

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

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

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Prepared By: The Professional Staff of the Committee on Communications, Energy, and Public Utilities

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**BILL:** CS/SB 266

**INTRODUCER:** Communications, Energy, and Public Utilities and Senator Hukill

**SUBJECT:** Communications Services Taxes

**DATE:** February 4, 2014      **REVISED:** \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Wiehle	Caldwell	CU	<b>Fav/CS</b>
2.			AFT	
3.			AP	

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**Please see Section IX. for Additional Information:**

COMMITTEE SUBSTITUTE - Substantial Changes

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**I. Summary:**

CS/SB 266 reduces the state portion of the communications services tax (CST) rates by 2 percent, reducing the general rate from 6.65 percent to 4.65 percent and the rate on direct-to-home satellite from 10.8 percent to 8.8 percent. The bill also makes conforming changes to the statutes that authorize a communications services dealer to collect a combined rate that includes both the CST and the gross receipts tax to reflect this 2 percent reduction in the communications services tax. The bill changes the distribution of direct-to-home satellite CST revenue to ensure that local governments continue to receive the same amount of revenue.

**II. Present Situation:**

Chapter 202, F.S., provides for a simplified CST. The term “communications services” is defined to include all three traditional types of communication: voice, video, and data.<sup>1</sup> The general CST rate is 6.65 percent of the retail price for any communication which originates and terminates in this state or which originates or terminates in this state and is charged to a service address in this state.<sup>2</sup> The CST rate on direct-to-home satellite service received in this state is 10.8 percent of the retail sales price.<sup>3</sup>

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<sup>1</sup> Section 202.11(1), F.S. Communications services does not include internet or information services.

<sup>2</sup> Section 202.12(1), F.S.

<sup>3</sup> *Id.*

Chapter 203, F.S., provides for gross receipts tax and imposes a tax on communications services of 0.15 percent.<sup>4</sup>

Both chapters allow a communications services dealer to collect both taxes in a combined rate of 6.8 percent, comprised of these two rates of 6.65 percent and 0.15 percent.<sup>5</sup>

### III. Effect of Proposed Changes:

**Section 1** reduces the CST rates by 2 percent, reducing the general rate from 6.65 percent to 4.65 percent and the rate on direct-to-home satellite from 10.8 percent to 8.8 percent.

**Sections 2 and 4** make conforming changes to the statutes which authorize a communications services dealer to collect a combined rate that includes both the CST and the gross receipts tax to reflect this 2 percent reduction in the communications services tax.

**Section 3** amends section 202.18, F.S., on allocation and disposition of tax proceeds, to reduce the percentage of direct-to-home satellite CST tax revenues allocated to the state from 63 percent to 54.5 percent, ensuring that the local governments receive approximately the same amount of revenue from this source.

**Section 5** provides that the act applies to taxable transactions included on bills for communications services that are dated on or after January 1, 2015.

**Section 6** provides that the bill takes effect January 1, 2015.

### IV. Constitutional Issues:

#### A. Municipality/County Mandates Restrictions:

While the bill will result in reductions to local government funding from CST revenues, it does not reduce the percentage share of these revenues, and so does not appear to result in a mandate.

#### B. Public Records/Open Meetings Issues:

None.

#### C. Trust Funds Restrictions:

None.

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<sup>4</sup> Section 203.01(1)(a)3., F.S.

<sup>5</sup> Sections 202.12001 and 203.001, F.S.

**V. Fiscal Impact Statement:****A. Tax/Fee Issues:**

The Revenue Estimating Conference estimates that the bill will decrease General Revenue by \$90.8 million in the 2014-15 fiscal year, with a negative \$242.1 million recurring impact on General Revenue. The bill will also reduce local governments' revenues by \$11.6 million in Fiscal Year 14-15, with a negative \$31.0 million recurring impact on local governments.

**B. Private Sector Impact:**

Communications services customers will pay a reduced amount of state communications services tax.

**C. Government Sector Impact:**

The Department of Revenue stated that the bill will have an insignificant impact on its operations.

The bill will result in the General Revenue and local revenue reductions discussed above.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Statutes Affected:**

This bill substantially amends the following sections of the Florida Statutes: 202.12, 202.12001, 202.18, and 203.001.

**IX. Additional Information:****A. Committee Substitute – Statement of Substantial Changes:**  
(Summarizing differences between the Committee Substitute and the prior version of the bill.)**CS by Communications, Energy, and Public Utilities on February 4, 2014:**

The CS:

- reduces the percentage of direct-to-home satellite CST tax revenues allocated to the state from 63 percent to 54.5 percent, ensuring that the local governments receive approximately the same amount of revenue from this source; and
- provides that the act applies to taxable transactions included on bills for communications services that are dated on or after January 1, 2015.

B. Amendments:

None.

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

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