



Ways and Means Committee

Tuesday, April 18, 2017

10:00 a.m. – 12:00 p.m.

Morris Hall

MEETING PACKET

The Florida House of Representatives

Ways and Means Committee



Richard Corcoran
Speaker

Jim Boyd
Chair

AGENDA

April 18, 2017
10:00 a.m. – 12:00 p.m.
Morris Hall

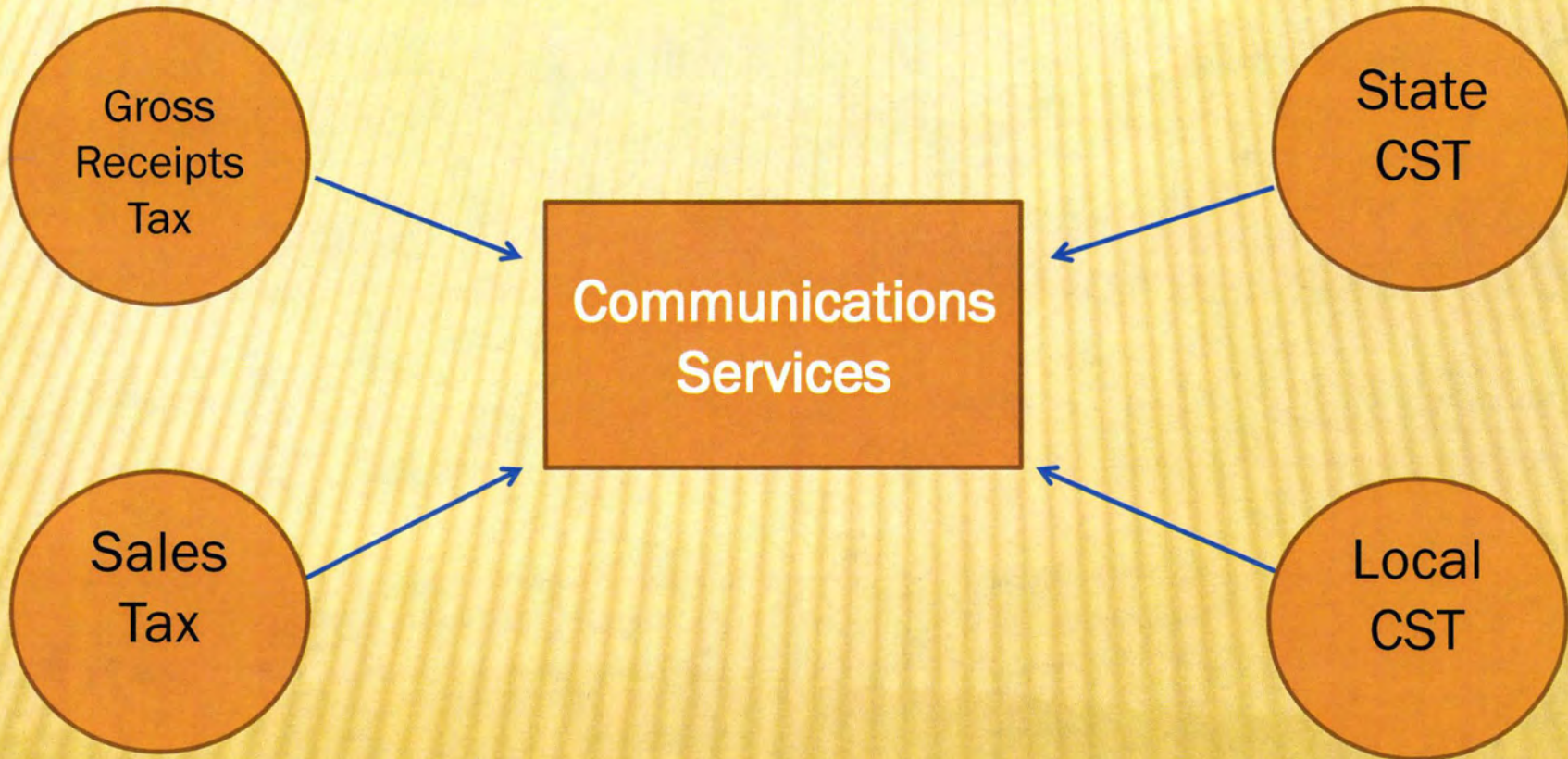
- I. Call to Order/Roll Call
- II. Chair's Opening Remarks
- III. ***Workshop on the following:***
Taxation of Communication Services
- IV. Closing Remarks and Adjournment

OVERVIEW OF THE TAXATION OF COMMUNICATIONS SERVICES

Ways and Means Committee
Florida House of Representatives
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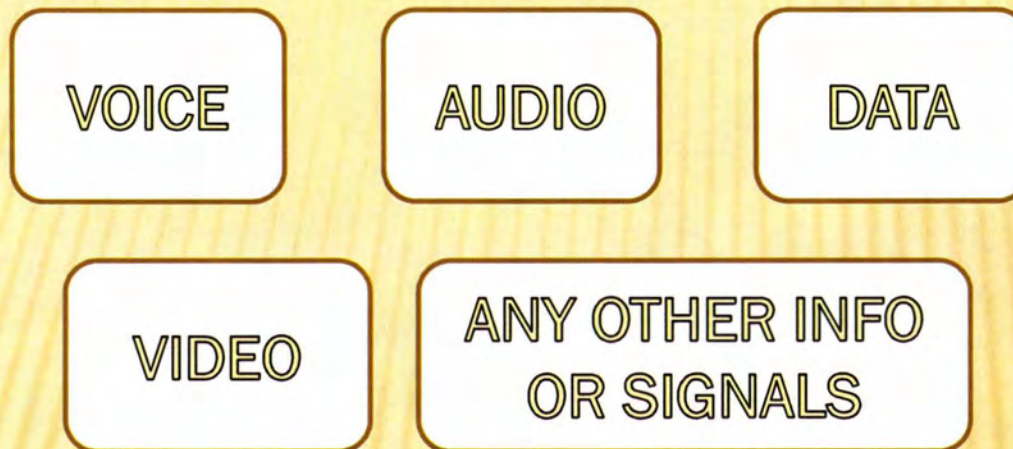
TAXATION OF COMMUNICATIONS SERVICES

Florida taxes “communications services” in a variety of ways



“COMMUNICATIONS SERVICES”

- **Communications Services** are:
 - “the transmission, conveyance, or routing of:



- . . . 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”

➤ “Communications Services” are NOT:

Internet
Access

Tangible
Personal
Property

Information
Services

Late Payment /
Billing Charges

Installation or
Maintenance

STATE COMMUNICATIONS SERVICES TAX (CH. 202)

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

- **Exempt:**
 - Residential land line service
 - Pre-paid calling arrangements

- **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 (CH. 203)

- **Tax Rates:**

- 2.37% *except*

- Additional rate = 0.15% on services other than residential land line and satellite

- **Exempt:**

- Pre-paid calling arrangements

- **Revenue Distributions:**

- Public Education Capital Outlay (PECO) Trust Fund

LOCAL COMMUNICATIONS SERVICES TAXES (CH. 202)

- 477 local governments currently levy a local CST
 - 94 different rates are levied, ranging from from 0.4% to 7.6%
 - 74% of population in jurisdictions with rates between 5% and 7.6%
- Statute sets out the maximum rates
 - Higher maximums for municipalities & charter counties compared to non-charter counties
- Exceptions to the maximum rate
 - Permit Fee add-on rate
 - Conversion Rates and Emergency Rates
 - Local Option Sales Surtax surcharge (discussed later)
- **Exempt:** Direct to Home Satellite (per federal law)
- **Revenue Distributions:** To levying jurisdictions

SALES TAX ON COMMUNICATIONS SERVICES

- **State Sales Tax** only on pre-paid calling arrangements
- Tax rate = 6% plus local option sales tax
- **Local Option Sales Tax** surcharge add-ons

(Estimates 2015-16)

Total Florida Handsets	17.4 million
Prepaid Handsets	6.1 million
Prepaid Handset Penetration	35.1%

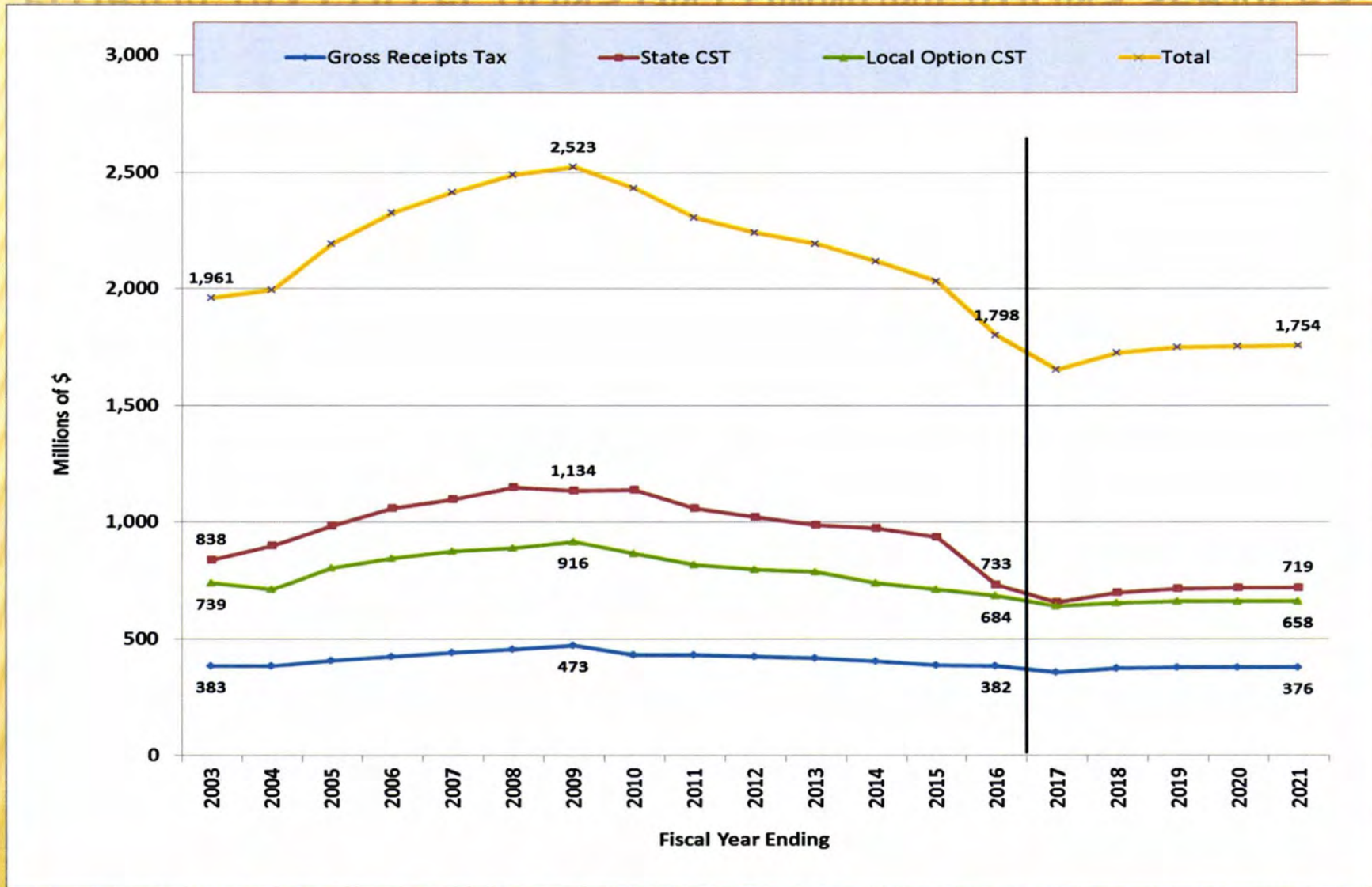
Source: Revenue Estimating Conference work papers, January 2014

TAX RATE SUMMARY

<u>Service Type</u>	<u>Gross Receipts</u> <u>Tax</u>	<u>CST/ Sales</u> <u>Tax</u>	<u>Local*</u>	<u>Total*</u>
General	2.52%	4.92%	5.10%	12.54%
Res. Land Line	2.37%		5.10%	7.47%
Satellite	2.37%	9.07%		11.44%
"Prepaid"		6.00%	0.64%	6.64%

*Estimated statewide averages.

FLORIDA TAX COLLECTIONS ON COMMUNICATIONS SERVICES



TAX COLLECTIONS—SHAPED BY MANY FORCES

Technological Advance

Product Evolution

Falling Costs/Price
Pressure

Shifting Consumer
Choices

Changing Marketing
Strategies

Law Changes

Questions?