

**Lee County Board Of County Commissioners
Agenda Item Summary**

Blue Sheet No. 20030939

1. REQUESTED MOTION:

ACTION REQUESTED: Request Board of County Commission direction regarding the current Communications Services Tax rate and authorize adoption of resolution if deemed necessary.

WHY ACTION IS NECESSARY: In June, 2001, the Board of County Commissioners requested a review of the Communications Services Tax rate once a revenue history was established.

WHAT ACTION ACCOMPLISHES: Determines continuation of or revision to existing Communications Services Tax Rate.

**2. DEPARTMENTAL CATEGORY:
COMMISSION DISTRICT #**

AIA

3. MEETING DATE:

08-19-2003

4. AGENDA:

- CONSENT ADMINISTRATIVE APPEALS
- PUBLIC WALK ON
- TIME REQUIRED:

**5. REQUIREMENT/PURPOSE:
(Specify)**

- STATUTE
- ORDINANCE
- ADMIN. CODE
- OTHER

6. REQUESTOR OF INFORMATION:

- A. COMMISSIONER _____
- B. DEPARTMENT County Administration
- C. DIVISION Budget Services

BY: Antonio Majul, Budget Director

[Signature]

BACKGROUND: On June 26, 2001, the Board of County Commissioners approved resolutions establishing the Communications Tax Simplification Act on telecommunications services (Blue Sheet #2001676). This action replaced locally collected revenues from only cable franchise fees with an expanded base of customers who were assessed a fee on all forms of telecommunications (i.e. telephones, cell phones etc.). Funds were collected at the state level and remitted monthly to individual jurisdictions based upon a percentage rate. Resolutions 01-06-54 and 01-06-55 established tax rates of 5.42% for a ten-month collection period of FY01-02 and 5.22% for a twelve-month collection period covering FY02-03. The rate adopted by the BOCC was the highest available because a collection history based upon the new customer base was unknown.

8. MANAGEMENT RECOMMENDATIONS: BOCC consider either reducing Communications Services Tax Rate to 2.00% effective January 1, 2004 or retain the existing rate of 5.22%.

9. RECOMMENDED APPROVAL:

A Department Director	B Purchasing or Contracts	C Human Resources	D Other	E County Attorney	F Budget Services				G County Manager
<i>[Signature]</i> 8/17/03				<i>[Signature]</i> 8/17/03	OA <i>[Signature]</i>	OM <i>[Signature]</i>	Risk <i>[Signature]</i>	GC <i>[Signature]</i>	<i>[Signature]</i> 8/17/03

10. COMMISSION ACTION:

- APPROVED
- DENIED
- DEFERRED
- OTHER

Rec. by CoAtty
Date: *8/17/03*
Time: *1:00 PM*
Forwarded To: *Co. Atty*
8/17/03 1:00 PM

RECEIVED BY
COUNTY ADMIN
8/17/03
COUNTY ADMIN
FORWARDED TO: *[Signature]*
8/17/03

Blue Sheet # 20030939
 Communications Services Tax Background (Continued)

~~At the time of adoption, the BOCC indicated an interest in re-examining the rate once a revenue collection had been established. Any change in the rate for the upcoming calendar year must be adopted by September 2003 to become effective in January 2004.~~

The Florida Department of Revenue (DOR), prepared an analysis of potential revenues in 2001 and determined "hold harmless" rates for each of the state's cities and counties. The "hold harmless" rate was a representation of a "revenue neutral" adjustment to accommodate the new customer base that would be established with implementation of the Communications Services Tax. For Lee County, the FY01-02 ten-month period was 2.20% and for FY02-03, the twelve-month period was 2.00%. ~~Following is a summary of actual revenues collected from December, 2001 to July, 2003 and estimated revenues for the period August, 2003 through December, 2003 split according to the recommended state rate and the projected revenues received above the state rate:~~

	Recommended State Rate (Revenue Neutral)		Projected Above State Rate (Excess Revenues)		Total
Actual Lee County Collections (December 2001-June, 2003)	\$4,680,621	+	\$7,165,392	=	\$11,846,013
Estimated Lee County Collections (July 2003-December, 2003)	<u>\$1,378,800</u>	+	<u>\$2,221,200</u>	=	<u>\$ 3,600,000</u>
TOTALS	\$6,059,421		\$9,386,592		\$15,446,013

This analysis concludes that a potential \$9.3 million would be collected from the initiation of the tax to the effective adjustment in January 2004 that is above the state's suggested rate. There are no restrictions in the use of the proceeds from the Communications Services Tax. Currently, this revenue source is used to supplement unincorporated MSTU property tax revenues and other smaller revenue sources for funding operating expenses within the unincorporated areas of Lee County. This use is the same as cable franchise fees that existed prior to the implementation of the Communications Services Tax.

Potential Uses for the Excess Revenues Collected Above the State Rate

1. Enhanced Telecommunication Infrastructure Projects (such as installing downtown campus SONET ring)
2. Enhanced Funding for Roadway Landscaping
3. Urban Street Lighting
4. Continuation of Using Moneys to Supplement MSTU Fund