

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 Communications, Energy, and Public Utilities

BILL: SB 898

INTRODUCER: Senator Abruzzo

SUBJECT: Communications Services Tax

DATE: February 17, 2014

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Wiehle	Caldwell	CU	Pre-meeting
2.	_____	_____	CM	_____
3.	_____	_____	AFT	_____
4.	_____	_____	AP	_____

I. Summary:

SB 898 exempts from the term “sales price” for Communications Services Tax purposes the use of communications services to furnish a good or service that is not subject to that tax.

II. Present Situation:

Chapter 202, F.S., is the Communications Services Tax Simplification Law, which combined and restructured numerous state and local taxes and fees imposed on communications services into a single tax centrally administered by the Department of Revenue (DOR). The Communications Services Tax (CST) is applied to the retail sales price of each taxable communications service for the purpose of remitting the tax due.¹ The term “sales price” is defined to mean 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 which is part of the sale and for which the charge is not separately itemized on a customer’s bill.² There are express exemptions from the sales price, including:

- an 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 tax imposed under chapter 202 or chapter 203 (gross receipts tax) which is permitted or required to be added to the sales price of such service, if the tax is stated separately;
- a 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 be added to the price of the service if the fee or assessment is separately stated;

¹ Section 202.12, F.S.

² Section 202.11(13), F.S.

- communications services paid for by inserting coins into coin-operated communications devices available to the public;
- the sale or recharge of a prepaid calling arrangement;
- the provision of air-to-ground communications services, defined as a radio service provided to a purchaser while on board an aircraft;
- a dealer's internal use of communications services in connection with its business of providing communications services;
- 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; and
- charges for goods or services that are not subject to tax under this chapter, including Internet access services, that are not separately itemized on a customer's bill, but that can be reasonably identified from the selling dealer's books and records kept in the regular course of business.

III. Effect of Proposed Changes:

The bill amends paragraph 202.11(13)(b), F.S., to add the use of communications services to furnish a good or service that is not subject to CST to the list of exemptions from the term "sales price." If a communications service is used to provide a good or service that is not subject to CST, the charge for the good or service is not to be considered part of the sales price. Moreover, the use of a communications service does not subject to the CST any charge for, any portion of the charge, or a separate charge for the delivery of or access to the good or service that is not subject to the CST, regardless of the description of the charge (on the bill). However, the sale of a communications service to a provider of a good or service that is not subject to the CST is not exempt from CST.

These provisions do not make the sale of communications services to a provider of a good or service that is not subject to CST exempt from the CST.

The bill takes effect July 1, 2014.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

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

It is uncertain how the bill will affect CST revenues as it is uncertain what goods or services will be exempt from CST under the bill.

B. Private Sector Impact:

The fiscal impact of the bill is uncertain as it is uncertain what goods or services will be exempt from CST under the bill.

C. Government Sector Impact:

The fiscal impact of the bill is uncertain as it is uncertain what goods or services will be exempt from CST under the bill.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends section 202.11 of the Florida Statutes.

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.