DATE: Monday, January 28, 2013

TIME: Commenced at 1:30 p.m.
      Concluded at 2:40 p.m.

LOCATION: 2450 Shumard Oak Blvd.
          Tallahassee, FL

REPORTED BY: Tracy L. Brown
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MEMBERS:

    Marshall Stranburg, Chair

MEMBERS APPEARING BY TELEPHONE:

    Brian Smith
    Gary Resnick
    Sharon R. Fox
    Gary S. Lindsey
    Kathleen Kittrick
    Charlie Dudley
    Davin Suggs

Also Present:

    Andrea Moreland

CERTIFICATE OF REPORTER  49
MR. STRANBURG: Good afternoon, everyone. I would like to convene the eighth meeting of the Communication Services Tax working group. My name is Marshall Stranburg and I am the interim executive director for the Department of Revenue. I will be chairing this meeting.

At this time, I would like for Andrea to call the role.

MS. MORELAND: Charles Dudley.

MR. DUDLEY: Here.

MS. MORELAND: Sharon Fox?

Kathleen Kittrick.

MS. KITTRICK: Present.

MS. MORELAND: Gary Lindsey?

MR. LINDSEY: Here.

MR. RESNICK: Mayor Resnick?

Alan Rosenzweig?

Brian Smith?

Davin Suggs?

MR. SUGGS: Here.

MS. MORELAND: Marshall Stranburg?

MR. STRANBURG: Here.

We have five of our members here so far. Have any of the members joined the call?
MR. RESNICK: This is Gary Resnick, Marshall, I'm on.

MR. STRANBURG: Thank you, Mayor.

All right. Sharon, have you joined us yet?

MS. FOX: I've been here since the beginning.

MR. STRANBURG: Okay. We did not hear you, I'm sorry, when we called your name initially. So thank you.

And then, Alan, have you joined us? Or Brian?

MR. STRANBURG: Okay. Well, we've got most of the members here, so we're going to go ahead and get started on our administrative items.

This is a nonrule public meeting. It is held under Section 120.525, Florida Statutes. A notice of the meeting was published in the Florida Administrative Weekly on January 3rd, 2013 in volume 39, number two. A corrected notice was published on January 10th, 2013 in volume 39, number seven. The corrected notice provided the meeting room location to those members of the public who wish to participate in the telephone conference at the Department of Revenue.

The meeting agenda and materials are posted on the Department's website. We have a court reporter who is creating a transcript of the meeting today.
The transcript will be posted on the working group's web page. For those of you participating in the room today or by telephone, I ask that you identify yourself before speaking and who you represent so the court reporter may reflect this information in the transcript. You can also make a public comment by sending an e-mail to CSTworkinggroup@DOR.state.FL.US. Again, that's CSTworkinggroup, all one word, at DOR.state.FL.US. In the subject line, please use CST Working Group. Please keep your comments brief, your e-mail will be printed and read into the record.

We have created a web page on the Department of Revenue's website for the working group. Agendas, meeting materials, transcripts and other information relevant to the working group are posted to the website. The meeting is scheduled today until 4:30.

Does anyone have any questions before we get started?

Okay. Moving on. In your meeting materials are the minutes of the January 18th, meeting. Does anyone have any comments or suggested changes to make to those minutes?

All right. Hearing no comments, the minutes
are adopted.

Also in your materials, you will find suggested changes to the draft report from Mayor Resnick. We have incorporated -- our staff has incorporated those suggestions into the revised draft which was sent to you on Friday. And moving on to that revised draft report that was sent to you on Friday, as indicated, we included in those, items that were agreed upon at the last meeting. We color-coded them so that those items that were agreed upon in the last meeting are highlighted in yellow. We'll go through those and touch on those briefly during the meeting to make sure we've accurately captured the group's wishes. You will also see changes that are highlighted in gray. These changes reflect additions or revisions that were suggested at the last meeting. The gray highlighting also includes suggested changes that were received after the meeting. What we plan to do today is start on page one of the revised draft and work through the report to discuss the highlighted provisions.

So moving right into that, we'll start on page one. You'll see on line 54, we've made a change there. That was discussed at the last meeting.
Any comments on that change?

**MR. SMITH:** Marshall, this is Brian Smith. I just wanted to let you know I joined the call.

**MR. STRANBURG:** Okay. Great. Thanks, Brian. Appreciate that.

**MR. SMITH:** Sorry for interrupting.

**MR. STRANBURG:** And what we'll do is we'll proceed on the same method that we did at the last meeting. If no one has -- raises any objection to a proposed change, we'll consider that adopted and we'll just keep moving on.

The next change is at the bottom of page one, line 61. And over at the top of page two, line 62 and 63.

Okay. Then on --

**MR. RESNICK:** Marshall, I'm sorry. It's Gary Resnick. On line 61, not a major change, but just where it says "be revenue neutral for the local governmental entities," it should say for each of the local government entities.

**MR. STRANBURG:** Okay. And I think the reason why we had not put local in -- each local in there, Mayor, was because that was also -- this statement is also to cover state government as well as local governments.
MR. RESNICK: I'm sorry, right. Take out local and just make it revenue neutral for each of the government entities.

MR. STRANBURG: Okay. Does anybody have any issue with adding each of the governmental entities?

Okay. Moving on. We're over now to line 67 and 68. Again, some changes that we had talked at the last meeting that I believe everybody was okay with. And then the same thing for the change on line 74. Any problem with any of those changes?

Okay. Moving on. Now we have some language that was added that starts on line 77 and runs down through line 84. Any comments on that language?

MR. DUDLEY: This is Charlie. I have a problem with the language on lines 83 and 84. If we're going to have that in there, I'd like to have some recognition that the cities and counties have already been paid once for the use of the right-of-way. Because franchise fees as well as permit fees were included in replaced revenues. And that's spelled out in the statute, that's not my opinion.

If you want to say one member representing local government supported having communication
providers pay a second time for the use of the right-of-way or pay multiple times for the use of the right-of-way, I'd be okay with that. But I don't like this sentence the way it is.

MR. STRANBURG: And I guess, Charlie, if that is not changed, is that going to in some way change your support for the report as a whole or do we need to --

MR. DUDLEY: Well, it's just not accurate, Marshall.

MR. STRANBURG: Okay.

MR. DUDLEY: Because providers are paying for the use of the right-of-way, but you know, 202.20, you know, spells out the replaced revenues that were included in the local CST when they were calculated in 2001. And the statute is very clear that those rates included all the historical franchise fees paid by cable and other dealers as well as actual permit fees. There's a whole list of things that were going to be included. So I mean, if we want to -- you know, it does say one member. So I understand, it's not the majority of the task force folks, but it's just not an accurate sentence.

MR. RESNICK: Well, it is an accurate
sentence, Charlie, because one member representing local government also supported having the communications providers pay for the use of the public rights-of-way. That's absolutely an accurate statement. You want to add some additional --

**MR. DUDLEY:** I'd like to say one member, unless people want to join me, one pointed out that communication providers already -- you know, the local CST and the existing CSTs already include these payments.

**MR. RESNICK:** I have no problem with that.

**MR. DUDLEY:** Okay.

**MR. RESNICK:** If you want to say one member representing the cable industry, you know, whatever you just said, exactly.

**MS. KITTRICK:** You could say two members because I would support that statement as well.

**MS. FOX:** Mr. Chairman, this is Sharon, I agree that the -- that all of the providers are paying for use of the rights-of-way under the current CST provision, and that we had a lot of discussion about paying for usage of rights-of-way when we were talking about the fixing the CST and options to the fix the CST. But I also agree that
with the providers in that, if we're going to replace the entire CST with the holistic approach, that that includes the franchise fee portion. Because this is, again, replaced revenues and the CST were replaced revenues for the franchise fees.

**MR. STRANBURG:** Okay. The sense I'm getting is that if we can reflect in this that the current communication services tax structure has payments for the use of right-of-way included in it, but there is one member representing local government who felt that if you went to this holistic approach, that member felt as though there -- his belief was there should be some support for having some right-of-way payment included under the holistic option.

**MR. RESNICK:** Well, it's not only communication providers that currently pay CST for the rights-of-way, and I don't know how we would deal with this, but there are other communication providers that are not paying CST and pay a pass-through fee or amount per mile for use of the rights-of-way. So I don't know how we would deal with that. Because apparently everybody's going to be paying -- if everybody pays the sales tax, then how would you deal with those companies that aren't
paying now a CST? And I don't know if they would continue to pay the pass-through provider fee or if they would be exempt from that.

**MR. SUGGS:** This is Davin. Mayor Resnick, I mean, look at the sentence, and I agree with the other folks. I mean, if we implemented your sentence and we switched to a sales tax and then had them pay right-of-way fees, then we'll be contradicting our desire for this to be revenue neutral because then we're producing increasing revenue and we're not looking for that.

**MS. FOX:** Again, this is Sharon. But Mayor Resnick does have a valid point in that currently those rights-of-way users that put communication facilities in the rights-of-way that do not pay the CST, the cities have the option to charge them a pass-through provider fee. And if the CST goes away, then there would still need to be some type of a provision for entities that put communication facilities in the rights-of-way but do not -- let's say that they do not charge for services or they do not fall into the regular telephone and cable service provider pocket, so to speak, because they're providing some other use, I guess, for those communication facilities that are in the
rights-of-way.

    MR. LINDSEY: Well, would it make sense then -- this is Gary Lindsey -- to suggest an interest or an interest or consideration of keeping a similar provision in the law going forward as it's currently in the statutes, for any provider whose customers are not, you know, providing services, not, you know, not subject to sales tax, but who otherwise use the right-of-way? Or alternatively -- let me leave that and see if there's any interest in that.

    MR. RESNICK: Maybe the way to phrase it is just -- I'm sort of thinking out loud as to the language of that. If we say that we need to ensure that all communication providers are paying for use of the rights-of-way as they currently do under the existing statute, that would cover it.

    MR. DUDLEY: Yeah, this is Charlie Dudley. I was thinking something to replace this sentence that said, you know, the legislature should review -- you know, I think it's 337.401 is where all that language is. The legislature, you know, needs to ensure that, you know, providers of communication services whose services do not pay -- you know, are not subject to this sales tax --
increase sales tax continue to pay right-of-way fees under that section or something. Because I think --

MR. RESNICK: Right. That's fine. I mean, that's the same idea that I was just getting at --

MR. DUDLEY: Right.

MR. RESNICK: That we maintain the current structure with respect to ensuring that there's payment for use of the rights-of-way.

MS. FOX: I agree with that. Because we have several companies that place facilities in the rights-of-way, but they do not provide service that's taxable under the CST. And we don't want to create an additional ratification on local governments by restricting them if it's not a company that is currently a competitor and it's paying for the use of the rights-of-way through the current CST tax system.

MR. STRANBURG: Charlie, are you in a place where you could possibly put down in an e-mail to us what you just said?

MR. DUDLEY: Yeah, to Andrea or to --

MR. STRANBURG: To the CST working group e-mail address.

MR. DUDLEY: Yeah. I'm sorry, can you give me
that again real quick?

MR. STRANBURG: Okay. It's CSTworkinggroup, all one word, at DOR.state.FL.US.

MR. DUDLEY: Yeah. Okay. I'll work on that while you go on.


MR. RESNICK: Marshall, I had a change in the beginning of that paragraph on line 77. Gary Resnick, again.

MR. STRANBURG: Okay.

MR. RESNICK: Where you have the members representing local governments conditioned their support upon the option being revenue neutral. I don't think that's correct anymore. I think the working group conditions their support upon the option being revenue neutral.

MR. STRANBURG: Does anyone have any problem with that? We'll change it to that then.

MR. RESNICK: Instead of these members, you can just make it the members, et cetera.

MR. STRANBURG: Right.

MR. RESNICK: So it doesn't recite that it's just two of us.

MR. STRANBURG: Okay. We will make any other
changes to reflect that as well within the rest of that language.

MR. RESNICK: I had one additional or basically just two words to add to line 79 where it says "These members emphasized the need to hold the state and each municipality and county harmless."

I would say instead of revenue neutral in the aggregate, since that's what we were talking about.

MR. STRANBURG: So when you say that revenue --

MR. RESNICK: Right after harmless, instead of revenue neutral in the aggregate.

MR. STRANBURG: We're a little confused here just how that would read. The members emphasized the need to hold the state and each municipality and county revenue neutral?

MR. RESNICK: No, no. Where it says harmless. You can go to the end of the sentence also which would be fine. It actually would work better at the end of the sentence. So it would read: the members emphasized the need to hold the state and each municipality and county harmless by ensuring that the amount of revenues received under this new approach would be at least equal to the revenues that the each government is currently receiving
from the communication services tax.

I would then just add the language, as opposed to in the aggregate.

**MS. FOX:** It really reads the same. It seems redundant.

**MR. RESNICK:** It's redundant, but it's probably important. This is only a summary, but we can put it in later also.

**MR. STRANBURG:** All right. If no one has any major objection, we'll move on.

Okay. Line 87, we just replaced there the word "this" with holistic replacement.

And now we're on then, the next change is on page four. We added some language in line 103. Does anyone have an issue with that?

All right. Then moving on to lines 105 through 110, that was some language that we discussed at the last meeting. Is there any problem with that language?

Okay. Over to page five, lines 121 through 131.

**MS. FOX:** This is Sharon. On line 127, should the word "application" be plural?

**MS. KITTRICK:** Yes, it probably should.

**MR. STRANBURG:** Okay. We'll make that change.
Any other changes in those lines?

Okay. The next group of revisions on page eight. We had plugged in, up on lines 186 through 189, the rate language that had been down a little bit lower in this section. Is everyone okay with the revision of that language there?

Okay. Now we're down to lines 202 through 206 on page eight.

All right. That's fine. And then that last page on page eight was just the language that we plugged in up on lines 186 through 189.

And then finally over on page nine, lines 211 through 213.

Next change was on page ten, lines 240 through 242.

Okay. Then moving over to page 11, we added some language in lines 275 through 282.

MR. RESNICK: I'm sorry, Marshall, this is Gary. I had a question on 241.

MR. STRANBURG: Okay. Go ahead.

MR. RESNICK: Just -- and this is really more of a question. Where it states non-internet bundle charges, if a company bundles internet and video, then that -- they're not allowed to apply their books and records to determine the taxability for
the charges that are taxable?

MR. STRANBURG: Mayor, I think -- and some of the others can correct me if I get this wrong -- but I think the reason why we did that was, prior to 2012, Internet charges were already subject to the unbundling provisions. There was a requirement in Florida law already that said Internet charges could be pulled out and treated separately. The 2012 language dealt with other charges that were non-Internet bundled charges. So I think that's why we phrased it this way and why it looks this way.

MR. RESNICK: Okay. All right.

MR. DUDLEY: Yeah, this is Charlie, that's correct. I think the other change for Internet was done in 2005.

MR. RESNICK: All right.

MR. STRANBURG: Okay. Back over then to page 11, lines 275 through 282.

All right. Then our next change is on page 12, lines 286 through 296.

MR. DUDLEY: Yeah, this is Charlie. I mean, I understand what's trying to be said here, I'm just concerned again, like I said earlier, that especially on lines 289 through 291, it's true
they're not allowed to charge for the use of public
right-of-way because it's already part of the CST,
you know, again, for those providers that are
paying but whose services are subject to CST. So
I'm concerned that this doesn't have that qualifier
in there.

MR. RESNICK: I can't hear what's being said,
I'm sorry.

MR. DUDLEY: What I'm saying is after the --

MR. RESNICK: Not you, Charlie, I thought
somebody else was speaking after you.

MR. STRANBURG: Those of you on the phone, if
somebody is on the call, has their phone on
speakerphone and we're hearing a lot of background
noise and background conversations, so whomever
that might be, if you could please maybe mute your
phone so that you're not causing a lot of
background noise and interference on the rest of
the call, we would appreciate that.

MR. RESNICK: Thank you.

MR. LINDSEY: This is Gary. I thought
everybody already said that local governments are
not allowed to charge communication riders that pay
the local CST; I thought it already qualifies that.

MR. DUDLEY: Yeah, I'm just concerned that if
someone reads that, they’re going to say, well, how come they don’t pay right-of-way fees? And the answer is, well, because those were included when the local CST rates were set. And it doesn’t say that, though. I mean, you could say local governments aren’t allowed to charge communication services that pay local CST, a fee for use of the public rights-of-way as such revenues were already, you know, part of the local CST replacement rate.

**MS. FOX:** And I think that that’s not a bad idea. I think that I can understand Mayor Resnick’s position to try to emphasize this. And we have emphasized it in other places. But I think it’s going to be important as we go forward that if communication service providers aren’t paying it in one way as in through the holistic approach, that there needs to be some provision for local governments to receive it in another way if they end up paying it through the -- instead the legislature decides to fix it some way so that providers in one genre or venue don’t pay the CST anymore. So --

**MR. RESNICK:** I think -- your point is now. I didn’t get it at first when -- but maybe on line 289, as a new second sentence, we could just add
that the CST was also a replacement for such franchise fees. And then we could add the word "accordingly" with the enactment of the CST. I mean, would that cover it?

Ms. Fox: I think the words that Charlie provided were a little bit better. Can you remember what you said, Charlie?

Mr. Dudley: Yeah, so I guess after public rights-of-way on line 291 at the end of the second sentence, I guess I would say as such right-of-way fees were included as replaced revenues in calculating the local CST.

Mr. Resnick: Yeah, that's fine.

Mr. Lindsey: Can I suggest a slight word change to -- no pride of authorship here, but if we said -- because the CST already includes the right-of-way -- recoupment of right-of-way fees in the CST -- or we could say because the CST includes a component of the right-of-way fee within the CST, local governments do not charge communication providers to pay a local CST fee for the use of public right-of-way. Maybe Charlie's is better. I'll leave that alone.

Mr. Dudley: Well, I think what's important to Gary and Sharon is the concept that they agree they
were replacements for -- that was included in the
CST, it's just not losing sight of the fact that if
some service or some provider is a communication
provider but for some reason that service isn't
paying CST, they want to make sure that they don't
get to use the right-of-way without any charge at
all. I didn't understand that at first, but now I
do, so --


    MR. STRANBURG: Okay. So we've captured --

    MR. RESNICK: I'm fine with the language that
Charlie suggested adding.

    MR. LINDSEY: Yeah, I agree. This is Gary.
You can dismiss my attempt at wordsmithing.

    MR. STRANBURG: All right. Thank you, Gary.
So we've got that language. We will add it then at
line 291.

    All right. Anything else on the language, 286
through 296?

    MR. DUDLEY: You know, I'm not trying to -- to
be nitpicky -- the last sentence, I'm trying to
remember, Gary -- and I tried to look, and I think
Andrea may have tried to look over the weekend, for
any data we had that Florida's the only state that
does not allow -- and I'm not questioning your
truthfulness, I'm just -- I don't recall that being in front of the committee. I know we had a lot of information and I may have just missed it --

MS. KITTRICK: You know, Virginia is a state that has a statewide right-of-way fee and they do allow local governments who maintain all of their roads and don't accept any local -- or any state funding to have their own fee. But the majority, I would say a 98 percent of them, because they do accept state funding for their roads, do, you know, have this -- they follow the state right of way fee, so I don't know if you want to throw that in there or not, but --

MR. DUDLEY: I was just trying to figure out how to --

MR. RESNICK: You want to put a note saying something to that effect or Virginia has incorporated a state right-of-way fee that most local governments have adopted or follow?

MS. KITTRICK: I think --

MR. RESNICK: I mean, that's fine. I didn't want to --

MR. DUDLEY: Yeah, I know.

MR. RESNICK: I don't want to make too much of this, to be honest.
MS. KITTRICK: Texas is another one.

MR. DUDLEY: What does Texas do?

MS. KITTRICK: I think they have a statewide right-of-way fee, as well.

MS. FOX: Would it be true to say that Florida is unique in the way that the franchise fees have been incorporated into the communication services tax?

MS. KITTRICK: No, because Virginia also --

MR. DUDLEY: -- stand alone, Virginia?

MS. KITTRICK: No, they have a stand-alone right-of-way fee, but their franchise fees for cable were eliminated when they did the CST. So --

MR. DUDLEY: Isn't Florida unique in that CST replaced right-of-way fees on communication providers? Isn't that what Sharon's trying to say, or is that not accurate?

MS. KITTRICK: Well --

MR. DUDLEY: I had a hard time trying to figure out how to redo the sentence.

MS. KITTRICK: Right.

MR. STRANBURG: Charlie and Kathleen and others, we went back and looked at -- this was part one of French Brown's presentations, I think in July or August time frame, I can't remember exactly
when right now. And what we found was we had asked other states to submit information in one of our surveys about local fees, whether they were franchise fees, whether they were permit fees, whether they were rights-of-way fees, and we only got responses back from about seven or eight states. And the answers we got back were things like for the most part maybes, not aware. There were very few either yeses or no response in that area. And I think what we were drawing from that is while we reached out and got information from other states about these types of fees, we really got limited responses back from them and it really didn't give us a good definitive answer as to whether other states and local governments did or did not impose such fees so that we could determine whether Florida was with the majority or whether Florida was unique and of their own way of doing this.

So, again, we could maybe try to add some information in there about particular states, but I think the overall flavor in going back and looking at the meeting materials that Andrea and I pulled from it was we just didn't really have good information on this to give a call one way or the
other about whether Florida was doing something in line or Florida was out there on its own.

MS. KITTRICK: Yeah, I mean, it's definitely a complicated issue. I mean --

MS. FOX: Do we lose anything? And I'm sorry to interrupt, Kathleen. But do we lose anything if we just lose the last sentence of this paragraph?

MR. RESNICK: I think -- see if it's already covered. What if we said, you know, based on information available to the working group, the majority of states still have fees for using the rights-of-way? I mean, I do think we lose something because we have a discussion later on about how Florida's tax rate, I think, we're correcting some of that language, but when the DOR did the survey, they wanted -- they concluded that Florida's tax rate was generally higher than other states, but it didn't have the apples-to-apples comparison. So I think that's the only point of having that in there.

MS. FOX: And, Mr. Chairman, I think that Charlie -- and Charlie, correct me if I'm wrong -- reached out to your constituents and that was -- the fact that there was a majority of jurisdictions that charged franchise fees, am I mistaken about
that?

Mr. Dudley: No, I think that's accurate. The reason, Mr. Chairman, if I can, the language on lines 347 to 352 that is shaded, it's not bolded which I guess means it came -- we agreed to on the last call, Gary, I was reading that, skipping ahead and reading that and trying to determine if that really -- because it has the uniquely included language that Sharon mentioned. If you look at that language.

Mr. Resnick: Right.

Mr. Dudley: I wonder if that kind of captures what you're really trying to get at here.

Mr. Resnick: All right. That's fine. I'll take out the last sentence. That was my only -- if that was my change and no one else minds that coming out.

Mr. Stranburg: Okay. So we'll take out that last sentence in that paragraph and then we've got it covered over there as Charlie points out on lines 347 through 352.

Mr. Resnick: All right.

Mr. Stranburg: Okay. Moving on. That is those lines there. And then the language in line 352 through 354 are our next changes. Any
additional comments on that? On those changes?

MR. DUDLEY: This is Charlie. I'm sorry, but
the new sentence that's bolded there, 352 to 354,
I've seen two studies now that show Florida was the
third highest tax and fees in the country. So, the
problem I have is at the end there, if any other
states, they may be higher than such amounts of
Florida, the document I've seen says we're number
three, so that would mean only two would be higher.
I'm not saying those studies are -- you know,
because I haven't read all the details in them, I'm
not saying they're perfect, but I kind of have a
problem with the end of that sentence there because
I don't know that I have seen anything to
contradict the studies I've seen.

MS. KITTRICK: Yeah, I don't think it's
accurate. This is Kathleen.

MS. FOX: Well, unfortunately, we don't have
the benefit of those studies. Did they include
franchise fees and permitting fees and all those
other things, Charlie?

MS. KITTRICK: I think if you look at it from
a wireless perspective, wireless doesn't pay
franchise fees or right-of-way fees in any other
state except for -- you know, it's included in the
basis of Florida CST. I mean, I think you'd have to maybe break out -- I mean, if you're going to go forward with a statement like this, you'd have to break out cable versus landline versus wireless. I don't think it's accurate to say that.

   MR. RESNICK: Well, then let's -- where's the language -- hang on one second. On page 13. I mean, if we are not going to characterize Florida with respect to other states, then we shouldn't characterize it at all as being --

   Marshall, do you recall in the report, any existing language, or anybody else for that matter, if there's a summary of the survey with respect to Florida versus other states?

   MR. STRANBURG: Well, I think what you may be talking about, Mayor, is on page 13, we talk about the results from the initial survey and then reference back in the appendix of materials; if you want to look at the complete survey results, that's where you go to find them. I think the only reference we have about the survey is what you find there on page 13 that carries over to the top of page 14.

   MR. DUDLEY: Yeah, and I thought the language on lines 350 to 352 was designed to capture what I
think Gary and Sharon are concerned about. But
that's what we accepted at the last meeting and I
thought that's what it was designed to do, to say
these jurisdiction when it talks about fees and
taxes, it may be apples and oranges because they
may have not included, you know, all the fees in
one and they may have included all the fees in
another. I thought that's what the concern was.

MR. RESNICK: I'll take out the last sentence
because I'm looking at the report and there's no
statement as to how Florida ranks compared to other
states generally with respect to taxes and fees on
this product, so you can take out the last
sentence.

MR. STRANBURG: Okay. Thanks, Mayor. We'll
do that then.

I believe our next set of revisions are over
on page 18. We have a couple of additions we had
agreed on on lines 432 and 433.

Then our next revision is over on page 20,
lines 484 and 485, we took out the reference to
landline telephone penetration.

Moving on then over to page 24, we added a
couple of references to clarify that the couple of
statements that we talked about in the retail
perspective area were statements by Mr. Townsend
and that they weren't any kind of indication of the
working group's feelings on those couple of issues.

And then moving over to the bottom of page 25,
line 621 and 623 where -- another change that we
talked about at our last meeting.

Then we're over on to page 27. We added some
information, lines 674 and 675. And then in that
same paragraph on the next page, page 28, lines 677
through 683, we did some restructuring of the
sentences there about the Department's audit
efforts. Any comments on those changes?

MS. FOX: This is Sharon and this is
wordsmithing, but I would like to propose that the
last line at 683 say -- instead of it starting with
"of the," I would say "of the 129 million in
revenues collected through these audits."

MR. SMITH: Sharon, this is Brian, where are
you saying to put that?

MS. FOX: On line 683, I would write it to
say, "of the 129 million in revenues collected
through these audits."

MR. SMITH: Okay. Thanks.

MS. FOX: It just seems to flow a little bit
better. I don't think it changes the meaning at
all. And I think that the rewording more appropriately identifies the point that Charlie was trying to make, if I'm not mistaken, Charlie.

**MR. DUDLEY:** Uh-huh. Correct.

**MR. STRANBURG:** Okay. Does anybody have any additional comments on that? Okay. We'll make that change. Thank you, Sharon.

Over on page 29, we corrected a little typo in line 700. And then we're over to page 30, lines 725 through 733.

**MR. DUDLEY:** Marshall, this is Charlie. I don't -- well, I guess people can correct me now, I don't recall hearing any testimony or anything about consumer confusion. I agree we did not have any presentations from consumer groups, but it says members of the working group pointed out there is significant confusion among consumers.

**MR. STRANBURG:** Yeah, Charlie, I think you're right, we did not have any testimony, but I think we did have some significant discussion among the members of the working group on this topic. And I don't know, maybe if we rewrite that to reflect that that's what took place, we didn't necessarily get testimony or presentations, but we did have a discussion about billing issues and, you know, as
part of that discussion, it came out that no
governmental entity has the ability to regulate
consumer billing and that there were options
submitted by members to address these issues and
you'll find those options as part of the list of
options submitted by members in the appendix.

MR. DUDLEY: That's fine.

MR. STRANBURG: Does something along that line
sound okay to others for reworking that paragraph?

MR. RESNICK: Marshall, that's what it already
states. It says exactly that, but you can rework
it if you'd like to.

MR. STRANBURG: Yeah, we'll do that. And I
think we're not changing the topic, I think we're
just trying to clarify so that everybody
understands that this was not a presentation, it
was a discussion among the members of the group
where all this came out. And I think that covers
it. I think the information's there, it's just how
the discussion came up is all we're clarifying.

Okay. Then over on page 31, lines 756.
Another one of those conforming changes that we
talked about at the last meeting.

And then after that. We have some changes
that start on line 758 on page 31 and flow over to
page 32 on 781. If y'all remember, we had some
discussion about the holistic option and the
information that Sharon had submitted with respect
to that. And we just plugged verbatim in what was
in her submission into the report to reflect that
was something that had been submitted.

**MS. FOX:** Mr. Chairman, this is Sharon, again,
this is wordsmithing and I don't think that it
changes anything except maybe it's a little bit
more tactful. But if we change the wording of line
766 and 767 to -- it starts, the last word of line
766, I propose that we word it to say the
replacement revenue stream must be enacted as a
direct substitution to the CST without any required
action by a city or a county. So, it mostly just
changes the tone as opposed to the intent.

**MR. STRANBURG:** Sharon, could you possibly say
that again? Because I'm not sure my fingers were
going as fast as they needed to, to capture all of
that.

**MS. FOX:** Okay. I'll start with the bullet as
it starts on 766. Really the first sentence
doesn't change.

**MR. STRANBURG:** Right. And then you said the
replacement that -- 766 to -- the last word on 766,
I think we can just pick it up from there. So --

**MS. FOX:** Right. The replacement stream --
excuse me, the replacement revenue stream must be
enacted as a direct substitution to the CST without
any required action by a city/county. Really, I
just took the words "legislature must enact the"
and stuck in "must be enacted" after stream. So
the replacement revenue stream must be enacted as a
direct substitution to the CST without any required
action by a city/county.

**MR. STRANBURG:** Okay. Is everybody okay with
that change?

All right. Any other comments on lines 758
through 781?

**MR. RESNICK:** Marshall, it's Gary. On 758, I
think it's -- this is now the suggestion or this is
adopted by the working group, not just the members
who represent local government. So I think we can
just say the working group indicated that the
following requirements were necessary. We should
probably get rid of the words "in order." It's
just not correct.

**MR. DUDLEY:** I had one question, I guess
maybe, Sharon, you could help me or Gary, on line
762, to include a growth factor. Can someone
explain to me how you do that or what's involved in
doing it? I mean, I thought we wanted to get the
base as broad as we could, subject -- one of the
reasons of going to a sales tax approach is you've
got a lot of online and other things and prepaid
that we can capture in here so that your base is as
broad as it can be. How does the legislature or
anyone else guarantee that it's going to create
more tax revenue? I'm just having a problem with
that included growth factor.

MS. FOX: Well, from my perspective, and this
is my interpretation of the way that CST was
enacted to begin with, as different services
evolved and were made available by new or different
methodologies or technologies, that those new
technologies or those new services would stay in
and be incorporated into the tax base. It appears
now, because of the technology that is so
encompassing of Internet, that more and more things
are being denoted as Internet service as opposed to
communication service. And so I was trying to
capture -- and I know that we have no control over
the Internet situation, but I was trying to capture
the intent that as we progress and as the services
progress, that that doesn't mean that we get to
start carving out this section and that section of a like service that's being provided differently so that we end up in the same place that we are now, but that all of these things as they morph stay in the revenue base.

You're right, we can't ensure that --

**MR. DUDLEY:** Like in the definitions of communication services, we talk about, you know, or other medium or method now in existence or hereafter advised, regardless of protocol. You're just trying to capture that same sort of policy statement, I guess, right? I just don't know if people will get that from this sentence, a growth factor generally. That means, oh, okay, so you're going to increase the rate over here by some sort of a COLA or something. I don't think you mean that. I think you mean what you just expressed. I'm just struggling with when someone reads this, are they going to say -- how are they going to take that phrase. Maybe it's just me, so maybe it's okay. So I'll defer to others.

**MR. STRANBURG:** Well, Charlie, unless anybody's got any better language to put in there, I'm not sure that we've got a option for changing that.
MR. DUDLEY: Okay.

MR. STRANBURG: All right. We'll just leave it the way it is and if somebody thinks of something before the end of the call, we can come back to that and talk about it some more.

All right. Our next revision then will be over on page 32. Again, another conforming note there in line 800.

Over on page 33 then, we had some changes that we agreed to that are reflected in lines 807 through 812. Then down on line 816 on page 33, again, that other -- another conforming change. And then on lines 823 through the bottom of page 33 and then over to the top of page 34 through line 855, some conforming changes that we worked on based upon discussions on the last -- at the last meeting.

Anybody have any comments on those changes?

MR. RESNICK: Marshall, on line -- This is Gary -- on line 827, it's my understanding that Scott Mackey volunteered to do this analysis. I would just like to reflect that on line 827 in the last sentence. We should say Mr. Mackey volunteered to provide an analysis to the working group. Unless he was paid to do it. I don't know
if he was paid or not actually.

    MS. KITTRICK: No, he wasn't paid.

    MR. RESNICK: Okay. So if we could just make
that change.

    MR. STRANBURG: So could we change in line 827
then -- let me start then up on line 825: One of
the members on behalf of the working group agreed
to reach out to Scott Mackey who is an economist
and partner with KSE Partners, LLP, who volunteered
to assist in this effort.

    MR. RESNICK: That's fine.

    MR. STRANBURG: Okay. We'll make that change
then, since no one seems to have a problem with
that.

    Anything else on the -- again, through line
823 and 855?

    MR. RESNICK: Just on line 853, it continues
the same paragraph. It shouldn't be a new
paragraph.

    MR. STRANBURG: Okay. We'll remove that
indent.

    Okay. Then down on lines 858 and 859, again,
another conforming revision based upon our
discussions at the last meeting.

    And then over on to page 35, again, lines 864
through 868, we had some, again, conforming changes. And then one other change that maybe isn't technically a conforming change on line 868.

Okay. Next change over on -- revision over on page 37 lines 924 through 928.

And then hearing nothing on that, our last revision is on page 28, lines 938 through 941.

MR. RESNICK: Sorry, Marshall, I know the rule against going backwards. But on line 932, just to keep consistent with the format, that should be indented.

MR. STRANBURG: Okay. Yeah. No, thanks, appreciate that.

Okay. And now in the spirit of Mayor's last -- going back. Let's go back to the discussion we had a little bit earlier about the language of lines, I believe, it's around lines 83 and 84 about the franchise fee and rights-of-way usage. Charlie has sent us some language. And let me go ahead and read that. I'll read that a couple of times slowly so everybody can hear it. But we would take out that sentence that goes from the middle of line 83 through the end of line 84 and replace it with something along this: The legislature should review this change in
conjunction with Section 337.401, Florida Statutes, to ensure that those providers of communication services whose services may not be subject to the sales tax continue to remain subject to the rights-of-way fees authorized under current law.

MR. RESNICK: That's fine.

MS. FOX: That's great, Charlie. Thank you.

MR. STRANBURG: Okay. Super. We will plug that change in as well.

MR. RESNICK: This is a summary, though, right, Marshall, so there's probably -- and I don't know what section you would go to, but there's probably a section in the actual report that that language should go in.

MR. STRANBURG: Mayor, I'm looking at over on page 12 where we talk about public rights-of-way and permit fees. Is that where you think maybe it ought to go?

MR. RESNICK: Yeah, that's fine. Or maybe actually in the discussion on the option that we're recommending.

MR. STRANBURG: No, I think you may be right. That probably should be something back there instead of where I talked about on page 12, so --

Probably somewhere in the discussion that
starts at the bottom of page 34 about the implementation of the holistic option. Maybe we should add that in that discussion as well.

MR. RESNICK: That would be fine. I mean, maybe it could be a stand-alone sentence around 876 as a continuation of that paragraph.

MR. STRANBURG: Or do you want us to -- okay. We can add that as a continuation sentence there after line 8 -- actually it's 875. I think 876 is a blank line. But after -- insert it after line 875 as a continuation of that paragraph.

MR. RESNICK: That will be fine.

MR. STRANBURG: Okay. We'll add it there then.

Okay. Any other matters with respect to the report?

Okay. Hearing none, what we will do is we will prepare the report to reflect those changes. And I guess we technically ought to take a -- some type of indication of affirmation of the working group's approval of us submitting this report on their behalf to the legislature.

So what I'd like to do is to -- with the understanding that we will be making the changes that we've talked about in this meeting, to run
through and find if -- what level -- you know, how
everyone feels about the draft report reflecting
the work of this group.

So let me just run through a quick roll call
to get that. And again, this is the purpose of
approving the report as it's constituted to submit
to the entities that we are, pursuant to the
statute, required to send this to by February 1.
So, I guess a simple yes saying you're in agreement
with us submitting the report as it's constituted
and no indicating nonsupport. So I'll just run
through the members.

Charlie Dudley?

MR. DUDLEY: Yes.

MR. STRANBURG: Sharon Fox?

MS. FOX: Yes.

MR. STRANBURG: Kathleen Kittrick?

MS. KITTRICK: Yes.

MR. STRANBURG: Gary Lindsey?

MR. LINDSEY: Yes.

MR. STRANBURG: Mayor Resnick?

MR. RESNICK: Yes.

MR. STRANBURG: Alan Rosenzweig?

Brian Smith?

MR. SMITH: Yes.
MR. STRANBURG: Davin Suggs?

Okay. So six members present affirm that. We've got two that we're missing. What we will do is we will reach out to them to make sure that we are accurately collecting their point of view with respect to the report. And we will let all the other members know if there's any problem with those two members that are missing right now about their support or nonsupport of the report.

Moving on, what we'll do as we did for this last meeting that was held, we will prepare draft minutes of the meeting which we'll include in the report, but also we'll note that we've not had a chance to vote upon them or ask the members to vote on them.

Is there any other business that the members believe we need to cover today?

MR. RESNICK: Marshall, this is Gary, just from a procedural standpoint then, if this is the last meeting of the working group, is this group then over, is Sunshine over for us, things of that nature?

MR. STRANBURG: Technically, that's a good question. I would -- let me make this request, Mayor, that until we submit the report, it's
probably best that we still maintain the posture of being under the government and the Sunshine requirements. We will send you a copy -- send all the members a copy of the report and the transmittal of that report. I believe it goes to the Speaker, the President and the Governor's office. So we will do that.

And I think once that report has been submitted, then I think we're okay as far as our -- we fulfilled our statutory requirement and I think we will consider the group to have accomplished its goal and, therefore, I don't think we're going to have to worry about meeting again. We will have done what's been asked us of us and the working group members then would not be covered under, I think, the requirements of the Sunshine law. We will double-check with our legal staff to be sure that's accurate. If that is not accurate, we'll let you all know. But --

**MR. RESNICK:** I tell you what, if I could request this, why don't -- I think it would be helpful if DOR actually sent out a formal communication to us indicating that the working group is terminated and that the Sunshine and other requirements of the statute no longer applies to
MR. STRANBURG: Okay. We will do that. We'll be glad to do that.

MS. FOX: Mr. Chairman, this is Sharon. I would like to thank each of the members on the working group. It was a pleasure to meet those of you I have not met before and always a pleasure to work with each of you.

MS. KITTRICK: Thank you, Sharon. I feel the same way. This is Kathleen. Appreciate your work on the committee politically.

MR. DUDLEY: This is Charlie, to thank you all.

MR. RESNICK: Actually, ditto. Everybody was very diligent in this. I appreciate everybody's effort.

MR. SMITH: This is Brian and I'll ask that you guys come to California next time.

MR. STRANBURG: And, again, I want to thank each one of the members. I appreciate your effort, your contributions. I also want to take this time to acknowledge all the DOR folks again, you know, Andrea Moreland who I don't even want to think about what I could have done had she not been here to assist, and her staff from Lynne Moeller, Jamie
Peate, Debbie Thomas, who spent countless hours working on this, too. I can't think them enough. And as I said, a number of members of the Department of Revenue who've spent a lot of time providing support to you, getting information to you so that you can put together a report that I think we're proud to say is one that had a lot of thought that went into it, a lot of effort, and has given the legislature something to consider in the area.

So, with that again, I want to thank you all. Appreciate your efforts and we will adjourn this meeting of the Communication Services Tax working group.

(Meeting concluded at 2:40 p.m.)

*   *   *
CERTIFICATE OF REPORTER

STATE OF FLORIDA:
COUNTY OF LEON:

I, TRACY L. BROWN, court reporter and Notary Public do hereby certify that the foregoing proceedings were taken before me at the time and place therein designated, and that the foregoing pages numbered 1 through are a true and correct record of the aforesaid proceedings.

I further certify that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the foregoing action.

DATED THIS day of , 2013.

__________________________
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