

**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: SB 266

INTRODUCER: Senator Hukill

SUBJECT: Communications Services Taxes

DATE: January 14, 2014

REVISED: \_\_\_\_\_

|    | ANALYST | STAFF DIRECTOR | REFERENCE | ACTION             |
|----|---------|----------------|-----------|--------------------|
| 1. | Wiehle  | Caldwell       | CU        | <b>Pre-meeting</b> |
| 2. |         |                | AFT       |                    |
| 3. |         |                | AP        |                    |

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**I. Summary:**

SB 266 reduces the communications services tax (CST) rates by two 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 one combined rate that includes both the CST and the gross receipts tax to reflect this two percent reduction in the communications services tax.

**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>

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 one combined rate of 6.8 percent, comprised of these two rates of 6.65 percent and 0.15 percent.<sup>5</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.*

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

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

### III. Effect of Proposed Changes:

**Section 1** reduces the CST rates by two 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 3** make conforming changes to the statutes which authorize a communications services dealer to collect one combined rate that includes both the CST and the gross receipts tax to reflect this two percent reduction in the communications services tax.

**Section 4** 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, the reductions in the percentage share of the tax appear to be insignificant and to not result in a mandate.

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

None.

#### C. Trust Funds Restrictions:

None.

### V. Fiscal Impact Statement:

#### A. Tax/Fee Issues:

The Revenue Estimating Conference did not estimate the impact of the bill as filed, but only considered the bill with amendments. 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, and 203.001.

**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.