

Board of County Commissioners

Agenda Request

Date of Meeting: May 3, 2010

Date Submitted: April 16, 2010

To: Honorable Chairman and Members of the Board

From: Benjamin H. Pingree, County Administrator
Timothy P. Barden, Assistant County Administrator

Subject: Request Board Acceptance of the Staff Report on the Communication Services Tax (CST)

Statement of Issue:

This agenda item requests Board acceptance of the staff report on the Communication Services Tax (CST).

Background:

On April 5, 2010 the Board directed County staff and the County Attorney to research increasing the Communication Services Tax.

Analysis

The Communication Services Tax (CST) is a tax on communication services regardless of the protocol used to provide the services. The CST is a consumption-based tax on the sale of communications services. The following communication services are subject to the local tax:

- Land line telephone services
- Long distance telephone services
- Wireless telephone services
- Cable Television services
- Voice Over Internet Protocol (VOIP)
- Facsimile Services
- Pager Services

Currently, the County imposes a 1.84% Communication Services Tax. This is the highest allowable rate for a non-charter county that does not impose permit fees on communication companies for the use of County rights-of-way. The CST is captured in the County's General Fund and supports general fund operations. Additionally, the CST can be used for any general government purpose including but not limited to:

- General Government Operations
- Debt Repayment
- Capital Improvements

The table below shows the amount of CST received by the County over the last three years.

FY2006-07	FY2007-08	FY2008-09	*FY2009-10
\$270,213	\$329,399	\$296,919	\$328,347

*Estimated

In November 2008, Wakulla County became a Charter County. Since becoming a Charter County, the County is eligible to increase the CST rate up to 5.10 % plus an additional 0.12% for non-imposition of permit fees for a total of 5.22%. Currently, the City of St. Marks imposes at a 5.10% rate while the City of Sopchoppy imposes at a 1.20% rate.

If the County were to increase its current rate, the increase would not take effect until the 1st day of January following the passage of an ordinance establishing the new rate, providing for only 9 months, or 3 quarters, of revenue at the new rate for the fiscal year in which it goes into effect.

The chart below shows the estimated revenue generated if the current rate was increased to the mid-point range between the current rate of 1.84% and the maximum of 5.22% which is 3.53% as well as the revenue generation if the rate was increased to the maximum allowable rate of 5.22%. The increase in revenue estimate for FY2010/11 and FY 2011/12 is based on an average 10% increase in this revenue over the last three years. Also included is the millage equivalent for reduction, **below the rollback rate**, should the Board choose to use this additional revenue to reduce the millage rate.

Fiscal Year	Rate	Additional Revenue	Millage Equivalent for Reduction
FY2010/11	3.53%	\$226,184	0.1776
	5.22%	\$452,369	0.3553
FY2011/12	3.53%	\$268,744	0.2111
	5.22%	\$570,324	0.4479

Process to Change Rate

According to Florida Statutes, sections 202.19 and 202.21, any change in the rate of the local Communication Services Tax must be made by Ordinance and notice must be provided to the Florida Department of Revenue on or before September 1st. The effective date of this rate change will be January 1st of the following calendar year. Should the Board desire staff to pursue an Ordinance in time for FY2010/11, one that would allow for further reductions to the millage rate below the rollback rate commensurate with any new tax dollars generated, such direction may be given at this time.

Options:

1. Accept the Staff Report on the Communication Services Tax (CST).

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2. Do not accept the Staff Report on the Communication Services Tax (CST).
3. Board Direction.

Recommendation:

Option #1

Attachment(s)

1. Florida Legislative Committee on Intergovernmental Relations-Communication Services Tax

BP/TPB/HJE