APPEARANCES

Committee Members:

MARSHALL STRANBURG, Chair
GARY RESNICK
SHARON R. FOX
DAVIN SUGGS
ALAN ROSENZWEIG
KATHLEEN KITTRICK
CHARLIE DUDLEY
GARY S. LINDSEY
BRIAN D. SMITH

Also appearing:

ANDREA MORELAND

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MR. STRANBURG: Okay. Let's go ahead and get started. I think we won't get too far before our one missing member of the group probably makes it back from lunch.

We were going to, I think, take a few minutes to run through the list that had been provided at the October 31st meeting of all of the various options that the members had submitted. Just run through that one more time to see if there is anything that anyone would like to further add to the discussions that we've already had on those options, and to just be sure, again, after we do that, that there isn't something else that the members would like to have included as a potential option in the report that we put together.

MR. ROSENZWEIG: Can we talk again -- this goes back to one of my earlier observations, comments, concerns. How are we phrasing what the committee's position, for lack of a better term -- when this list goes in, it sounds like we're building some consensus around the holistic approach. And that's kind of where we want to be. But what are we conveying to the
Legislature? That eight of us agree with that? Six of us agree?

And then once we get to this list, I'm just not sure -- I mean, it's not as if -- I'm not smart enough to figure out if all of these are even doable at one time or if some of them are in conflict with each other. A lot of them won't even need to be addressed if the holistic approach went forward.

So, I just want to figure out, again, what is it we're saying about this list, per se, when it goes to the Legislature?

MR. STRANBURG: I think we envisioned -- and I believe we had a little bit of discussion about this previously -- that we would, first of all, have all of these available as options.

MR. ROSENZWEIG: Right. Okay.

MR. STRANBURG: We would include in the body of the report those items which seem to have a level of support among members of the working group.

MR. ROSENZWEIG: Okay.

MR. STRANBURG: And those that did not have a certain level of support among members of the working group would be part of the report,
but they would more or less be included as a
list of, these are ideas for options that the
members put forth.

MR. ROSENZWEIG: Okay.

MR. STRANBURG: We didn't feel as though
we needed to exclude anything unless the member
who put forth that option decided that he or she
did not want to have that option go forward.

But we did want to give the Legislature
some idea of a sense of this is the level of
support for this option among the members of the
working group. But the holistic approach -- the
group agreed at one time that that was the
primary option they wanted to put forth for the
Legislature to consider.

MR. ROSENZWEIG: Okay. Thank you.

MS. FOX: Will we have the opportunity to
get together after the draft is written so that
we can discuss the nuances after we've seen it?

MR. STRANBURG: I think as I mentioned
before lunch, we would like to have an
opportunity to have a -- and again, try to do it
by conference call rather than trying to have
everyone in person to at least go over things on
the phone and, again, have an opportunity to get
your reaction, your response to what we put together with respect to that.

    So, yes, it's our plan to do that. And we'll talk about that, as I said, a little bit later on today of, again, kind of a follow-up timeline for us to get our order prepared.

    Okay. Why don't we just start and quickly go through these. We've discussed all of these previously. But just to be sure that there isn't something that maybe we've overlooked, or maybe there is something that has come to everyone as something that we want to be sure is emphasized as part of this group of options.

    The first group of options were those to streamline the administrative system. We discussed the first group of those at our meeting on October 16th. They dealt with an option to deal with the rate structure.

    They were creating some type of -- proposing to create a statewide rate with a distribution formula with a couple of, again, subcategories underneath that that you would create potentially a statewide rate with a distribution formula and then potentially have a local rate that, again, would work in a similar
fashion with a distribution formula. Or you could potentially have a local CST rate that would be applied at a county level.

So, does anybody have any comments? Any further input that you want to make on that particular option about a statewide rate with some type of distribution formula?

Gary?

MR. LINDSEY: As far as including these, did we discuss that we would -- basically, we would list all of these options, unless someone specifically just said, well, put that in the appendix or move it. That's pretty much the way we will go through these?

MR. STRANBURG: A little different approach, maybe, I thought we were going to take on that, Gary, was those that seem to have a higher level of support, we would have as a list in the body of the report. Those that didn't reach a certain level of support would be a list as more or less an attachment, an addendum to the report, itself.

MR. LINDSEY: Okay. And I had voluntarily decided to put one into the appendix. We'll go through the process with the others.
MS. KITTRICK: I think one of the concerns I have about sort of a statewide rate -- I mean, I think it's certainly a good Plan B option. But to the extent that some customers would see an increase because there is no local CST now, or a very low CST -- there would still be the issue politically of an increase with no sort of benefit, right?

I mean, at least under the sales tax option, there is a small increase. But the benefit is the entire CST is off your bill. So, I just think that from a consumer perspective, there is not a lot of bang there for that buck.

MR. SUGGS: And my concern is, to that same effect, that in order to implement the statewide rate, more than likely, they would cut to a low denominator to try to minimize a tax increase somewhere else.

So, therefore, at the end of the day, we would lose -- it wouldn't be revenue neutral. It would be probably a revenue decrease, especially for the locals because, I mean, there are 122 different rates.

So, in order to do that, I think they would cut rates or strongly consider cutting the
aggregate rate -- whatever the aggregate or statewide or local rate is. So, the pot would get smaller for locals.

MR. LINDSEY: May I ask a question? Again, you know, there were individual submissions related to all of these. And I know that the ones -- at least when I wrote, I tried to put attributes of them, if you will, which is kind of like what we're discussing right now. I think we might have documented some of these. Will that be in the report?

For example, in this, we might -- instead of just saying the statewide rate with the distribution formula, I think we had some writeups that would supplement this that we would basically present for the benefit of being in the report for legislators to look at, and say this is beneficial from this standpoint.

Another attribute is that there could be winners and losers, et cetera, sort of the things we are just now talking about. We would include that in the writeup as well?

MR. STRANBURG: For things that would be included in the body of the report, yes, we would envision there would be some, again, very
brief description and further discussion of the adoption.

    MR. LINDSEY: So, are we going to go through each these and kind of debate them? It seems to me -- I think we've already kind of looked at these previously.

    And it would seem to me if we look through and say at least three or more of us agree -- I don't know. Are we going to have a vote on each one of these? Or are we going to say this was everything that was submitted and these are other options for consideration?

    MS. KITTRICK: Didn't we essentially do that with this?

    MR. LINDSEY: I thought we did -- well, that was where we were kind of whittling down and we started focusing on the holistic solution. But I thought we had kind of walked through these previously.

    MS. FOX: I agree with Gary. Because we don't have all of the body of the meeting -- documentations from all of the previous meetings in front of us, instead of trying to remember all of these things, since they are already on record -- I think that we have rehashed each one
of these things with the pros and the cons.

So, I guess that's why I wanted to see what was in writing first because then we could see if something was left out as opposed to trying to remember it all now and then -- it seems like duplicative work.

MR. STRANBURG: I'm hearing what you're both saying and wondering -- I don't know if it would be a beneficial use of our time -- and when I say our time, I mean DOR staff time who will be doing a lot of this drafting -- to try to write something up on every one of these options.

Maybe we ought to get a sense from the members of is there some level of support for these to have a further writeup done for inclusion in the report and then other things just be listed in the appendix as, here are things that were considered, did not have a level of support sufficient among the members of the group for us to go into any more detail on it. But provide the record that, yes, this was something that was brought up as a potential option for the Legislature to consider.

MS. FOX: I think a lot of it depends on
what you incorporate with regard to prior meetings.

MR. DUDLEY: Well, I guess to your point, and to what Davin said, the local governments would be against a statewide rate with a distribution formula unless it had certain requirements; revenue neutrality or had a minimum for local governments, for example, and some way of feeling comfortable that it wasn't going to be adjusted in the future right? That's to your point, Sharon.

MS. FOX: Right, and we discussed all that prior.

MR. DUDLEY: Is prepaid in or is prepaid not in.

MS. FOX: I mean, we've already spent pretty much half of the day working on the major issues. And then if what has been provided prior is -- after that with maybe a summary or something along those lines, based on what has been compiled in the body of the working-group meetings --

MR. DUDLEY: It seems to me like we should have some sort of section on findings that talks about some of the things we've talked about;
that this was designed to be a tax that was
going to capture, but that's failed. And tax
has not been stable, has not grown like people
intended it to. And it needs to be either --
some issues may need to be immediately addressed
and it may need a long-term fix as well.

So, here is our section, now, on what
individual things do we see that the Legislature
should take a look at immediately and try to
fix.

And then a little further down, what about
long term or what do we think a better solution
is than what we have. You know maybe that's
be some stuff like we worked on this morning.
We kind of mapped it out this morning on the
holistic approach. Is that what -- I mean...

MR. LINDSEY: I don't know about trying to
prioritize it in terms of chronologically or
this is what we should do this year and put off
until next year.

I think the findings -- the report on the
holistic approach for which there was interest
of the whole group and then here are additional
options that may be considered by the
Legislature, you know -- that may be considered.

And I think I would be fine with these being listed, you know, by these major headings and supplemented with some of the information that was in the individual writeups. And I understand about that being a lot of work.

And maybe we could decide about -- well, actually, all of these probably warrant being left in there, the tax base. I mean, the data, the information is there. Perhaps, if we were to all look at it to be sure that the points that were of interest to us be made for each of these items, we could individually do that.

For example, the audits -- those who wrote the information about the audits provided additional resources, mandate more audits. I mean, those are pretty much good options to be considered on their face value.

If there is some additional information that we want to add, we could, perhaps, offer that. Maybe we could try to think of more work for us to do during the holidays, I guess -- or not really.

But we could, you know, say here are some other points I would like to be made. I don't
know that I could say that from memory. We could say, you know, on the audit, Mayor Resnick may want to add a couple more sentences on to that just to further explain that.

MAYOR RESNICK: So, are you envisioning each of us on the committee taking a portion to flesh out a portion of this report?

MR. LINDSEY: Maybe for these options just to be sure that they state what we wanted them to be maybe in a very succinct manner.

MAYOR RESNICK: Can I make a suggestion? Because we've spent a huge amount of time and it seems like we keep rehashing the same things. We don't have a lot more time to do this.

Also, I'm not sure -- you need to ask your lawyer because I'm not sure you can meet by phone. The Sunshine Act, I think, requires at least some people at this meeting to be present. But that's another meeting. Maybe after this meeting --

MR. STRANBURG: I think we've checked on it. I believe our preliminary look at that was it is okay.

MAYOR RESNICK: Oh, really? All right. Because our city attorney said you always need a
quorum present and then others can call in, based on the Sunshine Act. But just checking.

MR. STRANBURG: We will doublecheck on that. But again, we asked our people to look at that after you raised that, Mayor. And I believe that is what they got back to me with, their initial look at that statute.

MAYOR RESNICK: It might save a lot of time -- you know, not that I'm biased -- but if we adopted Sharon's comments as sort of the framework for our report because she basically outlines in an objective fashion the things that we've looked at, the different options that we've considered, the background, you know, that we began studying, which was part of our charge, and then talks about the different options.

I know the different things under there need to be tweaked, but her comments can actually serve as the framework for the final report that this committee issues.

And by the way, the committee issues the report, not DOR. So, I'm not even -- you know, I think we need to decide what it's going to look like and what the framework is going to be. I think that can serve as the framework. And
then we could go from there and tweak it.

To the point there is not a consensus, we can indicate which items are still in debate or which items have issues that have been identified.

And then some of the things that may not have been included in Sharon's comments of things that have been identified before, we can add to it. It might make it simpler to try to finalize the work product for us.

MS. FOX: I do think that the history is important because it goes back to the 1940s, for local governments in particular. So, that part is important for me that everyone understand that.

Beyond that, from a format perspective, we can work together. But I do think that the history portion is important just because of how we got to here from there.

MR. STRANBURG: And Mayor, I would be very happy if the members would love to do this. We were just anticipating that the members were going to look to DOR to do the work.

MAYOR RESNICK: Well, I don't think it can be, here is an idea from DOR -- well, it's up to
the committee really. But ultimately, the
committee is the group that issues the report.

So, however we decide to do that --
whether we give instructions to DOR as to how to
format the report or what to include or we give
enough instructions that DOR puts together some
type of drafts for us to look at, you know --
whichever is going to get the job done, I guess.

MR. LINDSEY: Going back to this sheet, I
would be fine with all of these being listed.

MAYOR RESNICK: Listed.

MR. LINDSEY: We could probably eliminate
the few -- like the one that says eliminate CST
and apply sales and use tax -- well, that's kind
of inherent in our holistic approach. I think
there are a couple we could just strike.

But I think the others, we say, these are
options. I don't know that they need to rate
them. Just say these are other options by these
categories. And maybe, again, if anyone cares
to go in and add -- wants to add some additional
comments to any one of the items to clarify it,
I think that would be sufficient.

And you know, it's kind of the result of a
lot of work that we've done in these meetings.
So, that would kind of be the list of other options, you know, that could be considered in addition to the holistic approach.

MR. DUDLEY: Does it make sense to work off of this two-pager and to have the members submit to the staff, Marshall, any comments we would like to make or put forward as it relates to any one of these bullet points? And then if you choose not to make a comment, you could maybe make one after you see what the other comments are?

I mean, you may go through here and decide, okay, there are about six of these I want to comment on or you may want to comment on every one of them. I'm just trying to think -- from the comments, you would be able to build the report. That's just a thought.

MAYOR RESNICK: Would it be the consensus of the committee to look at the rate structure discussions or topics? From the discussion this morning, it seems like there is general agreement that any change to the rate-structure has to be either revenue neutral or hold each jurisdiction harmless, whatever language we want to use.
But is it the consensus of the committee that everyone agrees with that principle; that any change to the structure needs to hold harmless each jurisdiction?

MR. LINDSEY: Uh-huh.

MAYOR RESNICK: Maybe we can state that up front with respect to the discussions of rate-structure changes.

MR. LINDSEY: And I think that's consistent with what Charlie was saying; that we could just either do this in writing and share this subsequently -- that might be a good way to do it because I might need to go back and refresh my memory on some of these.

We just submit it, maybe go through a couple of iterations of kind of accumulating the comments on each one of these. And then we just have -- that would just end up being in the body of the report of the options.

MR. SUGGS: Marshall, going back to the second sheet where they made the copy of the white board -- I thought that second sheet along with -- we had all of these options. But I thought we came up with three broad categories of level of options.
Like holistic was the major option. And then we had two other broad categories of options where we could put all of this stuff under -- like, the partial replacement consisted of somehow -- we agreed if we couldn't go holistic, if we could fix local somehow, where the State could focus on themselves, you could still address a lot of other things.

And then if that didn't work, then there was a whole list of other options that went under "fix CST" under current law. I thought we had defined three broad categories or buckets that we could put all of these options under.

So, I don't know if that still works for everybody in terms of the three broad categories to try to sort of organize everybody's thoughts.

MS. KITTRICK: I agree. That's why I kind of held this up before. I mean, I think we had spent a lot of time discussing all of the various options and then sort of whittling down the three buckets. And we, you know, polled each other on what we thought was the priority of these buckets.

So, to the extent that we could write a report that at least summarizes those three
buckets and then, as you said, put the various options underneath it, I think that makes a little bit more sense from an organizational standpoint and a priority standpoint.

MR. SMITH: Just for clarification, are you saying that each of the items on this two-page would fall into -- the holistic approach stands on its own. It's kind of conceptually a replacement to the CST under the sales tax.

Once you get past that, do each of these options fall into the other two buckets?

MS. KITTRICK: Yeah, well --

MR. SMITH: So, they are either going to fall into the holistic replacement or the other two buckets.

MR. LINDSEY: And there might be a couple of outliers.

MS. KITTRICK: Right.

MR. LINDSEY: Like the audit, you could say that relates to fixing CST or you could just say in addition to -- I just picked that one for an example.

So, would it be a good exercise to go through and say which ones of these falls under these other two buckets and see if we can agree
on that and then see if anything else falls out
and we could categorize them that way?

MS. KITTRICK: Yeah.

MR. LINDSEY: So, obviously the statewide
rate with distribution formula -- that kind of
goes under "fix CST," I would think.

MR. STRANBURG: And I don't know -- maybe,
Gary, I'm looking at this a little
simplistically, but I think other than what
we've got in the rate structure, aren't most of
those going to fall into that bucket of fix the
existing CST?

MR. LINDSEY: They probably -- they may.

They may.

MAYOR RESNICK: I'm not sure where the
surcharge discussion came up. I'm not sure if
that's on here.

MR. LINDSEY: That may be in 2B,
prepaid --

MR. STRANBURG: Right. I think --

MAYOR RESNICK: Oh, okay. Just under
prepaid? Yeah.

MR. LINDSEY: So, that might just be --

MAYOR RESNICK: -- separate.

MR. LINDSEY: -- prepaid options, yeah.
MR. STRANBURG: And again, as I said earlier, do you want to consider a separate discussion of prepaid as part of the report.

MR. LINDSEY: Yeah, I think so. I think that's pretty much contained down here in 2B --

MAYOR RESNICK: Which is the way that Sharon has laid it out also.

The only thing that's not in the contents that I think needs to be added are the transparency discussions. We had a little bit of discussion about that you need to make sure that the billing to customers is transparent, especially with bundled services, so they know exactly what taxes they are paying on what services.

It's important that we -- whether we do the holistic approach or not, that's still going to be an issue. With bundled services, with some services not being taxable, there still needs to be transparency.

MR. LINDSEY: That could just be another heading or...

MS. KITTRICK: I think you could keep it under either the sales tax or the CST bucket.

MAYOR RESNICK: And I would add to that,
it wasn't fleshed out. I don't think I had the
discussion at the time of this report -- this
two-pager was created -- about giving the Public
Service Commission authority on building issues.

By the way, what is a Federal subscriber
line charge? And is it taxable or not taxable?
I get that question all the time.

MR. LINDSEY: Federal subscriber line
charge. I would have to ask one of my
regulatory people that, but if it's -- I would
have to get back to you.

MAYOR RESNICK: That's what I always tell
residents. I'll get back to you on that. No
one seems to know.

MR. STRANBURG: Would you have a problem,
Mayor, if we included as another -- maybe it
would be Point 8 under "transparency," the PSC-
authority issue?

MAYOR RESNICK: Sure. Or it could be
incorporated into the others. That's fine.

MR. STRANBURG: Okay. I'm just looking
for a place for it to reside so it's not sitting
here on its own. If we could add it in there, I
think that's what you're getting at, that
transparency issue in general. And this is
another way to ensure that --

MAYOR RESNICK: Well, there has to be some enforcement of that. Right now, I don't think there is any agency or government entity, not only in Florida, but in the country, that has authority for that.

MR. DUDLEY: Right. So, this is where I think the Mayor may have these opinions or thoughts on transparency issues like that.

And the others may want to add comments that say, however, these are national companies. No other state regulates or has an entity that regulates how our bills are presented. We strive to make our bills as transparent as possible, otherwise -- we don't want to lose the customers.

So, I just want to make sure you get the point of someone believes there needs to be regulation here or something down here and others believe you don't. I mean, that's...

MS. KITTRICK: Right.

MR. DUDLEY: Because I don't want the Legislature to look at it and say, well, Charlie, you supported a report that said this.

MS. KITTRICK: Right.
MR. DUDLEY: And it's, like, well, no, I didn't support that particular --

MAYOR RESNICK: You can go on record and say you --

MR. DUDLEY: No, I understand. I just think -- and that's up to me.

MAYOR RESNICK: Absolutely. I'm not trying to do anything --

MR. DUDLEY: No. No. All I'm saying, Gary, is that's why I suggested, when I go through all these -- like earlier Sharon was talking about the increased audit capacity and not liking the bundling language passed last year. And we happen to like that. She wants to be critical of it. That's fine. That's her opinion.

I want to be explanatory as to why it's necessary in our opinion. I mean, that's all I'm saying.

MAYOR RESNICK: I appreciate that.

MR. SUGGS: Marshall, can I make a comment? It's my opinion -- and it's just my opinion. As we're crafting this -- and we've talked about a lot -- somewhere, three four months ago, we may have felt very strongly to
where we've been narrowing things down.

I just want to be cautious that less is more. And I don't want to water down the weight of what we really think is the right thing to do with another 20 to 30 pages of a lot of other could-bes or would-bes.

MR. STRANBURG: I understand.

MR. SUGGS: And this morning when we started and I said, are we telling them what we should do versus political reality -- that's going to be a struggle in how this report gets big or not because we're going to struggle with what we really should do -- which we could probably write in three pages versus trying to address what we may perceive to be political realities and trying to make sure everybody's bases are covered or what they think is doable.

MAYOR RESNICK: I don't think we were supposed to look at political realities, though. I think we were supposed to come up with options for the Legislature with tax policy.

MR. SUGGS: Yeah, but I think that's listed under the holistic thing. I think that's listed under the primary option.

MR. LINDSEY: It seems to me that, again,
we position that holistic approach as saying
this is the committee -- you know, the working
group's consensus was that this will be an
optimal way to put together a way to tax
communications. I mean, this is the one that
generated the most interest among the working
group and that we all had a lot of interest in.

Then, subsequently, we had these other
options that were considered and included the
following. We have these. And they are going
to be informational.

So, to the point that Charlie made, if
there are succinct comments that we want to make
about them, then that would be informative to a
legislator looking at it that would help them
look at it and go, okay, I see that's an option.
I see they looked at that. Here is some
information about that. But I also know that
they really focused on this holistic option.
And these are other things that were considered.

And again, with some background and
introduction, I think that would present a
pretty -- you know, a good way to present it.

MS. FOX: Mr. Chairman, a different way to
handle it, perhaps, that might make it a little
bit easier is to just go back to what our
mission was. Other than the review, which we've
done extensive review, we've actually been
charged with three things; one was to identify
options for streamlining the administrative
system; one was to identify options that removed
competitive advantages in the industry as it
relates to the State's tax structure.

And the last -- but that is a caveat in
that it says, without unduly reducing revenue to
the local governments. The second charge is
really a two-part charge.

So, we could format the report based on
what we were asked to do and use those as
categories and start from that aspect.

MR. STRANBURG: Again, that's what we
tried to do on this sheet. We tried to
categorize those that appeared to streamline the
administrative system and, again, remove the
competitive advantages without having issues to
local government revenue-wise.

I'm just here to try to make sure that I'm
doing what you want to have done as the working
group. I'm not here trying to tell you how the
report should be written. I'm here to offer our
services to assist in that.

But I don't want it to appear as though
I'm trying to impose my will upon all of you as
to this is how the report -- we had our
suggestions from our perspective on what we
thought would be both responsive and beneficial
to this process.

But we're willing to do, within reason,
what y'all would like us to do.

MS. KITTRICK: We appreciate that.

MR. STRANBURG: Yes.

MR. LINDSEY: Absolutely.

MR. STRANBURG: We have been compiling all
of the materials of all of the presentations
that have been done. They need to be available
as part of this report. We will have the
summaries, notes and the transcripts from all of
the meetings as part of that. But yes, as far
as the body of the report goes, we're trying to
do what your will is.

I just want to remind everyone, to the
extent you submitted options and they are
captured on this two-page list, those will be
part of the submissions that will -- whether
they accompany the report or are referred to in
the report, our list of these are the
available -- both presentations and submissions
and comments that were received by the working
group -- that all will be there.

It's just what you want to put in the body
of that report -- again, we're going to work
with you to do whatever you would like. Again,
I don't want it to seem that we at DOR are
trying to, in any way, say this is how it's got
to be. We wanted to put suggestions out there
and get your input of how you want to do it.

So, again, I would be very supportive,
from DOR's perspective, if the members wanted to
submit brief descriptions of what we've put
together on these two pages. If you want to
have someone do the drafting, whether that be us
or one of the other members of the working
group, I would be okay with that.

We just want to, again, facilitate how you
would like to have this done without, I think,
putting a major burden both on you all as
members and us as the Agency.

MR. LINDSEY: Something you mentioned
Marshall, that reminds me, to your point -- all
of these are discussed in the documents that
everyone has submitted. So, that would be referenced in the report for further reading.

So, maybe if we do feel compelled to expand on some of these a little bit with comments -- but actually the body of the comments really reside in the documentation that accompanies the whole report.

So, if someone wanted to dig in and read about, you know, requiring customer bills to indicate tax or fee -- there is already something written up about that that can be looked at.

So, that kind of goes back to what Davin was saying about less is more. Maybe these will be very succinct, maybe slightly expanded. But we'll just emphasize the material really resides in the documentation that can be read for further information on these other options. And the real body of the writeup will be just summarizing the holistic approach.

I mean, that kind of makes sense to me.

MR. SMITH: If we're going to solicit comments back on this, it's going to be an integrated process. I guess with the schedule kind of at year-end, let's set some timelines so
we kind of go through it a couple of times in a rather quick fashion.

I don't want to -- I guess I want to focus on it while it's still fresh on everybody's mind. I don't want to end up three weeks down the road and we're getting our first submission back, if we choose to go that route.

MS. KITTRICK: I think it's going to be incumbent on all of us, when we get a draft, to quickly get any comments back to you, you know. I would imagine that there will be a process where we get a draft, make comments, get a draft, make comments maybe twice. I don't know.

But I think to Brian's point, we don't want to drag it out forever.

MR. SMITH: And then back to kind of the idea that was floated about Sharon's writeup, is there a consensus that we can use, like, the historical intro as, you know, kind of a lead or -- I think the context is good. I don't know if that's something that people feel strongly about or if we're just going to -- it's going to look like this when we turn it in.

MAYOR RESNICK: I think at some point, especially since probably no one in the
Legislature now was there when the CST was created -- so, I think it's useful to understand what the purpose was initially.

MR. LINDSEY: So, you --

MAYOR RESNICK: Certainly the sponsor of the bill in the Senate that we're all operating under isn't there anymore either. Just the historical context of what we're supposed to be doing is going to be important.

MR. STRANBURG: So, are we saying that the first three paragraphs of Sharon's submission --

MAYOR RESNICK: I actually think the whole thing can serve as a framework.

MR. STRANBURG: Well, I'm just talking historical, now. If we want to expand that for the framework, that's fine.

MAYOR RESNICK: Yeah.

MR. STRANBURG: Brian has talked about the first three paragraphs that, I think, are kind of setting the stage with that historical context.

Are there additional things in the rest of the body that we feel are important for that historical context? Or does that seem to be the sufficient coverage of setting the stage for the
report to go from that point?

MR. DUDLEY: Yeah, I mean, I think it needs to be broadened just a little bit because it's critical money for the State and local governments. Maybe just some small edits there.

MAYOR RESNICK: Right.

MR. DUDLEY: It's critical funding for general revenue, PECO and local governments, not just municipal governments. There is just some --

MS. KITTRICK: I would like to rework some of the stuff that Bob McKee had put together that talks about the fact that revenue has been down and the forecast for the CST is also down, but forecast for the sales tax is a little bit better than that.

I think if you're looking at context and, you know, why we think the holistic plan is important, I think you need to go back to some of the work that Bob had done.

MR. SMITH: So, maybe somebody takes a shot at a transitional paragraph; here is the history; here is the transition of why we looked at what you're about to read.

MR. ROSENZWEIG: And I have full
confidence in the DOR staff doing -- drafting. They write incredibly well. I feel confident they can pull all of that together for us to review.

But I think ultimately, this report -- I don't know how many people are going to read the whole thing. Nobody is going to go back and read all of our materials, per se.

I feel really strongly that we're trying to send a singular message that this is a broken revenue that is declining and that we think it needs to be replaced.

So, whatever report there is, I think there should be a one- or two-page high-level executive summary slapped on the front of it that maybe you might get a legislator to read walking down the hall. But something very brief because all of this other material and all of this stuff is very important for a lot of technical people.

But for that high-policy impact, I think a very, very -- even if it's a page that says, hey, we looked at it. We spent a lot of time. It's broken. It needs to be replaced. That's the consensus of the group. If you want more
detail, read the rest of this report. If you
don't, that was our general consensus.

But I don't want that to get lost --
especially the way our mission is laid out, it
would take you to Page 55 of the report to get
to that, if you went by this. Now, I
understand, you have to include "A," "B," "C,"
"D" in a report. It can be in the appendix.

Even this list -- I was one who really
pushed for voting. I'm more than willing -- if
you want to include the list and say, the
committee -- this is in response to "E." No
vote was taken on any of these options. People
can add comments or not add comments.

But from Charlie's point of view, if he
doesn't want to be tied to this, per se, I don't
blame him, especially since we have consensus of
eight of us around a solution. We don't think
you really should be worried about this right
now. If you did what we wanted you to do, this
wouldn't really be an issue.

But if you do get into this, then here is
a lot of things and we think you need another
group to really dig into that again. And I
would be happy just to put big, bold letters:
No vote was taken on this by the committee
because -- see the executive summary.

I think you could get out of it very
quickly that way. You put all of your review
stuff as an attachment. You put an executive
summary. DOR writes it up. Take Sharon's
history as the intro and you spice it up a
little. We all say grace and go home.

MS. KITTRICK: Well said.
MR. DUDLEY: Well said.
MR. SUGGS: So moved.
MR. STRANBURG: So, what I'm hearing you
say, Alan, is you would look to DOR and staff to
take the first three paragraphs, maybe make a
couple of adjustments, tweaks that Charlie
mentioned, do a transition paragraph and then do
some writeup of the holistic approach.

You would, I guess, look to us to also do
the writeup of the holistic approach.

MR. ROSENZWEIG: Completely.
MR. STRANBURG: And then we would, at the
end, or somewhere, indicate that these were
other options put forth, but as you indicate, no
vote was taken and, therefore --

MR. ROSENZWEIG: And there is support of
"E" in our mission. That whole table was designed for Option E, which we don't think you should be doing or worrying about because we all voted or by consensus said you should be worrying about this.

MR. DUDLEY: I think we might want to do some of the appendices tied back to this sheet because different people -- people submitted options and three or four pages, or whatever, that relate to something in "A" or something in "B." Then, you know, that way it will correlate back.

So, if someone is reading through "A" and they're interested in "A," what did they talk about in "A" that most of the stuff on statewide rate would be in Tab A or something. They can go read the ten or 12 pages in Tab A, if they wanted to and see --

MR. ROSENZWEIG: Of the writeups that were previously submitted.

MS. KITTRICK: Right.

MR. ROSENZWEIG: They don't have to recreate anything, DOR. You can use the writeups that were done already as the appendix to support it.
MS. KITTRICK: Right.

MR. DUDLEY: Which is all part of the record anyway here.

MS. KITTRICK: Right. That makes it easy, clean.

MR. ROSENZWEIG: It's in the document anyway. Sharon's initial writeup is in there. The Mayor's -- all of that stuff is referenced right to the appendix. You go grab it if you want it. DOR doesn't have to rewrite any of that.

MS. KITTRICK: Right. That makes it easier for you guys.

MS. FOX: I will suggest that after the holistic approach, we do have our other alternate options if the holistic approach is not adopted because I asked for other options.

So, these things -- and granted, your take on prepaid services is not the same as mine. I think that we should both have the opportunity to put in what we think should be done with regard to prepaid services and unbundling and whatever other viable options are that we perceive exist.

MR. LINDSEY: And those are all outlined
on here.

MS. FOX: And in other submissions, yes.

MR. STRANBURG: I want to be sure I'm capturing that correctly. What you're saying, Sharon, is we would include a reference to all of these other options after we've had a discussion of the holistic option in the report.

And then you're wanting to allow the members to submit their own comments about any of the options on here that are listed?

MS. FOX: I think -- well, my personal opinion beyond the holistic approach is that other of these -- a lot of these things on the list we discussed and decided they weren't going to work. And I don't see any point in adding more about that.

There are other things. If the holistic approach is not considered doable, then what? I mean, we still have the prepaid issue that has to be addressed one way or another. It's been discussed as an important issue.

And we have differing opinions. So, I think that needs to be expanded on by those that have differing opinions. And the same for unbundling and possibly the residential sales-
tax exemption because there was consensus about that. Whether or not that's viable because it's a tax increase, you know, that's, again, a political issue.

But there are some things that have been the subject of extensive discussion on both sides. And I think those need to be given a little bit more press, for lack of a better word, than just the laundry list that was nothing more than a laundry list with our basic impressions about those at the time.

Now, we have evolved, more or less, in this process.

MR. STRANBURG: I understand. I guess I'm asking, is your plan to have the members do that or to have DOR do that as part of the report preparation? I'm not sure what your expectation is there, if you see that included -- if you want that included as part of the report.

MS. FOX: I want that included as part of the report. And I'm happy to write it.

(Laughter.)

But I suspect everyone else is not going to necessarily want to say, okay, I agree with that. So, they are going to want their --
MR. STRANBURG: That's what I'm asking: Do you want to allow all of the members to kind of submit their own little submission about what they see as pros and cons of all of these potential options?

Because as you say, if you write something, Charlie might want to write something or Davin might want to write anything something or Mayor Resnick might want to write something.

And if we're going to do that, I want to be sure everyone understands that's what they're committing themselves to do -- and if they feel as though that's appropriate to do or not appropriate to do.

MS. KITTRICK: My only concern with that, again, going back to Alan's point, is that I don't want to weaken our arguments or sort of bet against ourselves here. If we have the belief that the holistic option is the option to go with -- you know, I don't want to spend a lot of time and effort on a lot of other options.

I mean, I think they could certainly -- they will know that the prepaid issue -- maybe we can craft a paragraph that talks about, as part of the holistic approach, why we think that
is the solution for prepaid.

But I think we could really lose people if we get too granular about all of the other options, lose interest, lose people's excitement over the holistic plan. I don't know.

MR. LINDSEY: Well, I think the information --

MAYOR RESNICK: Well, the problem with doing it that way -- and I think Sharon has laid it out pretty well. In terms of options that should be considered and the pluses and minuses of each, the holistic approach and totally eliminating CST and replacing it with a sales tax -- it's going to require, first of all, a longer term, which we all recognize, to accomplish. And there are the existing problems that need to be addressed in a shorter term.

Plus, there are a lot of policy reasons why the Legislature and the Governor may just not agree that that's a good thing for Florida to do. And if we all sort of put our eggs in one basket, not for nothing, we just wasted four months, not to mention a heck of a lot of resources.

And I don't really want to say to people,
we spent four months studying this complicated
tax structure and, to the extent that anyone can
become experts on this, we became experts on
this. We recommended an option that's no way
feasible to the Legislature and the Governor.
So, thanks very much for the opportunity.

I think we need to outline these things
comprehensively.

MR. LINDSEY: It seems to me --
MS. KITTRICK: So --
MR. LINDSEY: I'm sorry. Go ahead.
MS. KITTRICK: Sorry. In terms of the
prepaid issue, though, I don't think we're ever
going to agree on what a solution is.

MAYOR RESNICK: Outline the various option
that both parties are identifying and say there
is no consensus of the work group. That's what
we started from day one saying we were going to
do.

MR. LINDSEY: I think, you know, we could
consider structuring it this way as far as with
regard to the other options. We can have the
holistic-approach writeup, which is the main
emphasis of the writeup.

Secondarily, we could say, another option
under a general heading would be to fix the existing CST. And you could really kind of have "fix CST" and "partial replacement" almost kind of the same. But we can have most of these options under fixing the existing CST with regard to rate structure, et cetera.

A third thing we could have is there was also construable discussion and focus on the prepaid issue. And really, a second page, 2B, provides all of those. We can say these are the options that were put forth concerning that.

And again, as far as pros and cons, that's all in the body of everybody's documentation that we've submitted and the testimony.

MAYOR RESNICK: Going back to Marshall's question, though, I mean, do we want to do that -- which, it's pretty much done. I mean, Sharon's portion is there.

MR. LINDSEY: Right.

MAYOR RESNICK: To the extent that the industry wants to put their portion there, they could write their portion up as opposed to having DOR --

MR. DUDLEY: Well, like you said, the MetroPCS document from today would be under the
tab under "prepaid." Sharon's comments would be under the tab under "prepaid." I think that's what Alan was saying. I mean, I don't want to put words in his mouth, but --

MR. ROSENZWEIG: I think it all needs to be there. But it's in an appendix. It's there for those who want that level of detail in discussion.

MS. FOX: I prefer to think of it as an opposing opinion on some of these things because I really don't think that some of this is doable in the short term. And I believe that fixing prepaid is doable in the short term, if only on a temporary basis. And unbundling is doable on short term.

MR. SUGGS: Marshall, can I say one thing?

MR. STRANBURG: Go ahead, Davin.

MR. SUGGS: I think the use of this report, that whatever we produce, to set up or draw lines in the sand for future potential adversarial -- whatever -- I think is a mistake -- adversarial actions or -- I mean, we live in a political world. Yeah, we're going to be on different sides and stuff.

I mean, if we have the opportunity to use
the report to produce one significant consensus statement -- you know, we have varying opinions on whether it's politically feasible or not. But it's not going to be politically feasible if we produce a crappy report that's not focused on what we all think should happen.

I don't think we should use this report to set up future battlegrounds or whatever. I don't think that speaks -- it would not be a wise use of the last five months.

I mean, this is why I brought the subject up at the beginning of the meeting, what we should do. And yes, we all have jobs to do and we're all going to do them, based on some of them, based on reactions, whatever, however our report is received. But here is an opportunity -- we don't get this opportunity when we get started.

We've all got clients. It's very competitive. There are winners and losers. We've been together for the last four months. Nobody thought when we started we would get to the consistency point where we are. So, I don't want to waste it or blow it by -- I mean, it's just like Alan said, less is more. I think Alan
had a good idea.

So what if they don't want to do it.
We're resigned to the fact that this could be a
two-year issue. It doesn't negate the fact that
right now, we think this is the very best option
where this State needs to move, period.

Each of us will go back to our jobs. If
they don't take up number one, we'll do the best
we can. We'll talk and do what we always do in
the political process.

I just don't want to waste an important --
I mean, of this group and what we achieved --
especially where we thought we were going to be
at the end of the first meeting versus where we
were at the end of the last meeting and the
beginning of this morning.

MR. LINDSEY: I agree. I think a lot of
weight needs to be provided in the report to the
collective work that we've done and the
consensus that we've reached, these other
options. And I think that the legislators, you
know -- they are going to be smart enough to go,
okay, yeah, there is not enough time to do that.
What else might there be that I can look at.

I don't know that we need to present them,
like, here is -- if you don't want to do
something next year, here is what you do. But I
think it will be pretty evident if we have, here
are some fixes and we list them, you know,
categorically under that heading, and we have
the prepaid listed -- I mean, I think -- that's
more information for the Legislature, again, to
place the primary emphasis on the holistic
approach that we've come up with.

MR. STRANBURG: One thing I was just
asking Andrea about is maybe what we can do is
cross-reference on this chart to the materials,
to the presentations so that if people wanted to
see more discussion on the prepaid issue, they
know they need to go to either this presentation
or to this submission or to a particular
document that's been submitted by one of the
members of the working group or there is a
public comment so that, in looking at this, they
would not just see this and be left trying to
figure out what is meant.

We can send them to, here is what you need
to go look at if you want more information about
this option within the materials that were
gathered by this group.
MS. KITTRICK: That's exactly -- I think that's perfect. Like a link to the appendix.

MR. STRANBURG: And this would give anyone, then, an opportunity here, if they want to do a submission on one of these things, get it to us. We will have it included in the materials and it will be referenced to the particular option that's included on this list.

MR. LINDSEY: So, if we haven't said everything already or we want to re-emphasize --

MR. STRANBURG: -- re-emphasize, please, let's have a submission to us, yes.

MAYOR RESNICK: I would suggest -- I think the way -- is DOR writing up a draft of the holistic-approach concept or is that --

MR. STRANBURG: I think that was what Alan had volunteered us to do. I don't know if he's still wanting --

MR. ROSENZWEIG: I think if we have to take a vote, I think I would absolutely make it a motion.

MAYOR RESNICK: Alan, he doesn't like motions and votes. So, forget about that.

The --

(Laughter.)
MR. SUGGS: One minor change, though -- 

MAYOR RESNICK: Davin, can I just finish one thing? That was, I think, the points that Sharon read earlier about the caveats in terms of basically explaining more revenue-neutral concepts need to be incorporated into that. Just take her points from that report and include it.

MR. STRANBURG: And I would agree with you, Mayor. I think Andrea has been taking notes. I have been taking notes. I think other DOR staff here have been taking notes as we had our discussion on the holistic approach.

I assume we would collaborate and try to incorporate all of the things that we have discussed, including the materials submitted by Sharon. If there are any other materials submitted by another member, as part of our body, we will try to keep it as brief as possible.

I think someone said earlier, if we write 40 or 50 pages on this, someone is not going to read it. But we will try to encompass all of those things that we have talked about as part of that discussion of this approach; either the
concerns, benefits, the potential detriments, the perceptions.

MAYOR RESNICK: And perception is what troubles me about keeping it too simple because then, if you don't say something, that speaks as loudly as saying something.

So, for example, if we don't mention internet sales, they'll say, well, this work group met for five months and talked about it numerous times and decided not to put that in the report that the State should consider taxing internet sales. That speaks volumes.

So, I'm really concerned about not saying certain things also.

MR. STRANBURG: And again, that's why I think we want to -- whatever we prepare, give it to the members to give us the feedback on that so that we can be sure we have not done something of that nature.

MR. DUDLEY: And historically speaking, the last time Sharon and I did this, the report had a big idea. It had some other ideas. The big idea didn't happen for two or three years until after the report got pulled back off the shelf and became the CST.
In the interim, though, some of the other ideas were implemented, you know. Whether it was right or wrong, the Legislature went ahead and enacted an internet tax hands-off before we did the big revision to CST.

If you remember, that was the impetus of the first task force we did. The Governor vetoed the internet bill. We spent 18 months and we produced a report. They recommended, what, a 2 percent privilege fee and a State flat tax or something. Ten to nine was the vote or something crazy like that. The report was produced and it sat around for two years.

The Legislature, in the interim, fixed the internet thing, didn't really fix anything else, then came back. The work group happened and the CST was born.

You have to be realistic in the analysis.

MAYOR RESNICK: That's a good thing.

MR. DUDLEY: Well, no, I'm just saying --

(technical difficulties.)

MR. DUDLEY: -- just on a historical perspective.

MAYOR RESNICK: It's sausage. You don't want to watch it get made. And whether it comes
out and it's ultimately a good thing or not, you won't know for years.

MS. FOX: Kathleen, are you satisfied with not putting anything in there about prepaid other than somewhere back in the appendix? Because it seems to me that you've identified this is important to you.

MS. KITTRICK: I have. I just think that -- I mean, I certainly think that it will be very clear in a submission -- we'll probably -- you know, I would imagine we'll add something to address it.

But I think if we write the holistic approach correctly, we could identify the fact that that is the solution for prepaid. And I think it will be addressed.

MS. FOX: So, then I will be able to put in there why that could be adopted earlier under a different format in the interim. And it won't be relegated to the appendix.

So, I'm happy with that.

MS. KITTRICK: So, you'll agree that if we need to address the definition of prepaid to make it clear that it's under the sales tax, that's --
MS. FOX: I will have an opposing opinion right next to it.

MR. LINDSEY: I think that if -- again, here is -- Page 2B is everything that's offered regarding prepaid. I don't think it's going to be tucked away in the back where it disappears.

MS. KITTRICK: No, I don't think so.

MR. LINDSEY: It's going to be there. And an informed legislator that wants to go, okay, where is the prepaid, they're going to see this. It's going to be referenced. I think that's a great idea to have everything referenced.

They're going to be able to look and say, okay, communication services tax. They will be able to go back and look at the comments and be able to discern -- you know, the information will be there.

So, I've got no problem with that being in the body. And there it is.

MAYOR RESNICK: They are all options. That's what we were asked to identify.

MR. SUGGS: Earlier, when we were talking about the holistic -- the industry was going to get with their economists and do a brief end-user analysis. That's going to be one of
the most critical components.

If you guys could do that and hook it up with Marshall, and Marshall can insert it -- however that happens -- because I think that's one of the snapshot analyses that the politicians have to see that part.

MS. KITTRICK: Yeah, that's good.

MAYOR RESNICK: Davin, no disrespect, but I have a real issue with committees or subcommittees, whatever, getting together and organizing something like that.

MR. ROSENZWEIG: I think the documents will come back to the body as a whole.

MR. SUGGS: Yeah, we'll see it.

MR. ROSENZWEIG: It will just be information that's prepared. I don't think any of us are going to go --

MS. KITTRICK: The only thing I need is information -- and he can send it to Andrea, right?

MR. DUDLEY: Or we can submit to Scott directly and not share with each other, if that's to Gary's point. And then if Scott wants to produce something, he can send it to Andrea.

MR. ROSENZWEIG: Right.
MR. DUDLEY: And say, I've got information from different sources -- he may have his own sources, OCC data and other things.

MR. ROSENZWEIG: And let DOR compile it.

MR. DUDLEY: Here is a potential analysis and Andrea can distribute it to everybody.

MR. SUGGS: Or I mean, they've --

MR. DUDLEY: I can't send her anything. I've got it. You're right.

MR. SUGGS: Oh, yeah. Or even if you've got -- Marshall said that DOR can -- I mean, the League of Cities -- you guys have very technical contract staff. But there is certain raw data from the industry that would be helpful in computing the end-user analysis, average bill or whatever.

So, I don't care whose economist does it. I mean, just DOR has established we need some additional help outside of DOR to make it sort out. And I understand there has to be a certain neutrality because that analysis will promote our holistic option and to get it done and let DOR maintain some type of neutrality without taking sides, but presenting objective facts.

MR. ROSENZWEIG: And that turns into two
or three bullets up front. And the details of that analysis become the appendix. You know, the overall fiscal impact on average end user is "X." Impact to the State, perhaps, if the economists come up with that, are "Y." See the details in the back.

But again, it's very tight. It's up front. It's very clear why we did this and why we don't think it's impacting anybody's constituents.

MR. SUGGS: Our goal is local governments, revenue neutral.

MR. ROSENZWEIG: Right.

MR. SUGGS: It's less complex, less burdensome both on DOR and the industry. The industry is more competitive, more equitable, and the end user, i.e. taxpayer, benefits.

MR. ROSENZWEIG: Look at that. Win, win, win.

MR. SUGGS: Right. I don't care if it's this year or next year. That message is, hey, maybe you need to think twice about this, whether it's this year or next year. That type of message with some sort of analysis is -- I think somebody is going to read it twice if
that's in the executive summary.

MR. STRANBURG: All right. So, is the consensus movement I see where the members are going toward is we will take the historical information provided in Sharon's paper, do a little supplementing of that, create our transition paragraph? The Department will be creating that transition paragraph.

We will also be creating a discussion of the holistic option based upon the two meetings where we have discussed the holistic option.

We will look to you all, if you all have any other submissions that you want to make with respect to the other options that have been discussed at our meetings.

We will also go about referencing, cross-referencing meeting materials, submissions and so forth with these options so that if people want to see back-up material discussing pros, cons, revenue estimates, things of that nature that were done with respect to these other options, they will be available.

We will look for something from the cable and/or telecommunications industry about the economic -- I'll call it benefit of the holistic
approach for their industries.

We will also do a -- I want to make sure I'm getting this accurate, too. We will do a transitional paragraph after we've talked about the holistic option discussing that there were other options put forth and you will find them here with materials supplementing them referenced in the list of the additional options that the group considered.

But we would talk about earlier in the body, the group, in part of its decision-making process, seemed to reach consensus on this is a recommended option for the Legislature and policymakers to consider. But we also wanted to provide them other options should this either not be acceptable or not be instantly an option that could be implemented, something of that nature, so that they're aware of these other options and can look to those, should they feel the need to go to those.

Is there something I'm leaving out as part of that whole --

MR. ROSENZWEIG: The only piece you've got to make sure, Marshall, the other stuff that we did earlier on, the "A," "B," "C," "D," from the
mission --

MR. STRANBURG: Yes.

MR. ROSENZWEIG: You'll capture all of that.

MR. STRANBURG: All of that. We have been compiling all of those --

MR. ROSENZWEIG: We'll just reference back the mission --

MR. STRANBURG: Yes. And there will be a -- I'm not sure if we will do an index of all of the submissions of the materials and the background information and the studies and the reports and so forth. Yes, that will be part --

MR. ROSENZWEIG: And on top of all of that, a nice summary document --

MR. STRANBURG: Right, a very succinct executive summary of what the --

MR. ROSENZWEIG: -- whole report.

MR. STRANBURG: -- whole report will entail.

Now, having said all of that, we did have John Barnes with MetroPCS, to kind of switch gears on everybody right now, who wanted to take a couple of minutes to talk about the paper that they had submitted on prepaid. And John
indicated he was going to be tied up in the morning, would be free in the afternoon. I hope he's on the phone now and listening.

John, are you there?


MR. STRANBURG: Is there something that you would like to say with respect to the paper that you submitted?

Can you hear me, John?

MR. BARNES: -- you. Can you hear me?

MR. STRANBURG: Just now, you were breaking up when you responded. We heard you say earlier that you were here, but anything beyond that, we have not been picking you up.

MR. BARNES: Can you hear me?

MR. STRANBURG: Yes, we did now.

MR. BARNES: Is that better?

MR. STRANBURG: Yes, thank you.

MR. BARNES: Okay. Good. Thank you.

Thank you to the working group for allowing me to speak this afternoon. I'm sure a lot of you probably didn't have a chance to review our paper. So, I just wanted to quickly run through it and maybe address some of the questions or concerns that have been raised
earlier today.

As Marshall mentioned, I was not able to participate for the entire morning, but I was on for most of it. So, again, thank you.

I know there has been a lot of discussion around a lot of different options. And definitely, we would like the broad reform that has been discussed. We think that's a fairly tall order.

Naturally, MetroPCS is a prepaid company. We focused our proposal on the prepaid issue that has been the subject of much discussion.

I think there has been a lot of varying opinions about what the legislative intent was back when the communication services tax was imposed in 2001.

And I think the one thing that's become clear to us in looking back at legislative history is that the intent was similar services were to be taxed the same way.

Prepaid, as we've seen, that exists today existed in much the same air as it existed back in 2000, 2001. What has changed has been consumer demand for data. And that has evolved through the years. But I think that the way in
which prepaid is sold is very much the same as it has been.

So, I think it's a point that there are a lot of complex and varying business models out there. Lots of companies sell the same product in different ways. And our belief is that sales tax is really the only solution that can transcend those business-model variations.

There has been a lot of discussion around alternatives like surcharges. And I think with the range -- the wide range of prepaid options that are out there that are -- in many cases, prepaid is a service of last resort for those individuals who cannot qualify for a long-term contract, cannot afford to be obligated for, you know, one to two years. Prepaid is their option. We've heard discussions around individuals using a prepaid phone as their only communications device.

Any kind of surcharge, flat fee, you know, we think would be tremendously regressive. And if it were tiered to accommodate for the varying programs, would contradict the stated objectives of simplicity and ease of administration. It would create an unwieldy administration that we
think would further complicate collection and administration.

One of the unique things about prepaid is that it does not require a billing address. Subscribers are possibly more mobile than any other mobile subscriber. You can purchase prepaid over the internet.

And any significant changes in tax or increases in tax rates to treat prepaid in a way that could shift purchasing patterns such that customers seek alternate, lower-tax options -- everyone loses in that situation.

So, those are the types of things -- we think sales tax -- a fair sales tax that is uniformly applied to prepaid is the best solution to clarify and treat everybody fairly and addresses the variations in business models as well.

We think it also addresses the ease in administration as that administrative system already exists today, both with audit and compliance.

One comment was made earlier, naturally -- you know, MetroPCS is certainly interested in resolving the prepaid issue. I don't think it's
any surprise or it's no secret anymore that
MetroPCS has paid communication services tax on
prepaid services in the past.

And I think there has been discussion
around what is paid or is not paid for network
facilities and whether there is a contribution
to the franchise system in Florida. And I would
only encourage the working group to focus on the
facts and not make guesses as to how or what
individual companies are doing as far as
compliance goes.

Marshall, I think I'll leave the rest to
the paper. If anybody has any questions or
specific comments, I'm open to taking those. Or
my contact information, I believe, was on the
presentation I made in July on prepaid.

MR. STRANBURG: All right. Thank you,
John.

Members have any comments?
Gary.

MR. LINDSEY: Yes. John, thank you for
this information. As you heard, we've had -- or
maybe you've heard today. We've had a lot of
discussion about the prepaid issue. And I
believe this will be referenced, if you heard
the most recent discussion we just had about looking at options -- I think this will be referenced in the material regarding prepaid-communication-service options.

We appreciate this. I think it probably fits under the 2(b)(1) option. I'm sure that will be cataloged appropriately. And we appreciate this information.

MR. BARNES: Okay. Thank you. I appreciate the opportunity to present it.


John or anyone else, this is Charlie Dudley. I think maybe one thing that someone should consider doing is, regardless of whether the Legislature decides to pursue the course that MetroPCS has outlined or pursues a course that prepaid should be part of the CST or a holistic approach, there is going to have to be a definition of prepaid so that you don't continue to have this issue every couple of years as the prepaid is marketed differently or is somehow shifted around.

So, I would encourage people or someone to maybe come forward. I don't know -- maybe it's in some of the material and I just need to be
told where it is. I'm not aware that there has been a, this is what SSTP or some other groups across the country are looking at in terms of the most modern, the most up-to-date, the most flexible definition of prepaid.

Because, again, regardless of what basket it's going to fit in, which is going to be a decision above our heads, that may be something we want to have in the report.

MR. STRANBURG: Any other questions or observations for John on the prepaid issue?

All right. Thank you again, John. We appreciate your submission. And again, I think you've been hearing, if you have anything else that you would like to get to us, please feel free to submit it for inclusion in the materials compiled by the working group.

MR. BARNES: Thank you. I appreciate it.

MR. STRANBURG: I think we've got a tentative plan on what we're going to do. We were going to talk a little bit about some scheduling possibilities.

We're going to be getting information from potentially some or all of you. The holidays are coming up. Our staff is trying to draft
things and put things together.

So, we were thinking of maybe throwing out there as a possibility -- we would shoot for January 4th, that's a Friday, to have a draft out to everybody of what DOR is preparing.

Hopefully, we would have submitted from anyone who wishes to submit additional materials or the industry's submission on the economics of the holistic approach -- if we could have it to include it as part of the draft report to send out on the 4th of January.

MAYOR RESNICK: Marshall, can I ask for just one piece of information from DOR -- which would probably be easy to find out. I'm just concerned about this.

Local governments, particularly the League of Mayors, is very much committed to giving economic incentives. As part of those economic incentives, we pay a portion of the sales-tax exemption to lure companies -- or various tax exemptions. I shouldn't say sales-tax exemptions -- to lure companies from out of state to Florida.

There are certain taxes they can get exempt from and get credited back to them in
terms of cash payments. I know CST is one of them. I don't know if sales tax is or not.

So, is there a way to find out? It would be the Florida Department of Economic Opportunity and -- something that coordinates that program.

Is there a way of finding out -- like, for example, we had a company move into our city. Florida agreed that under the qualifying tax-incentive program that they are entitled to basically a tax credit. Monies that they pay in certain taxes is actually given back to them in terms of cash incentive.

MR. ROSENZWEIG: QTI.

MAYOR RESNICK: QTI, exactly, to locate in Florida. I know that the CST is something that they --

MR. ROSENZWEIG: We have to get them to pay it back.

MAYOR RESNICK: -- back in terms of the tax cash.

MR. ROSENZWEIG: We collect first, then pay.

MAYOR RESNICK: But I don't know if sales tax is. From an economic standpoint, I would
like to know that before I sign off on switching
to a sales tax.

    MR. STRANBURG: Okay. We'll take a look
at that. And we'll get that information out to
you.

    MAYOR RESNICK: It should be a really
easy --

    MR. STRANBURG: Yeah, I don't know the
answer off the top of my head. So, we will look
at that. And I'm assuming we can get you that
information sometime, I would think, next week,
and refer you to that statute. We'll see what
we can find out.

    MR. ROSENZWEIG: We also mentioned -- I
know the industry is going to do some economic
analysis. But if the League of Cities -- she
just stepped out of the room. They have a lot
of resources, too. If they want to contribute
something to that analysis, that would be great.

    MR. STRANBURG: We take from all takers.

    MR. ROSENZWEIG: I appreciate it.

    MR. STRANBURG: Then I think what we were
hoping to do was, if we could, get some comments
that you would have on our draft that we send to
you on the 4th back to us by the 11th of

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January.

And then what we would like to propose is we would set up a conference call, if that seems to be a good time to do it, on January 18th. Again, that's a Friday. We would schedule that for 1:30 in the afternoon, given that we've got members of the group that are from coast to coast here. So, we're looking at maybe trying to do something in that early afternoon, that block of time.

I believe it will be the third week of interim committee meetings for the Legislature. Hopefully by that Friday afternoon they won't be scheduling any meetings. So, that looks to work on that front.

And that gives us as a back-up, then -- if we need to have any further discussions, we would like to look at Monday, January 28th, again in the afternoon, only if necessary, as another time for us to get together by phone to put any last-minute details, if we have any, that we weren't able to iron out at our call on the 18th.

So, that's what we would like to put out there as a schedule to wrap things up. If there
is a problem with that, please let us know right away.

We will probably be looking to you as we get closer to January 18th for contact information about a call. We'll get that out to y'all.

And Mayor Resnick, we will triple-check on the open-government issue just to be 100 percent certain.

MAYOR RESNICK: I'm not a naysayer. And I'm not a lawyer for these purposes here. I just play one on TV.

MR. STRANBURG: Okay.

Sharon?

MS. FOX: Was there a special reason -- and maybe you said it and I was concentrating on dates -- not to do the final discussion on the 25th as opposed to 28th?

MR. STRANBURG: The 21st. Well, the 25th, I'm not available. That's why we didn't throw the 25th out there. I have a commitment that I will be out of town on that date and will probably be unavailable a good chunk of the afternoon on the 25th. That's why we rolled it over to the 28th, the Monday, as our backup date
if we're not able to get everything done on the 18th.

MS. FOX: So, is the 24th something that might work?

MR. STRANBURG: I'm -- I've got a multi-day commitment there, unfortunately, that I'm not going to be able to do a phonecall.

Is there anything else that we need to talk about today?

Let me take this opportunity to thank you all for your participation. I know this has been a real burden on many of you, both time commitment, travel commitments, taking you away from family at some inopportune times.

But we appreciate your efforts and all that you've done. And I think we're getting to a product that everyone seems to be happy with putting together as the work of this group.

I also want to take this opportunity while we're all together to give my thanks to the Department of Revenue staff who have been involved in this from Andrea, who has been your point of contact, who I don't think I could have done anywhere close to what we've done on this without her, the support of her staff, Lynne
Moeller, Debbie Thomas, Jamie Peate.

Our communications people, Brad, Deion, Jeff, et cetera -- thank them for all of the work they've done setting this up.

And then Bob McKee and his staff for all of the data and information that they've pulled together.

I know I'm leaving people out from the Department end, from French Brown, who unfortunately is no longer with us -- the work that he did. A lot of people in our general tax program from Grace Reeves that many of you know from her years working with communication services tax. Dave Ainsley who works with our distributions. Our folks in our technical unit that you all deal with from Gary Gray to Heather Miller to Carla Bruce. Again, I want to give them kudos.

Again, I'm probably leaving out the legal staff, which is my old home in DOR, the work that they've done on that, too, from Nancy Terrel who did an open-government presentation early on and others.

But again, I want to thank all of these folks at Revenue who have done it, but I again
want to go back and personally thank each one of you for all of your efforts.

In case we don't happen to get together again in person, I just wanted to take this opportunity --

MR. ROSENZWEIG: We're not coming to the DOR Christmas party? I'm not invited, is the point, apparently.

(Laughter.)

MR. STRANBURG: No, unfortunately we --

MR. DUDLEY: -- Leon County.

(Simultaneous speakers.)

MR. ROSENZWEIG: Y'all can crash any time you want. Every Tuesday, we have a big meeting.

MR. STRANBURG: But again, thank y'all for your work. We look forward to any additional materials that you've got to submit to us. We'll roll up our sleeves and get it out to you. Our goal is no later than January 4th. Hopefully we can get it done a little sooner to give y'all a little more time to look at it.

(Discussion off the record.)

(Proceedings concluded at 2:36 p.m.)

* * * * *
CERTIFICATE

STATE OF FLORIDA

COUNTY OF LEON

I, ANDREA KOMARIDIS, Court Reporter and Notary Public at Tallahassee, Florida, do hereby certify as follows:

THAT I correctly reported in shorthand the foregoing proceedings, at the time and place as stated in the caption hereof;

THAT I later reduced my stenographic notes through computer-aided transcription, or under my supervision, to typewritten copy, and that the foregoing pages, numbered 1 through 204, both inclusive, contain a full, true, and correct transcript of the proceedings on said occasion;

THAT I am neither of kin nor of counsel to any of the parties involved in this matter, nor in any manner interested in the results thereof;

THIS 21st OF December, 2012.

/s/ Andrea Komaridis

ANDREA KOMARIDIS
Notary Public, Florida

* * * * *

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