



Ways & Means Committee

**Tuesday, November 14, 2023
10:00 AM – 11:30 AM
Sumner Hall (404 HOB)**

MEETING PACKET

Committee Meeting Notice

HOUSE OF REPRESENTATIVES

Ways & Means Committee

Start Date and Time: Tuesday, November 14, 2023 10:00 am
End Date and Time: Tuesday, November 14, 2023 11:30 am
Location: Sumner Hall (404 HOB)
Duration: 1.50 hrs

Introductions

Communications Services Tax (staff presentation)

To submit an electronic appearance form, and for information about attending or testifying at a committee meeting, please see the "Visiting the House" tab at www.myfloridahouse.gov.

NOTICE FINALIZED on 11/07/2023 2:01PM by RSD

Overview of the Taxation of Communications Services

Ways & Means Committee
November 14, 2023





What are “Communications Services”

- **Communications Services** are:

- “the transmission, conveyance, or routing of:

VOICE

AUDIO

DATA

VIDEO

ANY OTHER INFO
OR SIGNALS

- . . . By or through any electronic, radio, satellite, cable, optical, microwave, or other medium or method now in existence or hereafter devised, regardless of the protocol used for such transmission or conveyance.”



“Communications Services” include things like:

- Phone Services:
 - **Paid** mobile/cell phone, landline (residential or commercial) phone, and voice-over-internet protocol (VoIP) phone services

- Television Services:
 - **Paid** Cable TV, Satellite TV, or Streaming TV

- Video Services:
 - **Paid** streaming video through services like Netflix, Hulu, or Amazon Prime (including **rental** of digital content)

- Music Services:
 - **Paid** streaming music through services like Pandora or Spotify



“Communications Services”

➤ **Communications Services are NOT:**

**INTERNET
ACCESS**

**TANGIBLE
PERSONAL
PROPERTY**

**INFORMATION
SERVICES**

**LATE
PAYMENT/BILLING
CHARGES**

**INSTALLATION OR
MAINTENANCE
CHARGES**



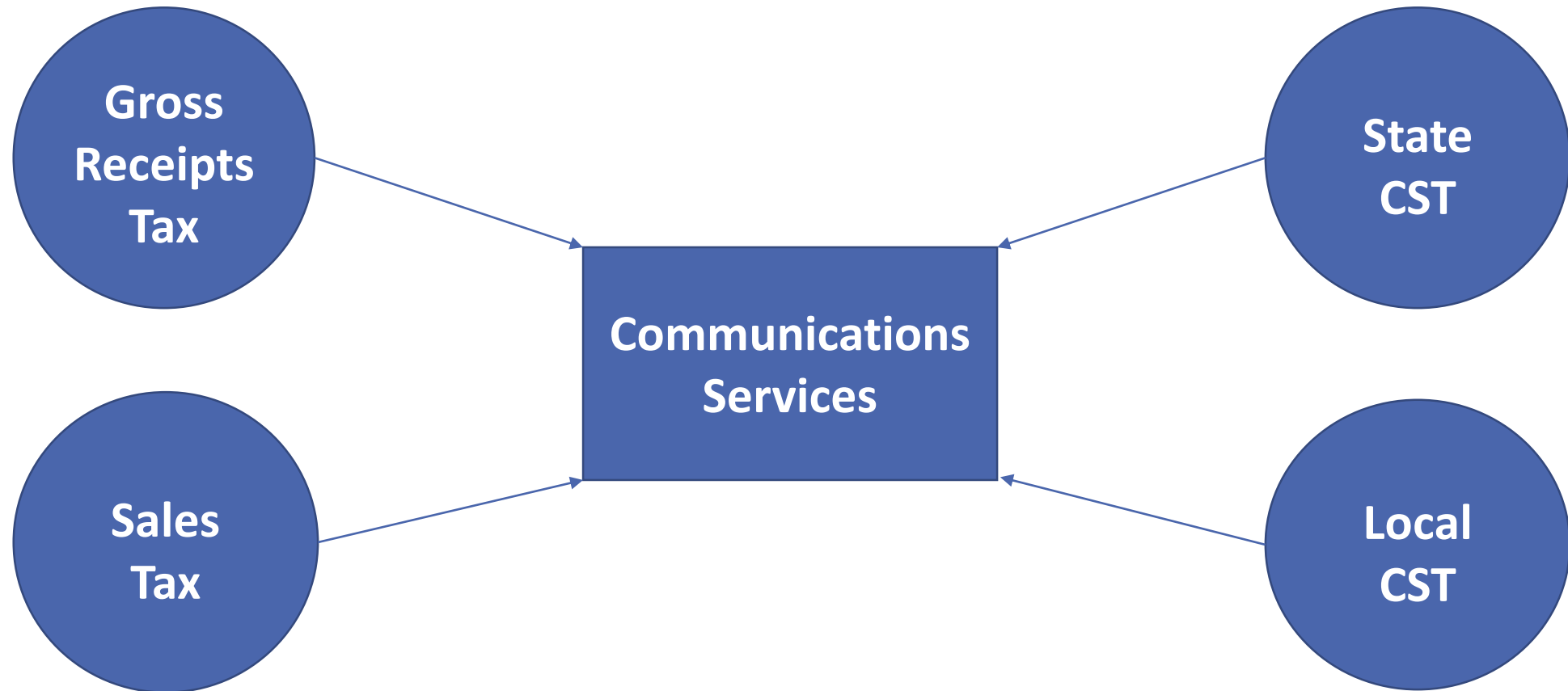
“Communications Services” does not include:

- Phone Services:
 - The portion of your cell phone plan that is **internet access**
 - Prepaid Calling Arrangements (Subject to Sales Tax, not CST)
- Television Services:
 - **Free** over-the-air broadcasting channels
- Video Services:
 - **Purchase** of Digital Goods (e.g., “digital copies” of movies)
 - Streaming of **free** videos (e.g., free YouTube channels)
- Music Services:
 - **Free**, ad-supported streaming of music



Taxation of Communications Services

Florida taxes “communications services” in a variety of ways:





State Communications Services Tax (Chapter 202, F.S)

- **Tax rates:**
 - 4.92% *except*
 - 9.07% on Direct-to-Home Satellite

- **Exempt:**
 - Residential land line service

- **Revenue Distributions:**
 - Most to state General Revenue
 - Shared with local governments (similar to sales tax)
 - Portion of satellite revenues dedicated to fiscally constrained counties



State Gross Receipts Tax (Chapter 203, F.S.)

- **Tax Rates:**
 - 2.37% Gross Receipts Tax
 - 0.15% Additional Gross Receipts Tax on services other than residential land line and satellite
 - Note: The additional 0.15% tax can be combined on bills with the 4.92% state CST rate for a total “state tax” of 5.07% for services to which both rates apply.
- **Exempt:**
 - Pre-paid calling arrangements
- **Revenue Distributions:**
 - Public Education Capital Outlay (PECO) Trust Fund



Local Communications Services Taxes (Chapter 202, F.S.)

- **481** local governments (cities and counties) currently levy a local CST
- **100** different rates are levied, ranging from **0.3%** to **7.7%**
- **Local rates** are composed of:
 - The Local CST rate levied by ordinance, adjusted (if necessary and allowed) for conversion rates or emergency rates,
 - Permit Fee add-on, and
 - Local Option Sales Surtax surcharge.



Local Communications Services Taxes (Chapter 202, F.S.)

- Statute sets out the “maximum rates” that can be currently levied by ordinance:
 - Higher maximums for municipalities (up to 5.1%) & charter counties (up to 5.1%) compared to non-charter counties (up to 1.6%)
- These rates may be higher in some jurisdictions due to conversion or emergency rates (set in s. 202.20, F.S.) from 2002 that are still in effect.
- At this time, a local government may only adjust rates under the “emergency rates” provision if the department or a dealer allocates or reallocates revenues away from the local government.
 - No current emergency rates are in effect.



Local Communications Services Taxes (Chapter 202, F.S.)

- Permit Fee add-on rate (s. 337.401, F.S.):
 - Noncharter counties may levy a 0.24% permit fee in addition to the 1.6% “maximum rate”
 - If a charter county or municipality chooses to levy a 0.12% permit fee, their maximum local rate is reduced by 0.12%.

- Local Option Sales Tax Surcharge:
 - Any county that has a discretionary sales surtax (s. 212.055, F.S.) in effect also has a surtax on CST based on that rate.
 - The rate is based on a crosswalk that is meant to simulate the impact the surtax had on a particular county when the CST system changed in 2001.



Local Communications Services Taxes (Chapter 202, F.S.)

- **Exempt:** Direct to Home Satellite (per federal law)
- **Revenue Distributions:** To levying jurisdictions
- **Allowable Uses:**
 - Any public purpose, generally
 - However, the portion that is the **local option sales tax surcharge** must be used for the same purpose as the underlying local option sales tax pursuant to s. 212.055, F.S.



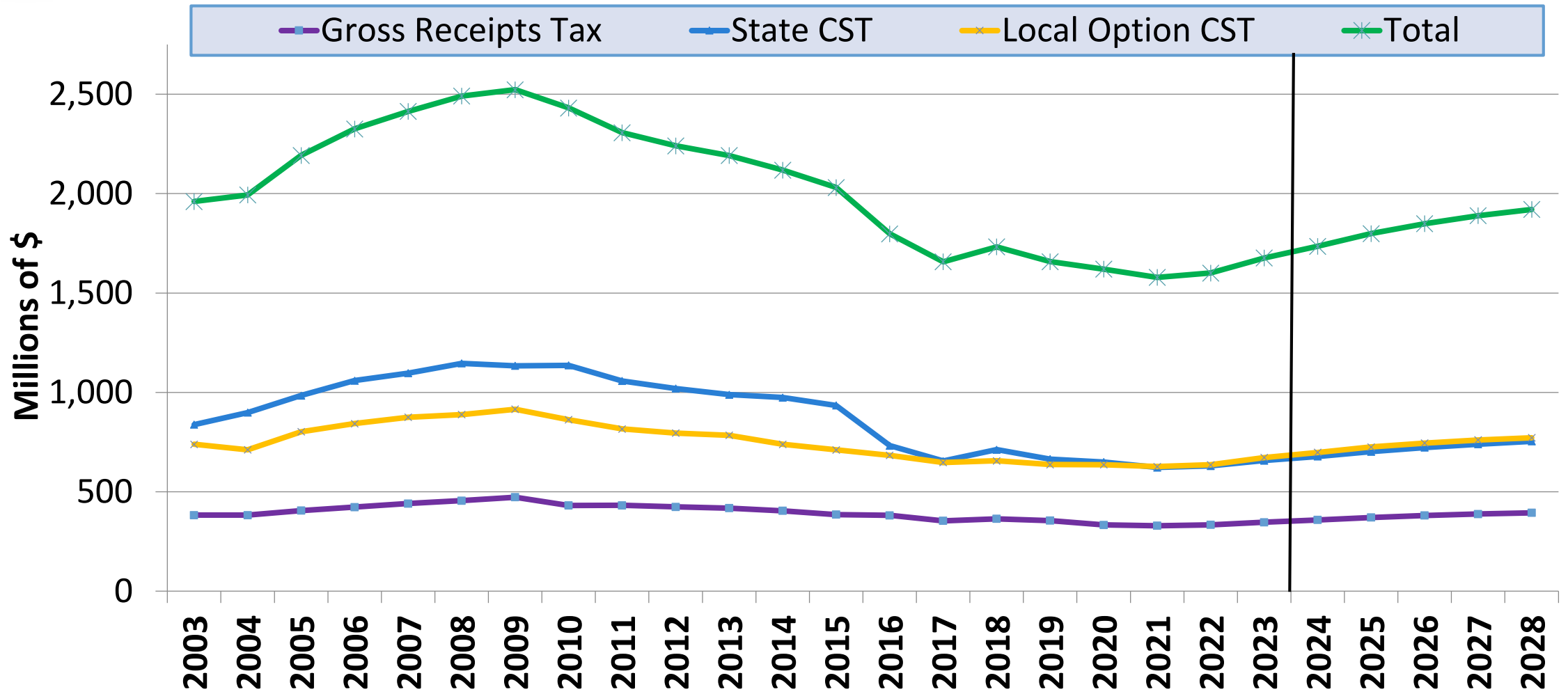
Tax Rate Summary

Service Type	State CST	Local CST*	Gross Receipts	Add'l Gross Receipts	Total*
General Communications Services (e.g., Cell Phone, Cable TV, Streaming Music)	4.92%	5.23%	2.37%	0.15%	12.67%
Residential Land Line Phones		5.23%	2.37%		7.60%
Direct-To-Home Satellite	9.07%		2.37%		11.44%

* "Local CST" and "Total" reflect the statewide effective local CST rate used by the August 2023 Revenue Estimating Conference for Gross Receipts/Communications Services Tax.



Florida Tax Collections and Forecast





What Impacts CST Collections?

- Technology Changes
- Product Evolution
- Falling Costs/Price Changes
- Shifting Consumer Choices
- Changing Marketing Strategies
- Local Government Rate Choices
- Federal and State Law Changes



Questions?



Where To Go For Help

Ways & Means Committee

(850) 717-4812

221 The Capitol

Staff

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