local taxing jurisdiction in which one or more service addresses are ~~a service address is~~ located and:

(a) The dealer's failure to use one or more of such methods results in a net aggregate underpayment of all taxes levied pursuant to s. 202.19 with respect to one or more tax periods that are being examined by the department under the provisions of this chapter; and

(b) The department has determined the misallocations between jurisdictions for all taxes levied pursuant to s. 202.19 and collected by the dealer with respect to any tax period being examined by the department; then,

the dealer of communications services may be held liable to the department for the net aggregate underpayment of ~~any~~ tax, and for ~~including~~ interest and penalties attributable to the net aggregate underpayment of tax, which is due as a result of assigning one or more ~~the~~ service addresses ~~address~~ to an

incorrect local taxing jurisdiction. Subject to the provisions of ss. 202.22(8), 202.34, and 202.35(3) ~~However~~, the dealer of communications services is not liable for any tax, interest, or penalty under this subsection unless the department has determined the net aggregate underpayment of tax for any tax period that is being examined, taking into account all underpayments and overpayments for such period or periods ~~to the extent that such amount was collected and remitted by the dealer of communications services with respect to a tax imposed by another local taxing jurisdiction~~. ~~Upon determining that an amount was collected and remitted by a dealer of communications services with respect to a tax imposed by another local taxing jurisdiction, the department shall adjust the respective amounts of the proceeds paid to each such taxing jurisdiction under s. 202.18 in the month immediately following such determination~~.

(6)(a) Pursuant to rules adopted by the department, each dealer of communications services must notify the department of the methods it intends to employ for determining the local taxing jurisdiction in which service addresses are located.

(b) Notwithstanding s. 202.28, if a dealer of communications services:

1. Employs a method of assigning service addresses other than as set forth in paragraph (1)(a), paragraph (1)(b), or paragraph (1)(c), the deduction allowed to the dealer of communications services as compensation under s. 202.28 shall be 0.25 percent of that portion of the tax due and accounted for and remitted to the department which is attributable to such

method of assigning service addresses other than as set forth in paragraph (1)(a), paragraph (1)(b), or paragraph (1)(c).

2. Employs a method of assigning service addresses as set forth in paragraph (1)(a), paragraph (1)(b), or paragraph (1)(c), the department may not deny the deduction allowed to the dealer of communications services as compensation allowed under s. 202.28 because the dealer assigned one or more service addresses to an incorrect local taxing jurisdiction.

Section 7. Subsection (3) is added to section 202.231, Florida Statutes, to read:

202.231 Provision of information to local taxing jurisdictions.—

(3) The gross taxable sales and the total net amount transferred to the jurisdiction, showing the net taxes remitted by dealers less the administrative fees deducted by the department contained in the monthly reports required by this section, shall be aggregated on a jurisdiction-by-jurisdiction basis, and the aggregate jurisdiction-by-jurisdiction information shall be made available by the department to the public through the department's website for each fiscal year this chapter has been in effect.

Section 8. Paragraphs (a) and (c) of subsection (2) of section 202.24, Florida Statutes, are amended to read:

202.24 Limitations on local taxes and fees imposed on dealers of communications services.—

(2)(a) Except as provided in paragraph (c), each public body is prohibited from:

1. Levying on or collecting from dealers or purchasers of communications services any tax, charge, fee, or other imposition on or with respect to the provision or purchase of communications services.

2. Requiring any dealer of communications services to enter into or extend the term of a franchise or other agreement that requires the payment of a tax, charge, fee, or other imposition.

3. Adopting or enforcing any provision of any ordinance or agreement to the extent that such provision obligates a dealer of communications services to charge, collect, or pay to the public body a tax, charge, fee, or other imposition.

Municipalities and counties may not negotiate those terms and conditions related to franchise fees or the definition of gross revenues or other definitions or methodologies related to the payment or assessment of franchise fees on providers of ~~cable or~~ video services.

(c) This subsection does not apply to:

1. Local communications services taxes levied under this chapter.

2. Ad valorem taxes levied pursuant to chapter 200.

3. Business taxes levied under chapter 205.

4. "911" service charges levied under chapter 365.

5. Amounts charged for the rental or other use of property owned by a public body which is not in the public rights-of-way to a dealer of communications services for any purpose,

including, but not limited to, the placement or attachment of equipment used in the provision of communications services.

6. Permit fees of general applicability which are not related to placing or maintaining facilities in or on public roads or rights-of-way.

7. Permit fees related to placing or maintaining facilities in or on public roads or rights-of-way pursuant to s. 337.401.

8. Any in-kind requirements, institutional networks, or contributions for, or in support of, the use or construction of public, educational, or governmental access facilities allowed under federal law and imposed on providers of ~~cable or~~ video service pursuant to any existing ordinance or an existing franchise agreement granted by each municipality or county, under which ordinance or franchise agreement service is provided before ~~prior to~~ July 1, 2007, or as permitted under chapter 610. ~~Nothing in~~ This subparagraph does not ~~shall~~ prohibit ~~the ability of~~ providers of ~~cable or~~ video service from recovering the ~~to recover such~~ expenses as allowed under federal law.

9. Special assessments and impact fees.

10. Pole attachment fees that are charged by a local government for attachments to utility poles owned by the local government.

11. Utility service fees or other similar user fees for utility services.

12. Any other generally applicable tax, fee, charge, or imposition authorized by general law on July 1, 2000, which is

not specifically prohibited by this subsection or included as a replaced revenue source in s. 202.20.

Section 9. Paragraph (a) of subsection (1) of section 203.01, Florida Statutes, is amended to read:

203.01 Tax on gross receipts for utility and communications services.—

(1)(a)1. A tax is imposed on gross receipts from utility services that are delivered to a retail consumer in this state. The ~~Such~~ tax shall be levied as provided in paragraphs (b)-(j).

2. A tax is levied on communications services as defined in s. 202.11(1) ~~202.11(2)~~. The ~~Such~~ tax shall be applied to the same services and transactions as are subject to taxation under chapter 202, and to communications services that are subject to the exemption provided in s. 202.125(1). The ~~Such~~ tax shall be applied to the sales price of communications services when sold at retail, as the ~~such~~ terms are defined in s. 202.11, shall be due and payable at the same time as the taxes imposed pursuant to chapter 202, and shall be administered and collected pursuant to the provisions of chapter 202.

Section 10. Section 624.105, Florida Statutes, is amended to read:

624.105 Waiver of customer liability.—Any regulated company as defined in s. 350.111, any electric utility as defined in s. 366.02(2), any utility as defined in s. 367.021(12) or s. 367.022(2) and (7), and any provider of communications services as defined in s. 202.11(1) ~~202.11(2)~~ may charge for and include an optional waiver of liability provision in their customer contracts under which the entity agrees to

waive all or a portion of the customer's liability for service from the entity for a defined period in the event of the customer's call to active military service, death, disability, involuntary unemployment, qualification for family leave, or similar qualifying event or condition. Such provisions may not be effective in the customer's contract with the entity unless affirmatively elected by the customer. No such provision shall constitute insurance so long as the provision is a contract between the entity and its customer.

Section 11. The following changes made in this act are intended to be remedial in nature and apply retroactively, but do not provide a basis for an assessment of any tax not paid or create a right to a refund or credit of any tax paid before the general effective date of this act:

(1) The changes made in section 2 of this act to subsection (13) of s. 202.11, Florida Statutes.

(2) The changes made in section 6 of this act to s. 202.22, Florida Statutes.

Section 12. Except as otherwise expressly provided in this act, this act shall take effect July 1, 2012.

T I T L E A M E N D M E N T

Remove the entire title and insert:

A bill to be entitled

An act relating to communications services taxes; amending s. 202.105, F.S.; revising legislative

intent; amending s. 202.11, F.S.; modifying definitions; removing the definition of the term "cable service"; adding a definition for the term "Internet access service"; revising the definitions of the terms "communication services," "information service," "sales price," "service address," and "video service"; amending ss. 202.125, 202.16, and 202.24, F.S.; conforming provisions to changes in terminology; amending s. 202.18, F.S.; removing a cross-reference to conform; amending s. 202.22, F.S.; revising provisions relating to a communications services dealer's liability for tax underpayments that result from the incorrect assignment of service addresses to local taxing jurisdictions and providing requirements and conditions with respect thereto; prohibiting the Department of Revenue from denying a dealer of communications services a deduction of a specified amount as a collection allowance under certain circumstances; amending s. 202.231, F.S.; requiring the Department of Revenue to aggregate monthly and make available to the public on a jurisdiction-by-jurisdiction basis certain sales and net tax information; amending ss. 203.01 and 624.105, F.S.; conforming cross-references; providing for certain retroactive effect; providing effective dates.