

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

Prepared By: Communications and Public Utilities Committee

BILL: CS/SB 2008

INTRODUCER: Communications & Public Utilities Committee and Senator Aronberg

SUBJECT: Communications Services Tax

DATE: April 4, 2006

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Caldwell	Caldwell	CU	Fav/CS
2.			GE	
3.			WM	
4.				
5.				
6.				

I. Summary:

The bill revises the percentage rates of the communications tax that is applied to the sale price of communications services, direct-to-home satellite service, private communications service, and mobile communications service.

This bill amends section 202.12 of the Florida Statutes.

II. Present Situation:

Section 202.12, F.S., provides for the taxation on the sales of communications services.

Subsection (a) applies a 6.8 percent sales tax on communications service which originates and terminates in the state or originates and terminates in this state and is charged to a service address in this state when sold at retail. Gross receipts tax imposed by chapter 203, F.S., is also to be collected on the same taxable transactions and remitted with the sales tax.

Subsection (b) imposes a rate of 10 percent on the retail sales price of any direct-to-home satellite service received in the state. Gross receipts tax imposed by chapter 203, F.S., is also to be collected on the same taxable transactions and remitted with the sales tax.

Subsection (c) applies a rate of 6.8 percent on the sales price of private communications services provided within the state. The tax applies to the following provisions:

- any charge with respect to a channel termination point located within the state
- any charge for the use of a channel between two channel termination points located in the state and
- where channel termination points are located both within and outside of the state if any segment between two such channel termination points is separately billed, 50

percent of such charge and if any segment of the circuit is not separately billed, an amount equal to the total charge for such circuit multiplied by a fraction, the numerator of which is the number of channel termination pints within the state and the denominator is the total number of channel termination points of the circuit. Gross receipts tax imposed by chapter 203, F.S., is also to be collected on the same taxable transactions and remitted with the sales tax.

Subsection (d) applies the rate of 6.8 percent on the sales price of all mobile communications services deemed to be provided to a customer by a home service provider under s. 117(a) of the Motile Telecommunications Sourcing Act, Pub. L. No. 106-252, if such customer's service address is located within the state.

III. Effect of Proposed Changes:

The bill reduces the sales tax rate annually beginning October 1, 2006 and ending December 31, 2008 for communications services, direct to home satellite services, private communications services, and mobile communications services. The rate for communications services, private communications service and mobile communications services are as follows:

- For bills dated on or after October 1, 2001, through December 31, 2006 – 6.8 percent
- For bills dated on or after January 1, 2007, through December 31, 2007 – 5.63 percent
- For bills dated on or after January 1, 2008, through December 31, 2008 – 4.63 percent
- For bills dated on or after January 1, 2009 – 3.63 percent.

The rate for direct-to-home satellite services are as follows:

- For bills dated on or after October 1, 2001, through December 31, 2006 – 10.8 percent
- For bills dated on or after January 1, 2007, through December 31, 2007 – 9.63 percent
- For bills dated on or after January 1, 2008, through December 31, 2008 – 8.63 percent
- For bills dated on or after January 1, 2009 – 7.63 percent.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:**A. Tax/Fee Issues:**

The revenue estimating conference indicates a \$458.1 million recurring loss to state revenue.

B. Private Sector Impact:

Customers of communications services, direct to home satellite services, private communications services, and mobile communications services would pay less sales tax.

C. Government Sector Impact:

The revenue estimating conference indicates a \$458.1 million recurring loss to state revenue.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

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

VIII. Summary of Amendments:

None.

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