



SUPPORT A COMPETITIVELY NEUTRAL TAX POLICY:

REFORM COMMUNICATIONS SERVICES TAX WHILE ALLOWING CITIES TO CONTINUE FUNDING CRITICAL MUNICIPAL SERVICES

The Florida League of Cities **SUPPORTS** reforming the Communications Services Tax (CST) in a manner that is revenue neutral, provides for a broad and equitable tax base, provides for enhanced stability and reliability of an important revenue source for municipalities and provides for a uniform taxing method. Reform should promote a competitively neutral tax policy that will free consumers to choose a provider based on tax-neutral considerations.

BACKGROUND

In 2000, the Florida Legislature restructured taxes and fees on telecommunications, cable, direct-to-home satellite and related services under the **Communications Services Simplification Act**.

The tax is imposed on retail sales of communications services that originate and terminate in the state or originate or terminate in the state and are billed to an address within the state. The **Act replaced and consolidated seven different state and local taxes and fees into a single tax** with two centrally administered parts: the state and the local CST.

This legislation intended to **provide a fair, efficient and uniform method for taxing communications services sold in Florida**, including a competitively neutral tax policy for consumers.

KEY MESSAGES FOR 2022

The **local CST provides cities with \$373 million annually** and is one of the **primary sources of locally levied general revenue for municipalities**, helping to fund police, fire and other important municipal services like infrastructure and transportation projects. Counties also benefit from the local CST and collect almost \$200 million a year.

The State of Florida collects approximately \$687 million, including direct-to-home satellite. The **state shares a portion of direct-to-home satellite revenues with cities** through the Municipal Revenue Sharing Program and Local Half-Cent Sales Tax Program. These revenues may be **used for any public purpose, including pledging the revenues to secure bonds**.

The League continues to support **revenue-neutral modernization of this tax** and asks the Legislature to protect the ability of Florida's 411 municipalities to provide for their residents and businesses by **not reducing the CST**.



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