

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.)

Prepared By: The Professional Staff of the Committee on Innovation, Industry, and Technology

BILL: SB 1000

INTRODUCER: Senator Hutson

SUBJECT: Communications Services Taxes

DATE: March 11, 2019

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Wiehle	Imhof	IT	Pre-meeting
2.	_____	_____	FT	_____
3.	_____	_____	AP	_____

I. Summary:

SB 1000 reduces the state tax on general communications services from 4.92 percent to 3.92 percent, and on direct-to-home satellite services from 9.02 percent to 8.07 percent.

The bill eliminates all the current provisions on local governments electing whether to require and collect permit fees and effectively freezes local government elections on collection of permit fees, providing that a municipality or county that elected to impose permit fees on or before January 1, 2019, may continue to impose such fees, while a municipality or county that did not impose permit fees as of January 1, 2019, may not impose such fees.

The changes to the communications services tax (CST) rates made by the bill are to be applied to communications services reflected on bills dated on or after October 1, 2020.

The bill takes effect July 1, 2019.

II. Present Situation:

Chapter 202, F.S., provides for the communication services tax, including telecommunications and cable, taxed at a rate of 4.92 percent, and direct-to-home satellite, taxed at a rate of 9.07 percent.¹ A portion of the state taxes collected – including taxes collected on direct-to-home satellite service – are deposited into the General Revenue Fund and a portion is distributed to local governments.²

Section 337.401(3)(c) and (j), F.S., provides for local government rights-of-way permit fees from any providers of communications services that use or occupy municipal or county roads or rights-of-way. All fees must be reasonable and commensurate with the direct and actual cost of the

¹ Section 202.12(1)(a) and (b), F.S.

² Section 202.18, F.S.

regulatory activity, including issuing and processing permits, plan reviews, physical inspection, and direct administrative costs; must be demonstrable; and must be equitable among users of the roads or rights-of-way. Fees may not: be offset against the communications services tax; include the costs of roads or rights-of-way acquisition or roads or rights-of-way rental; include any general administrative, management, or maintenance costs of the roads or rights-of-way; be based on a percentage of the value or costs associated with the work to be performed on the roads or rights-of-way; or not exceed \$100.

Each local government was required to make an election on whether to charge permit fees before July 16, 2001, and the impacts on CST rates were different for municipalities and charter counties as compared to noncharter counties.

The options for a municipality or charter county were: to require and collect permit fees, but reduce its communications services tax rate by 0.12 percent; or to elect not to charge permit fees and increase the CST rate by an amount not to exceed 0.12 percent. A municipality or charter county that did not make the required election was statutorily presumed to have elected not to require and collect permit fees.

In contrast, a noncharter county that elected to require and collect permit fees had no reduction in its CST rate, and a noncharter county that elected not to charge permit fees could increase its CST rate by an amount not to exceed a rate of 0.24 percent to replace the revenue the noncharter county would otherwise have received from permit fees for providers of communications services. A noncharter county that did not make the required election was statutorily presumed to have elected not to require and collect permit fees.

Section 337.401(3)(j), F.S., allows a local government to change a previously selected option, with no limitation on the number of times a local government makes such a change. If a municipality or charter county changes its election in order to require and collect permit fees, its CST rate would automatically be reduced by 0.12 percent plus the percentage, if any, by which the rate was previously increased due to the previous election. If a municipality or charter county changes its election in order to discontinue requiring and collecting permit fees, its CST rate could be increased by an amount not to exceed 0.24 percent.

If a noncharter county changes its election in order to require and collect permit fees, its CST rate would automatically be reduced by the percentage, if any, by which such rate was increased due to the previous election. If a noncharter county changes its election in order to discontinue requiring and collecting permit fees, its CST rate could be increased by an amount not to exceed 0.24 percent.

III. Effect of Proposed Changes:

Section 1 amends s. 202.12, F.S., to reduce the state tax on general communications services from 4.92 percent to 3.92 percent, and on direct-to-home satellite from 9.02 percent to 8.07 percent.

Section 2 deletes all the current provisions on local governments electing whether to require and collect permit fees and effectively freezes local government elections on collection of permit fees, providing that a municipality or county that elected to impose permit fees on or before January 1, 2019, on providers of communications services pursuant to former paragraphs (c) or (j), may

continue to impose such fees, while a municipality or county that did not impose permit fees as of January 1, 2019, may not impose such fees.

Section 3 provides that the changes to the CST tax rates made by the bill are to be applied to communications services reflected on bills dated on or after October 1, 2020.

Section 4 provides that the bill takes effect July 1, 2019.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

The bill reduces the state tax on general communications services from 4.92 percent to 3.92 percent, and on direct-to-home satellite services from 9.02 percent to 8.07 percent.

The Revenue Estimating Conference met on February 15, 2019 and estimated the impact of SB 1000 and HB 693 for sections 1, 3, and 4, as indicated:

2019-20							
General Revenue		State Trust		Local/Other		Total	
Cash	Recurr	Cash	Recurr	Cash	Recurr	Cash	Recurr
0.0	(107.5)	0.0	(*)	0.0	(20.8)	0.0	(128.3)

2020-21							
General Revenue		State Trust		Local/Other		Total	
Cash	Recurr	Cash	Recurr	Cash	Recurr	Cash	Recurr
(71.8)	(107.6)	(*)	(*)	(14.0)	(21.0)	(85.8)	(128.6)

2021-22							
General Revenue		State Trust		Local/Other		Total	
Cash	Recurr	Cash	Recurr	Cash	Recurr	Cash	Recurr
(108.0)	(108.0)	(*)	(*)	(21.2)	(21.2)	(129.2)	(129.2)

2022-23							
General Revenue		State Trust		Local/Other		Total	
Cash	Recurr	Cash	Recurr	Cash	Recurr	Cash	Recurr
(108.6)	(108.6)	(*)	(*)	(21.4)	(21.4)	(130.0)	(130.0)

2023-24							
General Revenue		State Trust		Local/Other		Total	
Cash	Recurr	Cash	Recurr	Cash	Recurr	Cash	Recurr
(109.1)	(109.1)	(*)	(*)	(21.7)	(21.7)	(130.8)	(130.8)

Insignificant positive (less than \$50,000) *

Insignificant negative (less than \$50,000) (*)

B. Private Sector Impact:

None.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends the following sections of the Florida Statutes: 202.12 and 337.401.

IX. Additional Information:

A. Committee Substitute – Statement of Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.

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