

ASSOCIATED INDUSTRIES OF FLORIDA
**LEGISLATIVE
DAILY BRIEF**



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COMMUNICATION TAX

A “unified” communications tax was under consideration today in the House Utilities & Telecommunications Committee. PCB UTCO 01-02a, which creates such a tax, was workshopped by the committee for the purpose of taking public testimony to gain better understanding of the issue from the private sector. Randy Miller, AIF Senior Vice President and Chief Operating Officer testified in favor of the concept of a unified communications tax.

The current laws governing taxation of communications services in Florida are not keeping pace with converging industries, advancing technology and bundling of services. When most of the laws were written, there was one telecommunications company providing all your communications needs. They were ubiquitous; therefore, made a good collector of taxes for government. As a result, many taxes and fees are collected via the telephone companies and other utilities as well.

But, there have been many changes since then. Instead of one monopoly provider, there are many different companies providing a varied array of electronic communications services. New technologies like the Internet and wireless service, as well as cable TV companies offering telephone service, make the existing statutes difficult at best to administer. Not all competing providers are taxed the same and some services are not taxed at all, even though the service they offer is effectively the same as one being taxed. Companies are bundling services together in a single package for a single price when the component services are all taxed differently.

Finding the origination of the taxable transactions of wireless usage, long distance, and wireless calls paid for with prepaid cards, roaming wireless service charges, and long distance calls paid for with credit cards is almost impossible. And when taxes are imposed by cities, counties and the State, collecting and remitting to the correct jurisdiction can be a real challenge.

What is the solution? A single, unified tax imposed by the State and administered by the Department of Revenue on all electronic communications services. This would include wire line and wireless telecommunications, paging, data communications, cable TV, and satellite TV. Internet access is not taxable at this time by federal law. This tax would replace the following taxes and fees on the customers' bills:

Sales Tax	7% on telephone, 6% on cable TV
Local Option Sales Tax	up to 1.5%
Gross Receipts Tax	2.5%
Public Service Tax	7% - 10%
Franchise Fee on Telephone	1%
Franchise Fee on Cable TV	5%

The 2000 Legislature actually passed the unified communications tax, but the 2001 Legislature will have to pass the new tax rate. AIF supports the effort to establish a unified communications tax statewide.

The new unified tax is intended to be revenue neutral for the state and local government. Customer bills will be easier for consumers to understand since there is but one state tax and not five different ones, each with a different tax base.

A unification of the communications tax base under one simplified services tax would provide equity among the telecommunications service providers, a tax process the consumer can understand and a more predictable revenue stream for the state and local governments.

LATER THIS WEEK...

The House Elder & Long Term Care Committee will be considering nursing home care reform... The Senate Governmental Oversight & Productivity Committee will be considering reorganization of the Florida Cabinet... The Senate Health, Aging & Long Term Care Committee will be considering more anti-HMO legislation this week, as well... we will be reporting on all these issues and more, as they come up this week.

This report was prepared by Curt Leonard, Manager – Governmental Affairs at Associated Industries of Florida (AIF) and Jere Moore, AIF Reporter. Please send your comments or suggestions to us at aif@aif.com or call the Governmental Affairs department at (850)224-7173.

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