

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 Community Affairs Committee

BILL: SB 1590

INTRODUCER: Senator Altman

SUBJECT: Communications Services Taxes

DATE: March 18, 2009

REVISED: 03/24/09

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Caldwell	Caldwell	CU	Favorable
2.	Murphy	Yeatman	CA	Fav/ 1 Amendment
3.			FT	
4.			WPSC	
5.				
6.				

I. Summary:

This bill allows dealers to net bad debt against the amount of tax due for reporting purposes so long as the resulting amount is not less than zero. It further allows a proportional allocation of the bad debt credits to specified jurisdictions. Finally, the bill provides for limited retroactive application.

This bill amends section 202.29 of the Florida Statutes.

II. Present Situation:

Chapter 202, Florida Statutes, relates to the Communications Services Tax Simplification Law. Section 202.29, F. S., provides for the dealing with bad debt. Pursuant to s. 202.27, F.S., dealers must file a communications services tax return with the Department of Revenue. According to s. 202.11(3), F.S., a "Dealer" means a person registered with the department as a provider of communications services in this state. Currently, the dealer reports the credit allowed for bad debts (under s. 202.29, F.S.) separately from the tax when they file their return. The dealer is required to report the credits by time period as well as by the jurisdiction where the original sale occurred, and which subsequently became a worthless account.

III. Effect of Proposed Changes:

Section 1 of the bill amends section 202.29, F.S., by adding a new subsection (4). This subsection would allow dealers to apply credits for bad debts allowed under s. 202.29, F.S., against the amount of tax due for reporting purposes. However, the "netting" cannot result in an amount less than zero. It would also allow dealers to use a proportional allocation method to

allocate its allowable bad debt credits to local jurisdictions or the state. This would allow dealers to allocate bad debt credits proportionally rather than having to specifically identify the jurisdiction from which the particular worthless account originated. Such allocations would be done separately for the state portion of communications services tax imposed under s. 202.12, F.S., and the local portion of communications services tax imposed under s. 202.19, F.S. Finally, the allocation method could be based upon current gross taxes due or another reasonable allocation method approved by the department for purposes of determining the amount of bad debt that is attributable to the state or to a local jurisdiction.

Section 2 of the bill provides for the act to operate retroactively to July 1, 2000, but only as a remedial measure and not to create a right to a refund or require a refund by any governmental entity of any tax, penalty, or interest remitted to the department before July 1, 2009.

Section 3 of the bill provides an effective date of July 1, 2009.

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:

There should be no difference in the overall tax collected.

B. Private Sector Impact:

By allowing companies to net the bad debt from taxes due, the administrative and regulatory burden and the costs associated thereto should be reduced.

C. Government Sector Impact:

This change could ease the administrative burden overseeing the treatment of bad debt against taxes due.

VI. Technical Deficiencies:

The proportional allocation method for a dealer to allocate their allowable bad debt credits to local jurisdictions or the state, identified in section 1 of the bill, appears vague as the allocation method is not clear.

VII. Related Issues:

None.

VIII. Additional Information:**A. Committee Substitute – Statement of Substantial Changes:**
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:**Barcode 366780 by Community Affairs on March 24, 2009:**

This amendment extends the date to begin collection of prepaid wireless E911 fee to July 1, 2011 so that a method can be determined for collection.