

Communications Services Tax Working Group

July 25, 2012 Meeting Materials

Agenda Item #1

No Materials

Agenda Item #2

Draft Meeting Minutes

COMMUNICATIONS SERVICES TAX WORKING GROUP

June 11, 2012

ROOM 1820, BUILDING ONE, 2450 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA

DRAFT MINUTES

MEMBERS PRESENT: Lisa Vickers, Chair
Sharon R. Fox
Kathleen Kittrick
Gary S. Lindsey
The Honorable Gary Resnick
Alan S. Rosenzweig
Brian D. Smith
Davin J. Suggs

Agenda Items:

1. *Call to Order*

The meeting was called to order. Chair Vickers introduced herself and stated that since she would be leaving the Department of Revenue at the end of the month, she has designated Deputy Executive Director Marshall Stranburg to chair subsequent meetings. It was announced that instead of a roll call, members would be introducing themselves in a following agenda item.

2. *Opening Remarks and Administrative Items*

Chair Vickers discussed the following:

- This is a non-rule public meeting held under Section 120.525, Florida Statutes.
- A court reporter is present who is creating a transcript.
- Speaker cards were available for anyone who would like to speak.
- The Department of Revenue has created a web page for the Working Group where agendas, meeting materials, transcripts and other information relative to the Working Group will be posted. The website address was announced as: http://dor.myflorida.com/dor/cst_workgroup/ Hard copies of the materials were available at the meeting for the public.
- It was announced that if anyone would like to receive updates about the working group by email, they could provide their email address with the understanding that their email address will be considered a public record and subject to disclosure if requested.
- The procedures for persons participating in the meeting via WebEx were explained.

- Andrea Moreland, Department of Revenue's Legislative and Cabinet Services Director, was introduced as the person who is coordinating the activities of the Working Group for members and the public.

3. *Mission of the Working Group*

The mission of the Working Group, as provided in Section 12 of Chapter 2012-107, Laws of Florida, was discussed.

4. *Introduction of the Members of the Working Group*

Each of the Working Group members introduced themselves.

The members representing the communications industry are:

- Gary S. Lindsey, Director of External Tax Policy for AT&T
- Kathleen Kittrick, Director of State Government Affairs for Verizon
- Brian D. Smith, Director of Transactional Taxes for The DirecTV Group, Inc.
- Charlie Dudley, General Counsel, Florida Cable Telecommunications Association

The members representing the counties are:

- Alan S. Rosenzweig, Deputy County Administrator, Leon County
- Davin J. Suggs, Senior Legislative Advocate, Florida Association of Counties

The members representing the cities are:

- The Honorable Gary Resnick, Mayor, City of Wilton Manors
- Sharon R. Fox, Tax Revenue Coordinator, City of Tampa

5. *Overview of the Sunshine Law*

Nancy Terrel, General Counsel for the Department of Revenue, made a presentation about Florida's Sunshine Law and made members aware of requirements that would govern their time on the Working Group.

6. *Review of National and State Tax Communications Policies*

French Brown, Deputy Director of the Department of Revenue's Office of Technical Assistance and Dispute Resolution, made a presentation on Florida's Communications Services Tax law and on research that had been conducted about how other states tax communications services.

7. *Review of Communications Services Tax Revenue and the Effect of Recent Law Changes*

Bob McKee, Chief Economist in the Department of Revenue's Office of Tax Research, presented information regarding state and local Communications Services Tax revenues. Mr. McKee also provided information regarding the effect of law changes for the past five years.

8. *Review of Communications Services Tax Revenue and the Public Education Capital Outlay Program*

Amy Baker, Coordinator of the Office of Economic and Demographic Research, presented an overview of Florida's gross receipts tax and PECO bonding capabilities.

9. *Discussion of Local Government Bonding of Communications Services Tax Revenue*

Mr. Suggs said he would be of assistance in obtaining information from Florida's counties regarding their obligation of Communications Services Tax revenues for bonds. Ms. Fox said that she would provide the same type of assistance regarding the cities.

10. *Identification of Issues to be Reviewed at Future Meetings*

Members identified issues related, but not limited to, the following areas:

- Principles for Sound Tax Policy
- Prepaid Communications Services
- Residential Versus Commercial Tax Treatment of Communications Services
- Audits
- Siting
- Bundling of Communications Services
- Technologies
- Tax Base
- Bonding

11. *Future Meetings*

The Working Group adopted July 25, August 14 and October 31 for upcoming meetings.

12. *Adjournment*

With the agenda complete the meeting was adjourned.

Agenda Item #3

Follow-up from the June 11, 2012 Meeting

1. The Application of Various Taxes on Federal, State, and Local Governments
 - Requested by: Mr. Dudley
2. Analysis of Unused Capacity of the Local Component of the State Communications Services Tax
 - Requested by: Mr. Suggs
3. Communications Services Tax Rate Structure Before and After October 1, 2001
 - Requested by: Mayor Resnick
4. General Tax Structure of Other States
 - Included is a chart titled "2011 State Government Tax Collections" prepared by the U.S. Census Bureau
 - Requested by: Mr. Suggs
5. Streamlined Sales and Use Tax Agreement Member States
 - Requested by: Mayor Resnick
6. Florida "Sales Price Definition" and the Streamlined Definition
 - Requested by: Ms. Fox
7. Statutory Authority for Inter-Local Agreements: Section 202.18(3)3.c., F.S.
 - Requested by: Mayor Resnick
8. Definition of "Mobile Communications Services" under federal Mobile Telecommunications Sourcing Act versus Chapter 202, F.S.
 - Requested by: Mr. Lindsey
9. Analysis of Direct-to-Home Satellite Collections and Distributions
 - Requested by: Mayor Resnick
10. Communications Services Tax History of Revenues and Timeline of Significant Events
 - Requested by: Ms. Vickers
11. Local Jurisdictions with Permit Fees
 - Requested by: Ms. Fox
12. Taxability of Satellite Radio Service
 - Requested by: Mayor Resnick
13. Sources of Data on Trends of Local Government Revenues and Impact of Changes in Legislation
 - Requested by Mr. Suggs

14. Communications Services Tax: Relevant Technical Assistance Advisements and Administrative Rules
 - Requested by: Mr. Dudley
15. Follow-up Survey Questions
 - a) Treatment of Permit, Franchise and Right-of-way Fees
 - Requested by: Ms. Fox
 - b) Applicability of “Prepaid treatment” to Other Goods and Services
 - Requested by: Mr. Lindsey
 - c) Legal Challenges to Unbundling of Services
 - Mr. Suggs
 - d) States Authorizing Communications Services Tax to be Pledged to Secure Debt
 - Requested by: Mayor Resnick
 - e) Tax Rates and Sourcing Methods for States Where Local Governments Receive Actual Distributions
 - Requested by: Mr. Dudley
 - f) Funding of Education Capital Outlay by Other States
 - Request based on public comment
16. Information provided by Mayor Resnick for distribution to members of the Working Group.
17. Items Without Attachments
 - Local Government Revenue Streams Before Communications Services Tax
 - Requested by: Mr. Dudley
 - Data is not available
 - Trends in PECO Funding
 - Requested by: Ms. Kittrick
 - Information still being gathered

The Application of Various Taxes on Federal, State and Local Governments

Communications Services Tax and Gross Receipts Tax (on sales of communications services)

These taxes are imposed on the sale of communications services. A specific exemption from communications services tax and gross receipts tax applies to sales of communications services made to the state or to any county, municipality, or political subdivision of the state. The exemption also applies to sales of communications services to the Federal Government and any agency or instrumentality of the Federal Government. A dealer is not required to collect and remit the tax when payments to the dealer are made directly by the governmental entity and when the documentation requirements in Rule 12A-19.042, Florida Administrative Code, have been met. Sales made by governmental entities are generally subject to communications services tax and gross receipts tax. (Section 202.125(2) and (3), Florida Statutes; Rule 12A-19.042, Florida Administrative Code.)

Sales and Use Tax

These taxes are imposed on the sale, lease, license or use of property or certain services, admissions and other transactions, as specified in Chapter 212, F.S. A specific exemption from sales and use tax applies to sales made to a state, or any county, municipality or political subdivision of a state or to the United States Government when payment is made directly to the dealer by the governmental entity and the documentation requirements of Florida Administrative Code Rules 12A-1.038 (general) and 12A-1.094 (public works contracts) have been met. Sales made by governmental entities are generally subject to sales and use tax. (Section 212.08(6), Florida Statutes; Rules 12A-1.038 and 12A-1.094, Florida Administrative Code.)

- The exemption also applies in the same way for convention development taxes imposed by counties on transient rentals (Section 212.0305, Florida Statutes); local option food taxes imposed by counties on sales of food, beverages, or alcoholic beverages in hotels and motels or in establishments licensed by the state to sell alcoholic beverages for consumption on the premise (Section 212.0306, Florida Statutes); and discretionary sales surtaxes imposed by counties on all transactions occurring in the county which are subject to tax under Chapters 212, Florida Statutes (Sections 212.054 and 212.055, Florida Statutes.)

Tourist Development Taxes

These taxes apply to the rent, lease, or let for consideration of any living quarters or accommodations in any hotel, apartment hotel, motel, resort motel, apartment, apartment motel, roominghouse, mobile home part, recreational vehicle part, condominium or timeshare resort for a term of six months or less. The tax is collected by the person receiving the consideration for rent or lease at the time of payment for such lease or rental. A specific exemption applies to any person who rents, leases, or lets for consideration any living quarters or accommodations, which

are exempt according to the provisions of Chapter 212, Florida Statutes. (Section 125.0104, Florida Statutes.)

Tax on Severance and Production of Minerals

An excise tax is levied on every person who extracts gas, oil or sulfur for sale, transport, storage, profit or commercial use. The tax rate is calculated separately for each of these items and the tax rates are based on the volume of oil, gas, or sulfur produced in a particular month. There is also an excise tax levied on every person engaged in the business of severing solid minerals, except phosphate rock and heavy minerals, from the soils and waters of this state for commercial use, based on the value at the point of severance. A specific exemption provides that solid minerals that are sold to governmental agencies in this state, including cities and counties, are not subject to the tax. (Chapter 211, Florida Statutes.)

Public Service Tax

A municipality may levy a tax on the purchase of electricity, metered natural gas, liquefied petroleum gas (metered or bottled), manufactured gas (metered or bottled), and water service. The tax is collected by the seller of the taxable item from the purchaser at the time of payment for such services. A specific exemption provides that purchases by the United States Government, this state, and all counties, school districts and municipalities of the state, and by public bodies exempt by law or court order are exempt from the tax. Sales made by governmental bodies to nonexempt end users are subject to tax. (Sections 166.231-.235, Florida Statutes.)

Federal Excise Tax on Communications Services

The tax is imposed on amounts paid for communications services (local telephone service, toll telephone service and teletypewriter exchange service). The tax is paid by the person paying for such services. A specific exemption applies to payments received for services or facilities furnished to the government of any state, or any political subdivision thereof, or the District of Columbia. (26 U.S.C. ss. 4251-4254.)

Motor and Other Fuel Taxes

Fuel taxes are imposed on the sale of fuel at the federal, state, and local level. At the federal level, federal law provides a fuel excise tax exemption for the sale of any liquid used as a fuel in a motor vehicle, motorboat, or aircraft for the exclusive use of any state, or any political subdivision of a governmental entity, or the District of Columbia. 26 U.S.C. s. 4041.

The federal government is not subject to taxes imposed by state and local governments. This principle is explicitly codified in exemptions such as the exemption for aviation fuel purchased by the United States or any department or agency of the United States when used in a governmental aircraft.

A state or local government is not required to pay motor fuel taxes on purchases of alternative fuel for use in motor vehicles that are powered by alternative fuel. A portion of the “fuel sales tax” that is paid by a county or municipality on motor fuel or diesel fuel for use in a motor vehicle operated by it shall be returned to its governing body for construction, reconstruction, and maintenance of roads and streets within the municipality or county.

If a municipality or county is licensed as a local government user, then it is entitled to a credit on the monthly diesel fuel tax return not to exceed the county fuel tax and fuel sales tax imposed on those gallons which would otherwise be eligible for refund. Additionally, local governments need only remit \$0.03 of the \$0.04 tax required under section 206.87(1)(a), Florida Statutes, plus the other taxes required by statute

- Sections 206.41(4)(d), 206.877(9), 206.874, and 206.9875, Florida Statutes; 26 U.S.C. s. 4041.
- “Local government user of diesel fuel” means any county, municipality or school district licensed by the Department of Revenue to use untaxed diesel fuel in motor vehicles. (Section 206.86(11), Florida Statutes.)

Gross Receipts Tax (on sales of utility services)

The gross receipts tax is imposed against the total amount of gross receipts received by a distribution company for its sales of utility services that are delivered to a retail consumer in this state. Contrary to other taxes referenced above, the gross receipts tax on the sale of utility services is imposed on the provider of utility services, rather than on the transaction, regardless of whether the person supplying the taxable services chooses to separately state the tax on a customer’s bill and add it as a component part of the charge. Whenever a person supplying the taxable utility services elects to separately state the tax as a component part of the charge for the provision of such services, every person, including all governmental units, must remit the tax to the person who provides such taxable services as a part of the total bill. (The person supplying the taxable utility services remains fully liable for the tax.) (Section 203.01(1) and (4), Florida Statutes.)

- “Distribution company” means any person owning or operating local electric or natural or manufactured gas utility distribution facilities within this state for the transmission, delivery, and sale of electricity or natural or manufactured gas. The term does not include natural gas transmission companies that are subject to the jurisdiction of the Federal Energy Regulatory Commission. (Section 203.012(1), Florida Statutes.)
- “Utility service” means electricity for light, heat, or power; and natural or manufactured gas for light, heat, or power, including transportation, delivery, transmission, and distribution of the electricity or natural or manufactured gas. The term does not include separately stated charges for tangible personal property or services which are not charges for the electricity or natural or manufactured gas or the transportation, delivery, transmission, or distribution of electricity or natural or manufactured gas. (Section 203.012(3), Florida Statutes.)

Analysis of Unused Capacity of the Local Component of the State Communications Services Tax

Section 202.19, F.S., authorizes cities and counties a local component of the Communications Services Tax. Beginning October 1, 2001, section 202.20, F.S., levied conversion rates for the local component of the Communications Services Tax. The conversion rates took effect without any action required by the local governments. Pursuant to section 202.19, F.S., charter counties and municipalities are authorized a rate up to 5.1%, not inclusive of the permit fee add-on rate of .12% authorized pursuant to s. 337.401, F.S. Noncharter counties are authorized a rate up to 1.6%, not inclusive of the permit fee add-on rate of .24% (also authorized by s. 337.401, F.S.). Four jurisdictions in Florida chose to retain permit fees – Collier County, Hernando County, Orange County, and the City of Jupiter Inlet Colony in Palm Beach County. Of these four, Hernando County and Jupiter Inlet Colony appeared to have unused capacity that was calculated using maximum rates of 1.6% and 4.98%, respectively, to reflect their permit fee elections.

To estimate the amount of unused capacity that exist for Florida's cities and counties, the current reported adopted rate of the local component of the Communications Services Tax was compared to the respective maximum rate for cities, charter counties and noncharter counties. Discretionary surtax add-on rates were not included in this analysis. For those cities and counties that did not actively choose to retain permit fee authority, the capacity was calculated including permit fee add-on rates as part of the potential maximum rate. The adopted rate for the local component of the Communications Services Tax was subtracted from the respective city/charter county or noncharter county maximum rate. In order to compute a potential dollar amount of the unused capacity, the amount of the unused rate was multiplied by the estimated 2012-13 tax base for the respective jurisdiction which are posted online at <http://edr.state.fl.us/Content/local-government/data/county-municipal/CST12-13.xls>.

Note – There are seven cities that have a 0.00% conversion rate for the local component of the Communications Services Tax and have not chosen to modify this rate. As such, no dollar amount of unused capacity was calculated. The largest of these seven cities had a population of 400.

The results are on the attached pages. Three tables have been provided. Table 1 displays the 17 counties that appear to have unused capacity. Table 2 displays the 33 cities that appear to have unused capacity of .12%. It appears that none of these cities imposed the add-on rate of .12% available under the permit fee elections. All 33 of these cities have current rates equal to their conversion rates imposed by s. 202.20, F.S. Table 3 displays the 90 cities that appear to have capacity greater than .12%.

In total there appear to be 140 jurisdictions with annual unused capacity of \$18,732,085. On a statewide basis the amount of unused capacity equals a rate of 0.121%

Table 1 - Counties that Appear to Have Unused Local CST Capacity

Count	Jurisdiction in County/City Order	County	Adopted Rate	Type of County	Unused Rate Capacity	Estimated Unused Revenue Capacity 2012-13
1	UNINCORPORATED AREA	BRADFORD	0.64%	Non-charter	1.20%	\$ 78,204
2	UNINCORPORATED AREA	COLUMBIA	1.30%	Non-charter	0.54%	\$ 120,403
3	UNINCORPORATED AREA	FRANKLIN	0.90%	Non-charter	0.94%	\$ 52,106
4	UNINCORPORATED AREA	HAMILTON	0.30%	Non-charter	1.54%	\$ 63,410
5	UNINCORPORATED AREA	HARDEE	1.34%	Non-charter	0.50%	\$ 34,721
6	UNINCORPORATED AREA	HERNANDO	1.40%	Non-charter	0.20%	\$ 197,945
7	UNINCORPORATED AREA	HILLSBOROUGH	4.00%	Charter	1.22%	\$ 7,572,384
8	UNINCORPORATED AREA	JEFFERSON	1.14%	Non-charter	0.70%	\$ 35,301
9	UNINCORPORATED AREA	LEE	3.61%	Charter	1.61%	\$ 4,171,237
10	UNINCORPORATED AREA	LIBERTY	0.60%	Non-charter	1.24%	\$ 35,628
11	UNINCORPORATED AREA	MARION	1.735%	Non-charter	0.10%	\$ 156,249
12	UNINCORPORATED AREA	MONROE	1.64%	Non-charter	0.20%	\$ 75,347
13	UNINCORPORATED AREA	OKEECHOBEE	0.80%	Non-charter	1.04%	\$ 137,456
14	UNINCORPORATED AREA	SANTA ROSA	1.58%	Non-charter	0.26%	\$ 212,844
15	UNINCORPORATED AREA	SARASOTA	4.82%	Charter	0.40%	\$ 867,957
16	UNINCORPORATED AREA	SEMINOLE	5.12%	Charter	0.10%	\$ 153,753
17	UNINCORPORATED AREA	WALTON	0.70%	Non-charter	1.14%	\$ 530,040
Total						\$ 14,494,988

Table 2 - Cities that Appear to Have Unused Local CST Capacity of .12%

Count	Jurisdiction in County/City Order	County	Adopted Rate	Unused Rate Capacity	Estimated Unused Revenue Capacity 2012-13
1	MICANOPY	ALACHUA	5.10%	0.12%	\$432
2	GLEN ST. MARY	BAKER	6.20%	0.12%	\$410
3	DAVIE	BROWARD	5.20%	0.12%	\$93,114
4	INDIALANTIC	BREVARD	6.02%	0.12%	\$3,905
5	HORSESHOE BEACH	DIXIE	6.20%	0.12%	\$201
6	BEVERLY BEACH	FLAGLER	5.10%	0.12%	\$424
7	FLAGLER BEACH	FLAGLER/ VOLUSIA	5.10%	0.12%	\$5,270
8	JENNINGS	HAMILTON	5.10%	0.12%	\$426
9	WAUCHULA	HARDEE	5.10%	0.12%	\$3,196
10	TEMPLE TERRACE	HILLSBOROUGH	5.40%	0.12%	\$34,710
11	MONTVERDE	LAKE	5.10%	0.12%	\$1,167
12	AVENTURA	MIAMI-DADE	5.20%	0.12%	\$9,336
13	EL PORTAL	MIAMI-DADE	5.60%	0.12%	\$2,051
14	KEY COLONY BEACH	MONROE	5.10%	0.12%	\$724
15	NICEVILLE	OKALOOSA	5.50%	0.12%	\$14,572
16	OKEECHOBEE	OKEECHOBEE	5.10%	0.12%	\$6,517
17	ST. CLOUD	OSCEOLA	5.10%	0.12%	\$27,866
18	ATLANTIS	PALM BEACH	5.10%	0.12%	\$3,080
19	SOUTH BAY	PALM BEACH	5.10%	0.12%	\$1,676
20	SOUTH PALM BEACH	PALM BEACH	5.60%	0.12%	\$1,077
21	PORT RICHEY	PASCO	5.10%	0.12%	\$4,106
22	BELLEAIR BEACH	PINELLAS	6.00%	0.12%	\$1,858
23	KENNETH CITY	PINELLAS	5.10%	0.12%	\$3,186
24	PINELLAS PARK	PINELLAS	5.40%	0.12%	\$48,387
25	REDINGTON BEACH	PINELLAS	5.40%	0.12%	\$1,504
26	ST. PETE BEACH	PINELLAS	5.70%	0.12%	\$11,790
27	CRESCENT CITY	PUTNAM	5.10%	0.12%	\$1,254
28	LIVE OAK	SUWANNEE	5.60%	0.12%	\$5,860
29	LAKE BUTLER	UNION	5.10%	0.12%	\$1,854
30	FLAGLER BEACH	VOLUSIA/ FLAGLER	5.10%	0.12%	\$30
31	PIERSON	VOLUSIA	5.10%	0.12%	\$1,136
32	ST. MARKS	WAKULLA	5.10%	0.12%	\$287
33	VERNON	WASHINGTON	5.40%	0.12%	\$395
	Total				\$291,800

Table 3 - Cities that Appear to Have Unused Local CST Capacity

Count	Jurisdiction in County/City Order	County	Adopted Rate	Unused Rate Capacity	Estimated Unused Revenue Capacity 2012-13
1	LACROSSE	ALACHUA	3.42%	1.80%	\$2,890
2	MEXICO BEACH	BAY	2.88%	2.34%	\$34,084
3	BROOKER	BRADFORD	3.00%	2.22%	\$4,854
4	HAMPTON	BRADFORD	2.20%	3.02%	\$3,068
5	LAWTEY	BRADFORD	1.10%	4.12%	\$13,877
6	PALM SHORES	BREVARD	4.80%	0.42%	\$3,168
7	COOPER CITY	BROWARD	4.80%	0.42%	\$103,960
8	HILLSBORO BEACH	BROWARD	1.20%	4.02%	\$108,233
9	LAZY LAKE	BROWARD	0.60%	4.62%	\$1,180
10	EVERGLADES CITY	COLLIER	3.90%	1.32%	\$7,046
11	FORT WHITE	COLUMBIA	0.60%	4.62%	\$24,448
12	CROSS CITY	DIXIE	2.50%	2.72%	\$41,901
13	CENTURY	ESCAMBIA	2.10%	3.12%	\$33,881
14	MARINELAND	FLAGLER/ ST. JOHNS	0.40%	4.82%	\$20,596
15	APALACHICOLA	FRANKLIN	3.60%	1.62%	\$32,194
16	GREENSBORO	GADSDEN	5.12%	0.10%	\$300
17	GRETNA	GADSDEN	4.02%	1.20%	\$7,359
18	MIDWAY	GADSDEN	3.70%	1.52%	\$34,040
19	BELL	GILCHRIST	4.50%	0.72%	\$1,722
20	MOORE HAVEN	GLADES	1.20%	4.02%	\$24,690
21	JASPER	HAMILTON	4.80%	0.42%	\$4,326
22	WHITE SPRINGS	HAMILTON	5.00%	0.22%	\$663
23	BOWLING GREEN	HARDEE	3.32%	1.90%	\$12,247
24	ZOLFO SPRINGS	HARDEE	2.32%	2.90%	\$12,091
25	LA BELLE	HENDRY	4.22%	1.00%	\$35,915
26	WEEKI WACHEE	HERNANDO	0.10%	5.12%	\$21,625
27	ESTO	HOLMES	0.80%	4.42%	\$5,298
28	NOMA	HOLMES	0.10%	5.12%	\$3,327
29	PONCE DE LEON	HOLMES	2.70%	2.52%	\$6,454
30	WESTVILLE	HOLMES	0.90%	4.32%	\$6,653
31	ORCHID	INDIAN RIVER	2.10%	3.12%	\$32,731
32	VERO BEACH	INDIAN RIVER	5.12%	0.10%	\$24,550
33	ALFORD	JACKSON	1.50%	3.72%	\$8,427
34	BASCOM	JACKSON	1.32%	3.90%	\$2,510
35	SNEADS	JACKSON	3.30%	1.92%	\$23,514
36	MONTICELLO	JEFFERSON	4.50%	0.72%	\$17,061
37	MAYO	LAFAYETTE	2.00%	3.22%	\$42,662
38	ASTATULA	LAKE	4.40%	0.82%	\$6,204
39	BONITA SPRINGS	LEE	1.82%	3.40%	\$1,288,636
40	BRONSON	LEVY	2.50%	2.72%	\$16,072
41	CEDAR KEY	LEVY	2.10%	3.12%	\$17,861
42	OTTER CREEK	LEVY	0.70%	4.52%	\$2,269
43	GREENVILLE	MADISON	4.62%	0.60%	\$1,682
44	BELLEVIEW	MARION	5.12%	0.10%	\$4,123
45	MCINTOSH	MARION	1.30%	3.92%	\$18,106
46	REDDICK	MARION	1.30%	3.92%	\$7,798

Table 3 - Cities that Appear to Have Unused Local CST Capacity					
Count	Jurisdiction in County/City Order	County	Adopted Rate	Unused Rate Capacity	Estimated Unused Revenue Capacity 2012-13
47	OCEAN BREEZE PARK	MARTIN	2.20%	3.02%	\$10,225
48	SEWALLS POINT	MARTIN	3.12%	2.10%	\$44,631
49	GOLDEN BEACH	MIAMI-DADE	2.12%	3.10%	\$32,417
50	INDIAN CREEK VILLAGE	MIAMI-DADE	0.70%	4.52%	\$7,558
51	ISLANDIA	MIAMI-DADE	0.00%	5.22%	N/A
52	NORTH BAY VILLAGE	MIAMI-DADE	4.90%	0.32%	\$18,482
53	LAYTON	MONROE	0.00%	5.22%	N/A
54	CALLAHAN	NASSAU	4.50%	0.72%	\$8,958
55	FERNANDINA BEACH	NASSAU	5.12%	0.10%	\$12,895
56	CINCO BAYO	OKALOOSA	5.12%	0.10%	\$574
57	LAUREL HILL	OKALOOSA	2.80%	2.42%	\$5,958
58	MARY ESTHER	OKALOOSA	5.02%	0.20%	\$7,520
59	SHALIMAR	OKALOOSA	5.00%	0.22%	\$3,057
60	BAY LAKE	ORANGE	0.00%	5.22%	N/A
61	LAKE BUENA VISTA	ORANGE	0.00%	5.22%	N/A
62	BELLE GLADE	PALM BEACH	5.12%	0.10%	\$8,831
63	CLOUD LAKE	PALM BEACH	2.32%	2.90%	\$2,064
64	HAVERHILL	PALM BEACH	2.60%	2.62%	\$29,897
65	JUPITER INLET COLONY	PALM BEACH	0.00%	5.10%	N/A
66	MANALAPAN	PALM BEACH	1.60%	3.62%	\$33,693
67	OCEAN RIDGE	PALM BEACH	2.00%	3.22%	\$72,106
68	PALM BEACH GARDENS	PALM BEACH	3.50%	1.72%	\$932,395
69	SAN ANTONIO	PASCO	0.80%	4.42%	\$47,252
70	BELLEAIR SHORE	PINELLAS	2.40%	2.82%	\$3,044
71	CLEARWATER	PINELLAS	5.12%	0.10%	\$111,006
72	INDIAN ROCKS BEACH	PINELLAS	2.30%	2.92%	\$123,293
73	NORTH REDINGTON BEACH	PINELLAS	5.12%	0.10%	\$1,386
74	DAVENPORT	POLK	3.52%	1.70%	\$49,936
75	HIGHLAND PARK	POLK	0.00%	5.22%	N/A
76	HILLCREST HEIGHTS	POLK	1.10%	4.12%	\$4,198
77	LAKE HAMILTON	POLK	3.72%	1.50%	\$12,212
78	MARINELAND	ST. JOHNS/ FLAGLER	0.40%	4.82%	\$124
79	ST. LUCIE VILLAGE	ST. LUCIE	1.60%	3.62%	\$16,884
80	GULF BREEZE	SANTA ROSA	4.25%	0.97%	\$69,844
81	JAY	SANTA ROSA	1.30%	3.92%	\$19,031
82	BUSHNELL	SUMTER	5.12%	0.10%	\$2,282
83	BRANFORD	SUWANNEE	4.60%	0.62%	\$4,974
84	RAIFORD	UNION	0.00%	5.22%	N/A
85	WORTHINGTON SPRINGS	UNION	5.00%	0.22%	\$231
86	SOPCHOPPY	WAKULLA	1.20%	4.02%	\$11,164
87	DEFUNIAK SPRINGS	WALTON	4.82%	0.40%	\$17,609
88	FREESPORT	WALTON	1.30%	3.92%	\$55,325
89	PAXTON	WALTON	2.60%	2.62%	\$8,198
90	EBRO	WASHINGTON	0.60%	4.62%	\$4,892
	Total				\$3,945,297

Communications Services Tax Rate Structure Before and After October 1, 2001

Old Tax Structure Before October 1, 2001

Seven Taxes and Fees

State Taxes:

- State Sales Tax
- Discretionary Sales Surtax
- Gross Receipts Tax

Local Taxes and Fees:

- Public Service Tax
- Cable Franchise Fee
- Telecom Franchise Fee
- Cable and Telecom Permit Fees

New Tax Structure Effective October 1, 2001

Two Taxes

State Communications Tax:

- State Sales Tax portion
- Gross Receipts Tax portion

Local Communications Tax:

- Local Tax Rate
- Discretionary Sales Surtax
Conversion Rate

**2011 Annual Survey of State Government Tax Collections prepared by:
The United States Census Bureau**

Chart: <http://www.census.gov/govs/statetax/index.html>

About the Survey: http://www.census.gov/govs/statetax/about_the_survey.html

Codes Used to Classify Data: http://www2.census.gov/govs/class06/ch_4.pdf

State Government Tax Collections: 2011

(Amounts in thousands)

Item	United States	Alabama	Alaska	Arizona	Arkansas	California	Colorado	Connecticut	Delaware	Florida
	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
		1	2	3	4	5	6	7	8	10
Total taxes	757,254,745	8,635,527	5,537,679	10,848,179	7,737,552	116,695,284	9,467,684	13,432,252	3,017,837	32,557,946
T01 Property taxes	13,934,943	319,241	184,254	758,304	723,156	3,207,301	X	X	X	320
Sales and gross receipts	365,912,470	4,575,127	256,014	6,206,369	3,876,982	45,147,657	3,797,370	5,522,780	493,195	27,156,056
T09 General sales and gross receipts	234,480,035	2,174,639	X	4,462,557	2,736,946	30,996,372	2,173,882	3,252,123	X	19,353,000
Selective sales taxes	131,432,435	2,400,488	256,014	1,743,812	1,140,036	14,151,285	1,623,488	2,270,657	493,195	7,803,056
T10 Alcoholic beverages	5,728,374	167,871	35,747	63,365	46,781	334,178	37,014	48,923	16,883	560,163
T11 Amusements	6,550,867	90	8,321	532	15,020	0	95,870	409,188	0	137,578
T12 Insurance premiums	16,420,719	271,835	55,713	444,421	153,766	2,307,022	191,515	195,968	87,988	698,100
T13 Motor fuels	39,889,109	548,265	39,617	769,137	468,525	5,705,527	622,822	477,772	113,753	2,268,475
T14 Pari-mutuels	136,520	1,973	X	321	4,098	13,548	577	7,220	110	9,420
T15 Public utilities	14,675,581	772,003	3,923	23,059	0	790,501	11,568	274,640	58,753	3,122,370
T16 Tobacco products	17,253,335	136,611	70,918	327,800	245,290	905,245	199,042	400,562	128,935	394,276
T19 Other selective sales	30,777,930	501,840	41,775	115,177	206,556	4,095,264	465,080	456,384	86,773	612,674
Licenses	51,834,722	496,117	137,889	418,938	361,548	8,186,412	599,455	446,755	1,172,354	2,132,280
T20 Alcoholic beverages	449,167	3,967	1,806	7,503	4,280	51,535	6,238	12,441	1,982	8,314
T21 Amusements	453,676	0	1	0	479	15,285	822	128	394	19,500
T22 Corporation	10,023,550	109,434	0	10,716	24,708	52,094	16,152	27,810	690,978	273,635
T23 Hunting and fishing	1,495,828	21,053	26,790	28,169	43,677	91,648	69,422	5,565	780	15,688
T24 Motor vehicle	21,765,623	199,970	58,285	202,588	143,329	3,090,610	420,736	195,286	50,031	1,253,518
T25 Motor vehicle operators	2,570,665	21,001	0	27,942	17,053	268,749	28,061	38,664	4,688	345,673
T27 Public utility	913,950	11,792	619	18,338	8,455	392,030	15,259	704	0	30,401
T28 Occupation and business, NEC	13,079,775	128,898	41,889	119,669	118,740	4,220,434	41,762	161,062	258,343	181,670
T29 Other licenses	1,082,488	2	8,499	4,013	827	4,027	1,003	5,095	165,158	3,881
Income taxes	299,340,088	3,097,084	720,733	3,423,894	2,647,257	60,122,035	4,924,099	7,142,062	1,284,858	1,869,870
T40 Individual income	259,144,052	2,795,906	X	2,863,658	2,270,383	50,508,441	4,540,586	6,469,246	962,321	X
T41 Corporation net income	40,196,036	301,178	720,733	560,236	376,874	9,613,594	383,513	672,816	322,537	1,869,870
Other taxes	26,232,522	147,958	4,238,789	40,674	128,609	31,879	146,760	320,655	67,430	1,399,420
T50 Death and gift	4,488,803	82	0	437	3	0	70	227,237	16,229	1,120
T51 Documentary and stock transfer	4,638,670	31,901	X	0	23,180	0	0	93,358	50,054	1,339,280
T53 Severance	14,692,766	115,975	4,238,789	40,237	79,656	31,879	146,690	60	X	59,020
T99 Other	2,412,283	0	0	0	25,770	0	0	0	1,147	0

Abbreviations and symbols:

X - not applicable

Source: U.S. Census Bureau, 2011 Annual Survey of State Government Tax Collections

Published: 04/12/2012

State Government Tax Collections: 2011

(Amounts in thousands)

Item	United States	Georgia	Hawaii	Idaho	Illinois	Indiana	Iowa	Kansas	Kentucky	Louisiana	Maine
	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
	11	12	13	14	15	16	17	18	19	20	
Total taxes	757,254,745	16,003,250	4,857,729	3,261,722	29,433,475	14,909,416	7,236,476	6,828,477	10,203,241	8,865,421	3,675,810
T01 Property taxes	13,934,943	76,704	X	X	58,273	137	X	71,876	514,814	51,791	45,514
Sales and gross receipts	365,912,470	7,108,662	3,335,562	1,612,725	13,613,627	8,831,812	3,326,415	3,332,967	4,894,347	5,131,210	1,682,645
T09 General sales and gross receipts	234,480,035	5,080,777	2,495,807	1,187,070	7,420,829	6,269,721	2,232,028	2,487,499	2,896,252	2,812,804	1,010,241
Selective sales taxes	131,432,435	2,027,885	839,755	425,655	6,192,798	2,562,091	1,094,387	845,468	1,998,095	2,318,406	672,404
T10 Alcoholic beverages	5,728,374	161,803	48,054	7,934	268,276	43,494	14,273	113,247	113,252	55,948	17,464
T11 Amusements	6,550,867	0	0	0	491,241	864,325	276,657	407	179	671,891	28,029
T12 Insurance premiums	16,420,719	360,670	143,455	68,754	339,387	185,439	97,098	159,824	128,732	535,565	89,544
T13 Motor fuels	39,889,109	932,703	95,310	238,983	1,314,194	775,295	447,992	436,855	732,826	607,540	239,446
T14 Pari-mutuels	136,520	0	0	838	6,746	4,262	3,918	11	4,607	5,115	2,342
T15 Public utilities	14,675,581	0	117,940	2,430	1,844,536	208,568	0	448	62,286	10,569	31,886
T16 Tobacco products	17,253,335	228,858	125,797	49,505	588,262	470,248	226,693	102,496	299,701	142,064	145,229
T19 Other selective sales	30,777,930	343,851	309,199	57,211	1,340,156	10,460	27,756	32,180	656,512	289,714	118,464
Licenses	51,834,722	477,056	151,525	297,648	2,525,341	625,782	731,560	333,916	472,828	351,398	248,730
T20 Alcoholic beverages	449,167	2,913	0	1,409	11,906	10,886	12,284	3,352	7,833	0	5,990
T21 Amusements	453,676	624	0	336	1,358	5,902	18,024	19	262	0	730
T22 Corporation	10,023,550	43,127	1,479	1,954	336,360	11,910	39,426	42,352	99,126	84,858	8,524
T23 Hunting and fishing	1,495,828	23,475	432	31,127	40,937	17,499	28,288	24,608	27,287	27,505	15,840
T24 Motor vehicle	21,765,623	296,786	104,923	134,108	1,608,090	333,511	500,775	188,281	203,492	104,926	97,726
T25 Motor vehicle operators	2,570,665	30,374	349	10,747	105,406	206,353	10,682	21,481	15,737	12,228	8,536
T27 Public utility	913,950	0	15,785	47,686	28,189	0	11,041	5,163	0	11,329	0
T28 Occupation and business, NEC	13,079,775	74,116	27,386	66,304	370,540	32,902	109,182	46,048	114,268	106,451	102,838
T29 Other licenses	1,082,488	5,641	1,171	3,977	22,555	6,819	1,858	2,612	4,823	4,101	8,546
Income taxes	299,340,088	8,329,192	1,315,150	1,339,461	13,076,000	5,301,184	3,101,721	2,967,337	3,934,302	2,600,688	1,629,979
T40 Individual income	259,144,052	7,658,782	1,247,291	1,169,247	11,225,000	4,583,977	2,851,449	2,720,819	3,417,779	2,403,956	1,420,982
T41 Corporation net income	40,196,036	670,410	67,859	170,214	1,851,000	717,207	250,272	246,518	516,523	196,732	208,997
Other taxes	26,232,522	11,636	55,492	11,888	160,234	150,501	76,780	122,381	386,950	730,334	68,942
T50 Death and gift	4,488,803	0	6,899	620	122,241	148,676	65,535	229	41,351	1,074	49,323
T51 Documentary and stock transfer	4,638,670	11,636	48,593	0	37,993	0	11,245	0	3,279	0	19,619
T53 Severance	14,692,766	X	X	7,787	0	1,825	X	122,152	342,320	729,260	X
T99 Other	2,412,283	0	0	3,481	0	0	0	0	0	0	0

Abbreviations and symbols:

X - not applicable

Source: U.S. Census Bureau, 2011 Annual Survey of State Government Tax Collections

Published: 04/12/2012

State Government Tax Collections: 2011

(Amounts in thousands)

Item	United States	Maryland	Massachusetts	Michigan	Minnesota	Mississippi	Missouri	Montana	Nebraska	Nevada
	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
		21	22	23	24	25	26	27	28	29
Total taxes	757,254,745	16,002,529	22,089,530	23,540,253	18,952,919	6,714,180	10,109,918	2,303,516	4,153,113	6,332,128
T01 Property taxes	13,934,943	793,304	6,167	1,896,733	774,891	24,466	26,718	243,684	119	320,228
Sales and gross receipts	365,912,470	6,654,014	7,108,696	12,919,631	8,235,683	4,319,685	4,627,192	533,372	2,032,793	4,689,166
T09 General sales and gross receipts	234,480,035	3,896,700	4,920,521	9,477,156	4,657,395	2,932,859	2,972,654	X	1,385,363	2,931,547
Selective sales taxes	131,432,435	2,757,314	2,188,175	3,442,475	3,578,288	1,386,826	1,654,538	533,372	647,430	1,757,619
T10 Alcoholic beverages	5,728,374	30,434	73,661	143,423	77,850	41,921	32,959	24,850	27,668	40,479
T11 Amusements	6,550,867	26,460	3,362	108,116	35,825	156,400	397,831	49,839	4,998	885,808
T12 Insurance premiums	16,420,719	410,287	319,844	264,843	354,306	180,294	283,614	69,489	52,644	235,792
T13 Motor fuels	39,889,109	752,171	660,829	975,032	847,897	428,676	719,401	209,416	318,054	291,238
T14 Pari-mutuels	136,520	1,159	1,457	6,238	580	0	0	14	191	0
T15 Public utilities	14,675,581	131,566	26,464	27,484	49	1,925	0	50,518	57,215	22,820
T16 Tobacco products	17,253,335	407,570	577,360	976,519	421,665	160,406	105,517	85,934	42,802	107,839
T19 Other selective sales	30,777,930	997,667	525,198	940,820	1,840,116	417,204	115,216	43,312	143,858	173,643
Licenses	51,834,722	739,482	854,458	1,403,872	1,113,909	455,473	573,309	307,838	227,377	613,036
T20 Alcoholic beverages	449,167	1,177	3,122	16,419	1,842	2,977	4,963	2,109	1,010	0
T21 Amusements	453,676	21	324	0	1,095	10,778	1,778	4,350	623	111,898
T22 Corporation	10,023,550	94,294	24,073	21,041	7,737	124,359	79,487	3,089	3,213	70,845
T23 Hunting and fishing	1,495,828	15,426	5,166	48,875	56,168	14,360	31,276	46,526	13,484	8,854
T24 Motor vehicle	21,765,623	444,133	378,084	891,018	583,498	129,575	265,331	136,658	87,657	151,688
T25 Motor vehicle operators	2,570,665	26,277	87,229	61,497	45,161	37,604	15,466	8,022	12,077	21,474
T27 Public utility	913,950	0	0	21,640	1,590	8,560	19,425	8	0	0
T28 Occupation and business, NEC	13,079,775	156,165	235,333	169,950	345,741	89,739	137,305	98,685	81,886	243,489
T29 Other licenses	1,082,488	1,989	121,127	173,432	71,077	37,521	18,278	8,391	27,427	4,788
Income taxes	299,340,088	7,420,807	13,528,723	7,111,434	8,486,053	1,800,808	4,857,939	936,614	1,876,493	X
T40 Individual income	259,144,052	6,644,962	11,597,152	6,391,544	7,482,396	1,447,751	4,534,346	812,629	1,721,548	X
T41 Corporation net income	40,196,036	775,845	1,931,571	719,890	1,003,657	353,057	323,593	123,985	154,945	X
Other taxes	26,232,522	394,922	591,486	208,583	342,383	113,748	24,760	282,008	16,331	709,698
T50 Death and gift	4,488,803	216,033	309,638	149	161,309	34	1,946	40	1,551	0
T51 Documentary and stock transfer	4,638,670	125,140	166,840	128,011	153,456	0	10,802	0	10,340	55,557
T53 Severance	14,692,766	X	X	80,423	27,618	112,326	5	278,372	4,440	272,240
T99 Other	2,412,283	53,749	115,008	0	0	1,388	12,007	3,596	0	381,901

Abbreviations and symbols:

X - not applicable

Source: U.S. Census Bureau, 2011 Annual Survey of State Government Tax Collections

Published: 04/12/2012

State Government Tax Collections: 2011

(Amounts in thousands)

Item	United States	New Hampshire	New Jersey	New Mexico	New York	North Carolina	North Dakota	Ohio	Oklahoma
	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
		30	31	32	33	34	35	36	37
Total taxes	757,254,745	2,320,014	27,182,753	4,980,115	67,945,152	22,405,841	3,822,347	25,176,562	7,766,332
T01 Property taxes	13,934,943	394,298	4,228	66,199	X	X	2,292	0	X
Sales and gross receipts	365,912,470	904,162	11,921,825	2,573,735	22,367,962	9,935,089	1,169,185	12,591,251	3,236,135
T09 General sales and gross receipts	234,480,035	X	8,144,397	1,880,400	11,581,018	6,185,008	776,378	7,767,709	2,177,458
Selective sales taxes	131,432,435	904,162	3,777,428	693,335	10,786,944	3,750,081	392,807	4,823,542	1,058,677
T10 Alcoholic beverages	5,728,374	13,133	131,442	44,780	230,074	310,616	7,796	93,986	94,902
T11 Amusements	6,550,867	181	266,263	72,190	713	16,747	8,183	0	17,082
T12 Insurance premiums	16,420,719	71,484	465,081	135,016	1,282,080	501,060	36,686	467,286	183,779
T13 Motor fuels	39,889,109	162,795	524,167	239,463	1,609,423	1,663,047	170,853	1,757,224	447,543
T14 Pari-mutuels	136,520	1,439	0	0	21,484	X	661	7,571	1,130
T15 Public utilities	14,675,581	88,549	943,383	31,809	954,205	400,665	38,062	1,194,452	34,443
T16 Tobacco products	17,253,335	232,138	788,480	63,820	1,613,010	289,504	25,302	855,610	259,226
T19 Other selective sales	30,777,930	334,443	658,612	106,257	5,075,955	568,442	105,264	447,413	20,572
Licenses	51,834,722	271,223	1,497,837	239,590	1,833,694	1,449,051	173,298	3,444,746	942,442
T20 Alcoholic beverages	449,167	4,063	10,885	2,019	47,926	16,077	310	43,281	1,204
T21 Amusements	453,676	106	63,871	0	71	0	738	11,988	123,560
T22 Corporation	10,023,550	49,049	246,270	18,096	72,992	500,226	0	1,496,467	39,753
T23 Hunting and fishing	1,495,828	9,477	13,163	57,509	61,008	16,663	14,232	38,713	19,032
T24 Motor vehicle	21,765,623	126,181	587,524	126,298	1,268,900	568,268	92,546	869,385	637,218
T25 Motor vehicle operators	2,570,665	7,297	51,089	3,834	128,684	127,852	4,094	91,092	15,039
T27 Public utility	913,950	10,381	5,883	171	25,294	0	3	25,150	5
T28 Occupation and business, NEC	13,079,775	64,080	517,040	26,910	227,426	212,384	61,375	848,230	91,009
T29 Other licenses	1,082,488	589	2,112	4,753	1,393	7,581	0	20,440	15,622
Income taxes	299,340,088	666,538	12,833,472	1,296,000	40,224,844	10,961,570	593,756	9,057,287	2,739,385
T40 Individual income	259,144,052	83,475	10,617,034	1,066,200	36,209,216	9,869,492	433,116	8,820,082	2,385,413
T41 Corporation net income	40,196,036	583,063	2,216,438	229,800	4,015,628	1,092,078	160,640	237,205	353,972
Other taxes	26,232,522	83,793	925,391	804,591	3,518,652	60,131	1,883,816	83,278	848,370
T50 Death and gift	4,488,803	216	642,182	5	1,219,248	26,788	0	72,081	5,661
T51 Documentary and stock transfer	4,638,670	83,577	283,209	0	692,143	31,733	0	0	10,875
T53 Severance	14,692,766	X	X	804,586	X	1,610	1,883,816	11,197	830,662
T99 Other	2,412,283	0	0	0	1,607,261	0	0	0	1,172

Abbreviations and symbols:

X - not applicable

Source: U.S. Census Bureau, 2011 Annual Survey of State Government Tax Collections

Published: 04/12/2012

State Government Tax Collections: 2011

(Amounts in thousands)

Item	United States	Oregon	Pennsylvania	Rhode Island	South Carolina	South Dakota	Tennessee	Texas	Utah
	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
		38	39	40	41	42	43	44	45
Total taxes	757,254,745	8,112,049	32,352,286	2,737,952	7,687,496	1,379,607	10,858,935	43,188,251	5,475,904
T01 Property taxes	13,934,943	21,846	47,658	2,011	8,311	X	X	X	X
Sales and gross receipts	365,912,470	1,097,023	16,783,774	1,448,042	4,065,665	1,153,497	8,227,650	33,798,419	2,543,232
T09 General sales and gross receipts	234,480,035	X	8,951,757	824,507	2,793,683	808,091	6,186,336	21,793,858	1,843,856
Selective sales taxes	131,432,435	1,097,023	7,832,017	623,535	1,271,982	345,406	2,041,314	12,004,561	699,376
T10 Alcoholic beverages	5,728,374	16,294	307,664	12,315	151,355	18,749	123,266	871,147	42,413
T11 Amusements	6,550,867	29	1,415,734	0	37,650	9,022	0	38,755	0
T12 Insurance premiums	16,420,719	60,302	926,818	67,489	157,637	65,176	666,932	1,350,468	96,338
T13 Motor fuels	39,889,109	441,858	2,064,196	126,294	527,829	127,437	845,393	3,108,416	369,966
T14 Pari-mutuels	136,520	1,202	14,843	1,305	0	210	0	7,744	0
T15 Public utilities	14,675,581	91,220	1,230,536	105,326	49,416	3,369	10,970	631,024	28,481
T16 Tobacco products	17,253,335	262,799	1,126,362	136,659	24,692	62,539	290,747	1,501,797	124,378
T19 Other selective sales	30,777,930	223,319	745,864	174,147	323,403	58,904	104,006	4,495,210	37,800
Licenses	51,834,722	939,978	2,578,020	95,804	461,109	200,116	1,099,020	6,712,228	284,996
T20 Alcoholic beverages	449,167	3,080	16,618	45	9,676	757	1,200	58,703	1,936
T21 Amusements	453,676	4,402	27,606	439	1,997	7,166	291	8,765	0
T22 Corporation	10,023,550	26,665	632,682	4,239	89,654	3,932	450,923	3,961,502	3,877
T23 Hunting and fishing	1,495,828	42,797	71,198	2,319	17,891	27,749	30,943	96,970	28,730
T24 Motor vehicle	21,765,623	582,133	834,338	58,741	133,862	52,324	262,386	1,618,563	186,241
T25 Motor vehicle operators	2,570,665	29,239	61,934	506	42,916	3,697	45,363	170,908	13,724
T27 Public utility	913,950	15,269	68,654	0	0	0	7,372	20,978	0
T28 Occupation and business, NEC	13,079,775	230,022	847,488	28,672	152,446	88,047	292,036	609,410	47,044
T29 Other licenses	1,082,488	6,371	17,502	843	12,667	16,444	8,506	166,429	3,444
Income taxes	299,340,088	5,961,725	11,809,488	1,164,206	3,123,813	15,208	1,258,091	X	2,545,881
T40 Individual income	259,144,052	5,493,119	9,831,427	1,016,217	2,907,731	X	189,518	X	2,298,220
T41 Corporation net income	40,196,036	468,606	1,978,061	147,989	216,082	15,208	1,068,573	X	247,661
Other taxes	26,232,522	91,477	1,133,346	27,889	28,598	10,786	274,174	2,677,604	101,795
T50 Death and gift	4,488,803	76,250	778,597	21,127	8	0	113,351	0	130
T51 Documentary and stock transfer	4,638,670	2,028	328,900	6,547	28,590	190	120,960	0	0
T53 Severance	14,692,766	13,199	X	X	X	10,596	2,355	2,677,604	101,665
T99 Other	2,412,283	0	25,849	215	0	0	37,508	0	0

Abbreviations and symbols:

X - not applicable

Source: U.S. Census Bureau, 2011 Annual Survey of State Government Tax Collections

Published: 04/12/2012

State Government Tax Collections: 2011

(Amounts in thousands)

Item	United States	Vermont	Virginia	Washington	West Virginia	Wisconsin	Wyoming
	Amount	Amount	Amount	Amount	Amount	Amount	Amount
		46	47	48	49	50	51
Total taxes	757,254,745	2,687,926	17,409,072	17,411,033	5,142,771	15,347,327	2,461,977
T01 Property taxes	13,934,943	955,512	39,042	1,857,838	6,016	147,346	284,351
Sales and gross receipts	365,912,470	904,068	5,850,549	14,103,704	2,419,463	6,809,069	987,217
T09 General sales and gross receipts	234,480,035	325,622	3,460,741	10,580,395	1,210,255	4,109,019	862,805
Selective sales taxes	131,432,435	578,446	2,389,808	3,523,309	1,209,208	2,700,050	124,412
T10 Alcoholic beverages	5,728,374	21,137	183,156	331,900	17,524	55,130	1,680
T11 Amusements	6,550,867	0	67	0	0	284	0
T12 Insurance premiums	16,420,719	57,551	406,113	413,097	146,054	156,500	21,863
T13 Motor fuels	39,889,109	104,721	897,405	1,205,858	397,749	989,545	70,176
T14 Pari-mutuels	136,520	0	0	1,809	2,312	0	65
T15 Public utilities	14,675,581	12,755	157,561	473,056	164,518	374,994	3,266
T16 Tobacco products	17,253,335	72,961	173,812	493,755	110,760	645,717	26,123
T19 Other selective sales	30,777,930	309,321	571,694	603,834	370,291	477,880	1,239
Licenses	51,834,722	99,870	774,505	931,427	150,029	1,058,464	140,989
T20 Alcoholic beverages	449,167	372	12,067	13,598	15,543	1,549	0
T21 Amusements	453,676	37	80	6,231	966	631	0
T22 Corporation	10,023,550	1,961	56,651	28,643	7,437	18,036	11,714
T23 Hunting and fishing	1,495,828	6,430	23,702	33,490	97	68,244	35,546
T24 Motor vehicle	21,765,623	63,769	438,904	472,741	3,547	458,408	68,733
T25 Motor vehicle operators	2,570,665	7,766	59,064	70,722	102,876	42,290	2,148
T27 Public utility	913,950	0	0	19,340	372	67,064	0
T28 Occupation and business, NEC	13,079,775	17,754	179,927	222,038	16,039	396,755	22,848
T29 Other licenses	1,082,488	1,781	4,110	64,624	3,152	5,487	0
Income taxes	299,340,088	661,090	10,329,032	X	1,973,163	7,279,762	X
T40 Individual income	259,144,052	556,013	9,530,628	X	1,665,885	6,429,115	X
T41 Corporation net income	40,196,036	105,077	798,404	X	307,278	850,647	X
Other taxes	26,232,522	67,386	415,944	518,064	594,100	52,686	1,049,420
T50 Death and gift	4,488,803	35,880	2,713	122,740	0	0	0
T51 Documentary and stock transfer	4,638,670	26,564	290,789	368,618	8,108	35,555	0
T53 Severance	14,692,766	X	1,923	26,706	585,992	5,631	1,044,150
T99 Other	2,412,283	4,942	120,519	0	0	11,500	5,270

Abbreviations and symbols:

X - not applicable

Source: U.S. Census Bureau, 2011 Annual Survey of State Government Tax Collections

Published: 04/12/2012

State Government Tax Collections: 2011

(Amounts in thousands)

Item	United States
	Amount
Total taxes	757,254,745
T01 Property taxes	13,934,943
Sales and gross receipts	365,912,470
T09 General sales and gross receipts	234,480,035
Selective sales taxes	131,432,435
T10 Alcoholic beverages	5,728,374
T11 Amusements	6,550,867
T12 Insurance premiums	16,420,719
T13 Motor fuels	39,889,109
T14 Pari-mutuels	136,520
T15 Public utilities	14,675,581
T16 Tobacco products	17,253,335
T19 Other selective sales	30,777,930
Licenses	51,834,722
T20 Alcoholic beverages	449,167
T21 Amusements	453,676
T22 Corporation	10,023,550
T23 Hunting and fishing	1,495,828
T24 Motor vehicle	21,765,623
T25 Motor vehicle operators	2,570,665
T27 Public utility	913,950
T28 Occupation and business, NEC	13,079,775
T29 Other licenses	1,082,488
Income taxes	299,340,088
T40 Individual income	259,144,052
T41 Corporation net income	40,196,036
Other taxes	26,232,522
T50 Death and gift	4,488,803
T51 Documentary and stock transfer	4,638,670
T53 Severance	14,692,766
T99 Other	2,412,283

Abbreviations and symbols:

X - not applicable

Source: U.S. Census Bureau, 2011 Annual Survey of State Government Tax Collections

Published: 04/12/2012

Explanation of Codes T15 and T27

Code T15 Public Utilities Sales Tax

Definition: Taxes imposed distinctively on public utilities, and measured by gross receipts, gross earnings, or units of service sold, either as a direct tax on consumers or as a percentage of gross receipts of utility.

Includes: Public utilities include passenger and freight transportation companies; telephone (land based and mobile), telegraph, cable television providers, and Internet service providers, in addition to the electric power, gas, mass transit, and water supply utilities defined separately for Census Bureau statistics on government-operated utilities.

Excludes: Payments-in-lieu-of-taxes from utilities operated by other governments (report at *Intergovernmental Revenue*); any tax or payment-in-lieu-of-taxes imposed on a government's own utility gross receipts (interfund transfer); taxes levied on such companies on any other basis (report at appropriate tax related to the type of measurement concerned).

Special Considerations:

1. Report here taxes imposed by a government on its own utility if they are billed directly to consumers on a percentage or flat rate base and are clearly visible to the consumer as a tax separate from the utility charges. Do not include taxes on the gross receipts of its own utilities.
2. The term "public utility" is applied broadly within this category and is not limited to the four public utility types used in the Census Bureau classification system to define government-operated utilities.

Code T27 Public Utilities License

Definition: Licenses distinctively imposed on public utilities, whether privately- or publicly- owned.

Includes: Public utilities include passenger and freight transportation companies; telephone (land based and mobile), telegraph, cable television providers, and Internet service providers, in addition to the electric power, gas, mass transit, and water supply utilities defined separately for Census Bureau statistics on government-operated utilities.

Excludes: Taxes measured by gross or net income, units of service sold, value of property (report previous items at appropriate *Tax* code related to the type of measurement concerned); and payments-in-lieu-of-taxes received from other government-owned utilities (report at *Intergovernmental Revenue*).

About the Survey

SPONSOR

U.S. Census Bureau as authorized by Title 13, United States Code, Section 182. All responses are voluntary.

PURPOSE

This is a recurring annual survey of state government tax revenue, by type of tax. The survey covers the fifty state governments, as well as all dependent state-level governmental entities, providing a summary of annual taxes collected for up to 25 tax categories.

The files and tables contain annual statistics for state governments only. They should not be interpreted as state-area data (state government plus local government tax collections combined).

While the data records are ultimately from state government sources, the classification of taxes among the different categories is entirely the responsibility of the Census Bureau. Therefore, tax classification might not reflect the actual classification or presentation as requested by the various state government respondents.

CONTENT

Statistics on the State Government Tax Collections Survey include measurement of tax by category: Property Tax, Sales and Gross Receipts Taxes, License Taxes, Income Taxes, and Other Taxes. Each tax category is broken down into sub-categories (e.g., motor fuel sales, alcoholic beverage sales, motor vehicle licenses, alcoholic beverage licenses, and so on). There are currently 25 different tax codes that state tax revenue may fall into.

In this survey, "taxes" are defined as all compulsory contributions exacted by a government for public purposes, except employer and employee assessments for retirement and social insurance purposes, which are classified as insurance trust revenue. Outside the scope of this collection are data on the unemployment compensation "taxes" imposed by each of the state governments. However, all receipts from licenses and compulsory fees, including those that are imposed for regulatory purposes, as well as those designated to provide revenue are included.

Tax revenue is further defined to include related penalty and interest receipts of a government, but to exclude protested amounts and refunds. The deduction from gross collections of amounts refunded is particularly significant with respect to motor fuel sales taxes ("gasoline" taxes) and individual income taxes.

The statistics reflect state government fiscal years that end on June 30, except for four states with other ending dates: Alabama and Michigan (September 30), New York (March 31), and Texas (August 31).

For further information on what is measured and how data are classified please consult [Chapter 4 of the Government Finance and Employment Classification Manual](#) [PDF, 427KB].*

FREQUENCY

Data have been collected annually since 1939.

PRODUCTS

Downloadable spreadsheet of the U.S. and state summary tables and a flat data file providing detailed tax item data for each of the 50 state governments.

HOW THE DATA ARE USED

The U.S. Congress, federal agencies, state and local governments, educational and research organizations, and the general public employ these results. Some major uses include the following:

- Development of the government component of the gross domestic product estimates
- Development of the national income accounts
- Tax policy research

Additional information on our methodology – the population of interest, data collection, data processing, and data quality – are available at [How the Data are Collected](#)

* Excerpt Attached to Chart for Codes: T15 (Public Utilities- Taxes) and T27 (Public Utility-Licenses)

Streamlined Sales and Use Tax Agreement Member States

Full Members - A full member state is a state that is in compliance with the Streamlined Sales and Use Tax Agreement through its laws, rules, regulations, and policies

- Arkansas
- Georgia
- Indiana
- Iowa
- Kansas
- Kentucky
- Michigan
- Minnesota
- Nebraska
- Nevada
- New Jersey
- North Carolina
- North Dakota
- Oklahoma
- Rhode Island
- South Dakota
- Vermont
- Washington
- West Virginia
- Wisconsin
- Wyoming

Associate Members - An associate state is a state that has achieved substantial compliance with the terms of the Agreement taken as a whole, but not necessarily each provision, measured qualitatively.

- Ohio
- Tennessee
- Utah

Florida Definition of “Sales Price” under Section 202.11(13), Florida Statutes

202.11 Definitions.—As used in this chapter, the term:

1(13) “**Sales price**” means the total amount charged in money or other consideration by a dealer for the sale of the right or privilege of using communications services in this state, including any property or other service, not described in paragraph (a), which is part of the sale and for which the charge is not separately itemized on a customer's bill or separately allocated under subparagraph (b)8. The sales price of communications services may not be reduced by any separately identified components of the charge which constitute expenses of the dealer, including, but not limited to, sales taxes on goods or services purchased by the dealer, property taxes, taxes measured by net income, and universal-service fund fees.

(a) The sales price of communications services includes, whether or not separately stated, charges for any of the following:

1. The connection, movement, change, or termination of communications services.
2. The detailed billing of communications services.
3. The sale of directory listings in connection with a communications service.
4. Central office and custom calling features.
5. Voice mail and other messaging service.
6. Directory assistance.
7. The service of sending or receiving a document commonly referred to as a facsimile or “fax,” except when performed during the course of providing professional or advertising services.

(b) The sales price of communications services does not include charges for any of the following:

1. An excise tax, sales tax, or similar tax levied by the United States or any state or local government on the purchase, sale, use, or consumption of any communications service, including, but not limited to, a tax imposed under this chapter or chapter 203 which is permitted or required to be added to the sales price of such service, if the tax is stated separately.
2. A fee or assessment levied by the United States or any state or local government, including, but not limited to, regulatory fees and emergency telephone surcharges, which must be added to the price of the service if the fee or assessment is separately stated.

3. Communications services paid for by inserting coins into coin-operated communications devices available to the public.
4. The sale or recharge of a prepaid calling arrangement.
5. The provision of air-to-ground communications services, defined as a radio service provided to a purchaser while on board an aircraft.
6. A dealer's internal use of communications services in connection with its business of providing communications services.
7. Charges for property or other services that are not part of the sale of communications services, if such charges are stated separately from the charges for communications services.
8. Charges for goods or services that are not subject to tax under this chapter, including Internet access services but excluding any item described in paragraph (a), that are not separately itemized on a customer's bill, but that can be reasonably identified from the selling dealer's books and records kept in the regular course of business. The dealer may support the allocation of charges with books and records kept in the regular course of business covering the dealer's entire service area, including territories outside this state.

1Note.—Section 11, ch. 2012-70, provides that:

“The following changes made in this act are intended to be remedial in nature and apply retroactively, but do not provide a basis for an assessment of any tax not paid or create a right to a refund or credit of any tax paid before the general effective date of this act:

“(1) The changes made in section 2 of this act to subsection (13) of s. 202.11, Florida Statutes.

“(2) The changes made in section 6 of this act to s. 202.22, Florida Statutes.”

Streamlined Agreement Definition of "Sales Price"

1 subsection, an operator must do more than maintain, inspect, or set-up the
2 tangible personal property.

3 B. Lease or rental does include agreements covering motor vehicles and trailers where the
4 amount of consideration may be increased or decreased by reference to the amount
5 realized upon sale or disposition of the property as defined in 26 USC 7701(h)(1).

6 C. This definition shall be used for sales and use tax purposes regardless if a transaction is
7 characterized as a lease or rental under generally accepted accounting principles, the
8 Internal Revenue Code, the [state commercial code], or other provisions of federal, state
9 or local law.

10 D. This definition will be applied only prospectively from the date of adoption and will
11 have no retroactive impact on existing leases or rentals. This definition shall neither
12 impact any existing sale-leaseback exemption or exclusions that a state may have, nor
13 preclude a state from adopting a sale-leaseback exemption or exclusion after the
14 effective date of the Agreement.

15
16 **“Purchase price”** applies to the measure subject to use tax and has the same meaning as sales
17 price.

18
19 **“Retail sale or Sale at retail”** means any sale, lease, or rental for any purpose other than for
20 resale, sublease, or subrent.

21
22 **“Sales price”** applies to the measure subject to sales tax and means the total amount of
23 consideration, including cash, credit, property, and services, for which personal property or
24 services are sold, leased, or rented, valued in money, whether received in money or otherwise,
25 without any deduction for the following:

26 A. The seller's cost of the property sold;

27 B. The cost of materials used, labor or service cost, interest, losses, all costs of
28 transportation to the seller, all taxes imposed on the seller, and any other expense
29 of the seller;

- 1 C. Charges by the seller for any services necessary to complete the sale, other than
- 2 delivery and installation charges;
- 3 D. Delivery charges;
- 4 E. Installation charges; and
- 5 F. Credit for any trade-in, as determined by state law.

6 Notwithstanding (B) above, a state may elect, by statute or administrative regulation, to exclude
7 from sales price the following types of taxes, but only if that tax is separately stated on the
8 invoice, bill of sale or similar document given to the purchaser:

- 9 1. Any or all state and local taxes on a retail sale that are imposed on the seller if the state statute
10 authorizing or imposing the tax provides that the seller may, but is not required, to collect such
11 tax from the consumer. If there is no state statute authorizing or imposing the local tax, the
12 language in the local ordinance will determine if the local tax may, but is not required, to be
13 collected from the consumer; and/or
- 14 2. Tribal taxes on a retail sale that are imposed on the seller if the Tribal law authorizing or
15 imposing the tax provides that the seller may, but is not required, to collect such tax from the
16 consumer.

17 Such tax exclusion from sales price shall be listed on the state's taxability matrix. The exclusion
18 of a specific tax from sales price may not be based on the type of consumer or product sold.

19
20 States may exclude from "sales price" the amounts received for charges included in paragraphs
21 (C) through (F) above, if they are separately stated on the invoice, billing, or similar document
22 given to the purchaser. States may exclude from (C) above, "telecommunications nonrecurring"
23 charges if they are separately stated on the invoice, billing, or similar documents. A state doing
24 so must define "telecommunications nonrecurring charges" as follows:

25 "**Telecommunications nonrecurring charges**" means an amount billed for the installation,
26 connection, change or initiation of "telecommunications service" received by the customer.

27
28 "Sales price" shall not include:

- 1 A. Discounts, including cash, term, or coupons that are not reimbursed by a third party
2 that are allowed by a seller and taken by a purchaser on a sale;
- 3 B. Interest, financing, and carrying charges from credit extended on the sale of
4 personal property or services, if the amount is separately stated on the invoice, bill
5 of sale or similar document given to the purchaser; and
- 6 C. Any taxes legally imposed directly on the consumer that are separately stated on the
7 invoice, bill of sale or similar document given to the purchaser.

8

9 “Sales price” shall include consideration received by the seller from third parties if:

- 10 A. The seller actually receives consideration from a party other than the purchaser and the
11 consideration is directly related to a price reduction or discount on the sale;
- 12 B. The seller has an obligation to pass the price reduction or discount through to the
13 purchaser;
- 14 C. The amount of the consideration attributable to the sale is fixed and determinable by the
15 seller at the time of the sale of the item to the purchaser; and
- 16 D. One of the following criteria is met:
- 17 1. The purchaser presents a coupon, certificate or other documentation to the seller to
18 claim a price reduction or discount where the coupon, certificate or documentation is
19 authorized, distributed or granted by a third party with the understanding that the
20 third party will reimburse any seller to whom the coupon, certificate or
21 documentation is presented;
- 22 2. The purchaser identifies himself or herself to the seller as a member of a group or
23 organization entitled to a price reduction or discount (a “preferred customer” card
24 that is available to any patron does not constitute membership in such a group), or
- 25 3. The price reduction or discount is identified as a third party price reduction or
26 discount on the invoice received by the purchaser or on a coupon, certificate or other
27 documentation presented by the purchaser.

28

1 States may also exclude from "sales price" either employee discounts that are reimbursed by a
2 third party on sales of motor vehicles, or manufacturer rebates on motor vehicles, or both.

3 *Compiler's note: On April 16, 2005 the following amendments were made to the definition of "Sales*
4 *Price".*

5 *Deleting "F. The value of exempt personal property given to the purchaser where taxable and exempt*
6 *personal property have been bundled together and sold by the seller as a single product or piece of*
7 *merchandise;" and renumbering "G" to "F".*

8 *Changing the cross reference to reflect the renumbering, inserting the second and third sentences in the*
9 *paragraph following (F), and inserting the definition of "telecommunications nonrecurring charges".*

10 *Inserting all of the material starting with "Sales price" shall include consideration received by the seller*
11 *from third parties".*

12 *Member states shall comply with the changes to this definition no later than January 1, 2008.*

13 *Compiler's note: The following was in effect through December 31, 2007.*

14 *"Sales price" applies to the measure subject to sales tax and means the total amount of consideration, including*
15 *cash, credit, property, and services, for which personal property or services are sold, leased, or rented, valued in*
16 *money, whether received in money or otherwise, without any deduction for the following:*

- 17 A. *The seller's cost of the property sold;*
- 18 B. *The cost of materials used, labor or service cost, interest, losses, all costs of*
19 *transportation to the seller, all taxes imposed on the seller, and any other expense of*
20 *the seller;*
- 21 C. *Charges by the seller for any services necessary to complete the sale, other than*
22 *delivery and installation charges;*
- 23 D. *Delivery charges;*
- 24 E. *Installation charges;*
- 25 F. *The value of exempt personal property given to the purchaser where taxable and*
26 *exempt personal property have been bundled together and sold by the seller as a*
27 *single product or piece of merchandise; and*
- 28 G. *Credit for any trade-in, as determined by state law.*

29 *States may exclude from "sales price" the amounts received for charges included in paragraphs (C) through (G)*
30 *above, if they are separately stated on the invoice, billing, or similar document given to the purchaser.*

31 *"Sales price" shall not include:*

- 32 A. *Discounts, including cash, term, or coupons that are not reimbursed by a third party that are*
33 *allowed by a seller and taken by a purchaser on a sale;*

- 1 B. *Interest, financing, and carrying charges from credit extended on the sale of personal property or*
2 *services, if the amount is separately stated on the invoice, bill of sale or similar document given to*
3 *the purchaser; and*
- 4 C. *Any taxes legally imposed directly on the consumer that are separately stated on the invoice, bill of*
5 *sale or similar document given to the purchaser.*
- 6 D. *Compiler's note: On April 16, 2005 the following amendments were made to the definition of "Sales*
7 *Price".*
- 8 *Compiler's note: On December 19, 2011 the following (AM11002A01) was added to the definition of*
9 *"Sales Price".*

10 *Notwithstanding (B) above, a state may elect, by statute or administrative regulation, to exclude from sales*
11 *price the following types of taxes, but only if that tax is separately stated on the invoice, bill of sale or similar*
12 *document given to the purchaser:*

13 *1. Any or all state and local taxes on a retail sale that are imposed on the seller if the state statute authorizing*
14 *or imposing the tax provides that the seller may, but is not required, to collect such tax from the consumer. If*
15 *there is no state statute authorizing or imposing the local tax, the language in the local ordinance will*
16 *determine if the local tax may, but is not required, to be collected from the consumer; and/or*

17 *2. Tribal taxes on a retail sale that are imposed on the seller if the Tribal law authorizing or imposing the tax*
18 *provides that the seller may, but is not required, to collect such tax from the consumer.*

19 *Such tax exclusion from sales price shall be listed on the state's taxability matrix. The exclusion of a specific*
20 *tax from sales price may not be based on the type of consumer or product sold.*

21

22 **"Tangible personal property"** means personal property that can be seen, weighed, measured,
23 felt, or touched, or that is in any other manner perceptible to the senses. "Tangible personal
24 property" includes electricity, water, gas, steam, and prewritten computer software.

25 *Compiler's note: The Governing Board issued an interpretation of the definition of "tangible personal property" on*
26 *May 12, 2009. That interpretation can be found in the Library of Interpretations.*

27

28 **PART II**

29 **Product Definitions**

30

31 **CLOTHING**

32 **"Clothing"** means all human wearing apparel suitable for general use. The following list
33 contains examples and is not intended to be an all-inclusive list.

Section 202.18, Florida Statutes

Allocation and Disposition of Tax Proceeds

202.18 Allocation and disposition of tax proceeds.—The proceeds of the communications services taxes remitted under this chapter shall be treated as follows:

(1) The proceeds of the taxes remitted under s. [202.12](#)(1)(a) shall be divided as follows:

(a) The portion of such proceeds which constitutes gross receipts taxes, imposed at the rate prescribed in chapter 203, shall be deposited as provided by law and in accordance with s. 9, Art. XII of the State Constitution.

(b) The remaining portion shall be distributed according to s. [212.20](#)(6).

(2) The proceeds of the taxes remitted under s. [202.12](#)(1)(b) shall be divided as follows:

(a) The portion of such proceeds which constitutes gross receipts taxes, imposed at the rate prescribed in chapter 203, shall be deposited as provided by law and in accordance with s. 9, Art. XII of the State Constitution.

(b) Sixty-three percent of the remainder shall be allocated to the state and distributed pursuant to s. [212.20](#)(6), except that the proceeds allocated pursuant to s. [212.20](#)(6)(d)2. shall be prorated to the participating counties in the same proportion as that month's collection of the taxes and fees imposed pursuant to chapter 212 and paragraph (1)(b).

(c)1. During each calendar year, the remaining portion of such proceeds shall be transferred to the Local Government Half-cent Sales Tax Clearing Trust Fund. Seventy percent of such proceeds shall be allocated in the same proportion as the allocation of total receipts of the half-cent sales tax under s. [218.61](#) and the emergency distribution under s. [218.65](#) in the prior state fiscal year. Thirty percent of such proceeds shall be distributed pursuant to s. [218.67](#).

2. The proportion of the proceeds allocated based on the emergency distribution under s. [218.65](#) shall be distributed pursuant to s. [218.65](#).

3. In each calendar year, the proportion of the proceeds allocated based on the half-cent sales tax under s. [218.61](#) shall be allocated to each county in the same proportion as the county's percentage of total sales tax allocation for the prior state fiscal year and distributed pursuant to s. [218.62](#).

4. The department shall distribute the appropriate amount to each municipality and county each month at the same time that local communications services taxes are distributed pursuant to subsection (3).

(3)(a) Notwithstanding any law to the contrary, the proceeds of each local communications services tax levied by a municipality or county pursuant to s. [202.19](#)(1) or s. [202.20](#)(1), less the department's

costs of administration, shall be transferred to the Local Communications Services Tax Clearing Trust Fund and held there to be distributed to such municipality or county. However, the proceeds of any communications services tax imposed pursuant to s. [202.19\(5\)](#) shall be deposited and disbursed in accordance with ss. [212.054](#) and [212.055](#). For purposes of this section, the proceeds of any tax levied by a municipality, county, or school board under s. [202.19\(1\)](#) or s. [202.20\(1\)](#) are all funds collected and received by the department pursuant to a specific levy authorized by such sections, including any interest and penalties attributable to the tax levy.

(b) The amount deducted for the costs of administration may not exceed 1 percent of the total revenue generated for all municipalities, counties, and school boards levying a tax pursuant to s. [202.19](#). The amount deducted for the costs of administration shall be used only for those costs that are attributable to the taxes imposed pursuant to s. [202.19](#). The total cost of administration shall be prorated among those jurisdictions levying the tax on the basis of the amount collected for a particular jurisdiction to the total amount collected for all such jurisdictions.

(c)1. Except as otherwise provided in this paragraph, proceeds of the taxes levied pursuant to s. [202.19](#), less amounts deducted for costs of administration in accordance with paragraph (b), shall be distributed monthly to the appropriate jurisdictions. The proceeds of taxes imposed pursuant to s. [202.19\(5\)](#) shall be distributed in the same manner as discretionary surtaxes are distributed, in accordance with ss. [212.054](#) and [212.055](#).

2. The department shall make any adjustments to the distributions pursuant to this section which are necessary to reflect the proper amounts due to individual jurisdictions or trust funds. In the event that the department adjusts amounts due to reflect a correction in the siting of a customer, such adjustment shall be limited to the amount of tax actually collected from such customer by the dealer of communication services.

3.a. Notwithstanding the time period specified in s. [202.22\(5\)](#), adjustments in distributions which are necessary to correct misallocations between jurisdictions shall be governed by this subparagraph. If the department determines that misallocations between jurisdictions occurred, it shall provide written notice of such determination to all affected jurisdictions. The notice shall include the amount of the misallocations, the basis upon which the determination was made, data supporting the determination, and the identity of each affected jurisdiction. The notice shall also inform all affected jurisdictions of their authority to enter into a written agreement establishing a method of adjustment as described in sub-subparagraph c.

b. An adjustment affecting a distribution to a jurisdiction which is less than 90 percent of the average monthly distribution to that jurisdiction for the 6 months immediately preceding the department's determination, as reported by all communications services dealers, shall be made in the month immediately following the department's determination that misallocations occurred.

c. If an adjustment affecting a distribution to a jurisdiction equals or exceeds 90 percent of the average monthly distribution to that jurisdiction for the 6 months immediately preceding the department's determination, as reported by all communications services dealers, the affected jurisdictions may enter

into a written agreement establishing a method of adjustment. If the agreement establishing a method of adjustment provides for payments of local communications services tax monthly distributions, the amount of any such payment agreed to may not exceed the local communications services tax monthly distributions available to the jurisdiction that was allocated amounts in excess of those to which it was entitled. If affected jurisdictions execute a written agreement specifying a method of adjustment, a copy of the written agreement shall be provided to the department no later than the first day of the month following 90 days after the date the department transmits notice of the misallocation. If the department does not receive a copy of the written agreement within the specified time period, an adjustment affecting a distribution to a jurisdiction made pursuant to this sub-subparagraph shall be prorated over a time period that equals the time period over which the misallocations occurred.

History.—ss. 10, 58, ch. 2000-260; ss. 8, 38, ch. 2001-140; s. 30, ch. 2002-1; s. 5, ch. 2005-187; s. 1, ch. 2006-229; s. 11, ch. 2007-106; s. 6, ch. 2009-68.

Definition of “mobile communications services” - Mobile Telecommunications Sourcing Act v. Chapter 202, Florida Statutes

Section 124 of the Mobile Telecommunications Sourcing Act (MTSA) defines “charges for mobile telecommunications services” to mean:

“[A]ny charge for, or associated with, the provision of commercial mobile radio service, as defined in section 20.3 of title 47 of the Code of Federal Regulations as in effect on June 1, 1999, or any charge for, or associated with, a service provided as an adjunct to a commercial mobile radio service, that is billed to the customer by or for the customer’s home service provider regardless of whether individual transmissions originate or terminate within the licensed service area of the home service provider.
(Emphasis supplied)

Section 124 of the MTSA broadly defines “charges for mobile telecommunications services” to include charges for, or associated with, services that are provided as an “adjunct” to commercial mobile radio service. The MTSA does not indicate what property or services are considered to be adjunct to a commercial mobile radio service.

Section 123 of the MTSA provides, in part:

* * *

(b) **ADDITIONAL TAXABLE CHARGES.**—If a taxing jurisdiction does not otherwise subject charges for mobile telecommunications services to taxation and if these charges are aggregated with an not separately stated from charges that are subject to taxation, then the charges for nontaxable mobile telecommunications services may be subject to taxation unless the home service provider can reasonably identify charges not subject to such tax, charge, or fee from its books and records that are kept in the regular course of business.

(c) **NONTAXABLE CHARGES.**—If a taxing jurisdiction does not subject charges for mobile telecommunications services to taxation, a customer may not rely upon the nontaxability of charges for mobile telecommunications services unless the customer’s home service provider separately states the charges for nontaxable mobile telecommunications services from taxable charges or the home service provider elects, after receiving a written request from the customer in the form required by the provider, to provide verifiable data based upon the home service provider’s books and records that are kept in the regular course of business that reasonably identifies the nontaxable charges.

Section 123 of the MTSA addresses charges that are not subject to tax by a taxing jurisdiction. This section does not address charges that are subject to tax by a taxing jurisdiction at different tax rates.

The definition of “mobile communications services” found in section 202.11(7), Florida Statutes, is narrower in that it only includes commercial mobile radio service, as defined in section 20.3 of title 47 of the Code of Federal Regulations as in effect on June 1, 1999. (As in the MTSA, the term does not include air-ground radiotelephone service as defined in title 47 of the Code of

Federal Regulations as in effect on June 1, 1999.) The term “commercial mobile radio service” is defined in section 20.3 of title 47 of the Code of Federal Regulations to mean:

A mobile service that is: (a)(1) provided for profit, i.e., with the intent of receiving compensation or monetary gain;
(2) An interconnected service; and
(3) Available to the public, or to such classes of eligible users as to be effectively available to a substantial portion of the public; or
(b) The functional equivalent of such a mobile service described in paragraph (a) of this section.

Section 20.3 of title 47 of the Code of Federal Regulations defines “interconnection or interconnected” to mean:

Direct or indirect connection through automatic or manual means (by wire, microwave, or other technologies such as store and forward) to permit the transmission or reception of messages or signals to or from points in the public switched network.

Section 20.3 of title 47 of the Code of Federal Regulations defines an “interconnected service” to mean:

A service: (a) that is interconnected with the public switched network, or interconnected with the public switched network through an interconnected service provider, that gives subscribers the capability to communicate to or receive communication from all other users on the public switched network; or (b) For which a request for such interconnection is pending pursuant to section 332(c)(1)(B) of the Communications Act, 47 U.S.C. 332(c)(1)(B). A mobile service offers interconnected service even if the service allows subscribers to access the public switched network only during specified hours of the day, or if the service provides general access to points on the public switched network but also restricts access in certain limited ways. Interconnected service does not include any interface between a licensee’s facilities and the public switched network exclusively for a licensee’s internal control purposes.

Section 20.3 of title 47 of the Code of Federal Regulations defines “public switched network” to mean:

Any common carrier switched network, whether by wire or radio, including local exchange carriers, interexchange carriers, and mobile service providers, that use the North American Numbering Plan in connection with the provision of switched services.

Communications services tax is imposed on the sales price of mobile communications services, pursuant to sections 202.12(1)(d) (at the rate of 6.65%) and 202.19, Florida Statutes. The sales price of services that are not commercial mobile radio services, including adjunct services that are communications services, may be subject to communications services tax and gross receipts tax. The sales price of communications services that are not mobile communications services is subject to communications services tax, pursuant to other sections of Chapter 202, Florida

Statutes, specifically, sections 202.12(1)(b) (at the rate of 10.8%), Florida Statutes (for direct-to-home satellite service); sections 202.12(1)(c) (at the rate of 6.65%) and 202.19, Florida Statutes (for private communications services) and sections 202.12(1)(a) (at the rate of 6.65%) and 202.19, Florida Statutes (for all other communications services). Gross receipts tax also applies to such charges, pursuant to section 203.01(1)(a)2, Florida Statutes. (The gross receipts tax on communications services is administered and collected under Chapter 202, Florida Statutes. The combined amount of tax due under Chapter 203 and section 202.12, Florida Statutes, is required to be stated and identified on a customer's bill as the Florida Communications Services Tax.)

In Florida, services that are not communications services and property may be part of the "sales price" of communications services. Section 202.11(13), Florida Statutes, addresses what is included in the "sales price" of communications services. The term "sales price" of communications services includes property or other services, unless the charge for such property or other services is not listed in section 202.11(13)(a), Florida Statutes, and unless such charge is separately stated on a customer's bill or can be allocated in the dealer's books and records. The analysis is based on whether the charge is for a communications service in general (not on any particular type of communications service) or for services that are not communications services (other services) or property that are part of the sale of a communications service. For example, the charge for, or associated with, an adjunct service may be subject to communications services tax and gross receipts tax if the adjunct service is a communications service. Or, the charge may be subject to communications services tax and gross receipts tax if the adjunct service is not a communications service but is part of the sales price of a communications service, such as of a mobile communications services. Charges for, or associated with, an adjunct service that are not subject to communications services tax may be subject to other Florida taxes and under other tax rates. For example, if the charge associated with the adjunct service is a charge for the sale of tangible personal property that is sold with communications services and that is separately stated on a customer's bill or separately allocated in a dealer's books and records, then the charge for the tangible personal property is subject to sales tax at the rate of 6%, plus any applicable discretionary sales surtaxes, under Chapter 212, Florida Statutes, rather than under the taxes imposed in Chapters 202 and 203, Florida Statutes.

The amendments of CS/HB 809 allow for the unbundling of charges for, or associated with, adjunct services that are not communications services and other services, and property from the sales price of communications services under certain circumstances. Prior to the amendments of CS/HB 809, the sales price definition only allowed for the unbundling of a charge for Internet access service. At no time has Chapter 202, Florida Statutes, excluded from the "sales price" definition, and thus, from the imposition of communications services tax and gross receipts tax, communications services (whether adjunct or otherwise) that are sold with other communications services. Furthermore, at no time have other services or property been deemed to be nontaxable under any Florida Statutes simply because they are not part of the sales price of communications services.

Example

Dealer X sold customer A a cell phone with a service plan that includes Internet access service and voice service. The charge for the sale of voice service (a communications service) is subject to communications services tax under section 202.12(1)(d), Florida Statutes, and gross receipts tax under Chapter 203, Florida Statutes, because this service is provided as part of mobile communications services. Internet access service is not a mobile communications service or other communications service, pursuant to section 202.11(2) and (7), Florida Statutes. If the charge for voice service and Internet access service are bundled with the charge for the cell phone, but all of these charges are each separately allocable in the dealer's books and records, then the charge for voice service is subject to communications services tax and gross receipts tax at the rates established under Chapters 202 and 203, Florida Statutes; the charge for the cell phone is subject to sales tax at the rate of 6%, plus any discretionary sales surtax, under Chapter 212, Florida Statutes; and the charge for the Internet access service is not subject to tax, because it is not subject to tax under Florida Statutes. If these bundled charges for all of these services are not separately allocable in the dealer's books and records, then these charges are all subject to communications services tax and gross receipts tax.

Analysis of Direct-to-Home Satellite Collections and Distributions

An analysis of the collections and distributions of the Direct-to-Home Satellite (DHS) component of the Florida Communications Services Tax (CST) was requested by the Communication Services Tax Working Group at its first meeting June 11, 2012. The specific request was to provide an analysis of the distributions received from the CST on DHS service by jurisdictions compared to the amount of tax remitted from those jurisdictions. There is not a requirement for providers of DHS services to report the jurisdiction where service is provided, thus the Department does not have return based information concerning collection locations. To assist with responding to the request, Working Group member Brian Smith of DirecTV offered to and provided information that would assist in estimating the origination of the DHS collections. (Note – Mr. Smith authorized that the information provided become a part of the public records related to the Working Group.)

Based upon the data provided, the amount of CST on DHS service was estimated for 2011-12 at the county level. From this amount of total tax paid, an amount was calculated that represents the percent of the total tax collected from services provided within each county that was then made available pursuant to s. 202.18(2)(c), F.S. (30.37% of total DHS tax collected). County level amounts actually distributed to local governments through the Local Government Half Cent Revenue Sharing Program and the Fiscally Constrained County Revenue Sharing Program were obtained from the Department's Refunds and Distributions Process. The amounts distributed through the two programs were summed to get a total amount distributed to each county. This total amount of distribution was then compared to the estimated tax that was distributed to local governments collected from each county to calculate the percent of tax collected within a county and distributed back to that county through the two revenue sharing programs. The Table below presents all the aforementioned amounts.

Note – There was \$410,685 in 2011-12 distributed from the CST on DHS service, shared with local governments, distributed through the Emergency Distribution to eligible small counties per s. 202.18(2)(c)2., F.S. A county-by-county breakout was not readily available for this distribution. As such, the amounts presented in the table below represent 99.3% of the total amount distributed to local governments.

County	Estimated Total DHS Tax 2011-12 (Note 1)	Estimated Total State Tax Distributed to Local Governments 2011-12 (Note 2)	Fiscally Constrained Distribution 2011-12 (Note 3)	Distribution of DHS Through Half Cent Sales Tax Formula 2011-12 (Note 4)	Total Distribution 2011-12 (Note 5)	Percent of Estimated Amount Paid Returned to County (Note 6)
ALACHUA	\$1,496,129	\$454,405	\$0	\$447,542	\$447,542	98.5%
BAKER	\$380,159	\$115,462	\$576,022	\$22,200	\$598,222	518.1%
BAY	\$849,113	\$257,893	\$0	\$416,710	\$416,710	161.6%
BRADFORD	\$461,704	\$140,229	\$676,135	\$28,645	\$704,780	502.6%
BREVARD	\$4,287,306	\$1,302,143	\$0	\$907,614	\$907,614	69.7%
BROWARD	\$18,876,181	\$5,733,085	\$0	\$3,948,227	\$3,948,227	68.9%
CALHOUN	\$112,646	\$34,213	\$715,518	\$9,164	\$724,682	2118.2%
CHARLOTTE	\$2,272,107	\$690,086	\$0	\$274,676	\$274,676	39.8%
CITRUS	\$1,411,941	\$428,836	\$0	\$177,184	\$177,184	41.3%
CLAY	\$2,671,928	\$811,520	\$0	\$235,769	\$235,769	29.1%
COLLIER	\$2,759,002	\$837,966	\$0	\$816,545	\$816,545	97.4%
COLUMBIA	\$937,002	\$284,587	\$614,909	\$97,159	\$712,068	250.2%
DADE	\$25,865,194	\$7,855,792	\$0	\$5,122,747	\$5,122,747	65.2%
DE SOTO	\$410,096	\$124,554	\$567,583	\$28,234	\$595,817	478.4%
DIXIE	\$161,555	\$49,068	\$715,518	\$9,195	\$724,714	1477.0%
DUVAL	\$8,897,651	\$2,702,400	\$0	\$1,921,508	\$1,921,508	71.1%
ESCAMBIA	\$2,632,991	\$799,694	\$0	\$589,260	\$589,260	73.7%
FLAGLER	\$1,127,276	\$342,377	\$0	\$101,580	\$101,580	29.7%
FRANKLIN	\$97,047	\$29,475	\$211,975	\$19,024	\$230,998	783.7%
GADSDEN	\$679,209	\$206,290	\$663,228	\$40,036	\$703,264	340.9%
GILCHRIST	\$172,295	\$52,329	\$632,946	\$7,921	\$640,867	1224.7%
GLADES	\$135,804	\$41,246	\$435,864	\$4,004	\$439,868	1066.4%
GULF	\$109,233	\$33,176	\$275,187	\$14,398	\$289,584	872.9%
HAMILTON	\$183,860	\$55,842	\$476,902	\$9,917	\$486,819	871.8%
HARDEE	\$378,931	\$115,089	\$406,740	\$20,672	\$427,412	371.4%
HENDRY	\$535,917	\$162,769	\$548,553	\$38,826	\$587,379	360.9%
HERNANDO	\$1,823,843	\$553,939	\$0	\$199,103	\$199,103	35.9%
HIGHLANDS	\$1,944,849	\$590,691	\$338,564	\$123,571	\$462,135	78.2%
HILLSBOROUGH	\$5,894,547	\$1,790,295	\$0	\$2,699,294	\$2,699,294	150.8%
HOLMES	\$199,827	\$60,691	\$808,350	\$10,663	\$819,013	1349.5%
INDIAN RIVER	\$1,832,861	\$556,678	\$0	\$259,517	\$259,517	46.6%
JACKSON	\$472,454	\$143,494	\$578,173	\$59,046	\$637,219	444.1%
JEFFERSON	\$296,026	\$89,909	\$635,428	\$20,218	\$655,646	729.2%

Note 1 – Estimated Total DHS Tax was estimated using data provided by DirecTV and total statewide DHS receipts.

Note 2 – Estimated Total State Tax Distributed to Local Governments was derived by applying the amount required to be distributed to local governments by s. 202.18(2)(c), F.S. to the estimated total DHS tax.

Note 3 – Actual 2011-12 Fiscally Constrained Distribution Amounts.

Note 4 – Actual 2011-12 distributions of DHS pursuant to 202.18(2)(c)(1) allocated to each local government in proportion to amounts received from the Local Government Half cent Revenue Sharing programs. These amounts are aggregated at the county level.

Note 5 – This amount reflects the sum of the amounts discussed in Note 3 and Note 4.

Note 6 – This percentage is calculated by dividing the amount discussed in Note 5 by the amount discussed in Note 2.

County	Estimated Total DHS Tax 2011-12 (Note 1)	Estimated Total State Tax Distributed to Local Governments 2011-12 (Note 2)	Fiscally Constrained Distribution 2011-12 (Note 3)	Distribution of DHS Through Half Cent Sales Tax Formula 2011-12 (Note 4)	Total Distribution 2011-12 (Note 5)	Percent of Estimated Amount Paid Returned to County (Note 6)
LAFAYETTE	\$83,504	\$25,362	\$655,781	\$3,390	659,172	2599.1%
LAKE	\$4,505,394	\$1,368,381	\$0	\$449,958	449,958	32.9%
LEE	\$7,401,293	\$2,247,925	\$0	\$1,337,240	1,337,240	59.5%
LEON	\$2,044,290	\$620,893	\$0	\$501,158	501,158	80.7%
LEVY	\$501,336	\$152,266	\$353,953	\$40,903	394,856	259.3%
LIBERTY	\$65,895	\$20,014	\$715,518	\$3,816	719,334	3594.2%
MADISON	\$337,096	\$102,383	\$686,395	\$12,635	699,029	682.8%
MANATEE	\$1,533,751	\$465,832	\$0	\$564,219	564,219	121.1%
MARION	\$4,914,908	\$1,492,759	\$0	\$501,886	501,886	33.6%
MARTIN	\$1,553,235	\$471,750	\$0	\$336,849	336,849	71.4%
MONROE	\$1,395,326	\$423,789	\$0	\$340,564	340,564	80.4%
NASSAU	\$1,230,334	\$373,678	\$0	\$104,377	104,377	27.9%
OKALOOSA	\$1,938,878	\$588,877	\$0	\$441,310	441,310	74.9%
OKEECHOBEE	\$767,657	\$233,153	\$620,039	\$50,974	671,012	287.8%
ORANGE	\$9,194,178	\$2,792,461	\$0	\$4,380,960	4,380,960	156.9%
OSCEOLA	\$3,097,001	\$940,623	\$0	\$509,888	509,888	54.2%
PALM BEACH	\$13,989,984	\$4,249,046	\$0	\$2,924,130	2,924,130	68.8%
PASCO	\$2,599,101	\$789,400	\$0	\$604,239	604,239	76.5%
PINELLAS	\$4,180,097	\$1,269,581	\$0	\$1,754,385	1,754,385	138.2%
POLK	\$5,343,336	\$1,622,881	\$0	\$899,813	899,813	55.4%
PUTNAM	\$1,120,643	\$340,362	\$409,057	\$71,440	480,496	141.2%
SAINT JOHNS	\$2,590,017	\$786,641	\$0	\$333,276	333,276	42.4%
SAINT LUCIE	\$3,527,876	\$1,071,489	\$0	\$332,523	332,523	31.0%
SANTA ROSA	\$2,883,119	\$875,662	\$0	\$159,908	159,908	18.3%
SARASOTA	\$2,921,736	\$887,391	\$0	\$798,610	798,610	90.0%
SEMINOLE	\$3,617,426	\$1,098,687	\$0	\$819,977	819,977	74.6%
SUMTER	\$1,100,136	\$334,134	\$0	\$118,369	118,369	35.4%
SUWANNEE	\$606,199	\$184,115	\$620,039	\$39,634	659,672	358.3%
TAYLOR	\$300,071	\$91,138	\$333,269	\$30,080	363,349	398.7%
UNION	\$186,925	\$56,773	\$953,969	\$6,737	960,706	1692.2%
VOLUSIA	\$4,501,901	\$1,367,320	\$0	\$830,018	830,018	60.7%
WAKULLA	\$438,596	\$133,211	\$655,781	\$22,939	678,720	509.5%
WALTON	\$517,058	\$157,041	\$0	\$172,420	172,420	109.8%
WASHINGTON	\$246,596	\$74,896	\$663,890	\$21,593	685,483	915.2%
	\$181,601,577	\$55,156,136	\$16,545,285	\$38,200,386	54,745,671	99.3%

Note 1 – Estimated Total DHS Tax was estimated using data provided by DirecTV and total statewide DHS receipts.

Note 2 – Estimated Total State Tax Distributed to Local Governments was derived by applying the amount required to be distributed to local governments by s. 202.18(2)(c), F.S. to the estimated total DHS tax.

Note 3 – Actual 2011-12 Fiscally Constrained Distribution Amounts.

Note 4 – Actual 2011-12 distributions of DHS pursuant to 202.18(2)(c)(1) allocated to each local government in proportion to amounts received from the Local Government Half cent Revenue Sharing programs. These amounts are aggregated at the county level.

Note 5 – This amount reflects the sum of the amounts discussed in Note 3 and Note 4.

Note 6 – This percentage is calculated by dividing the amount discussed in Note 5 by the amount discussed in Note 2.

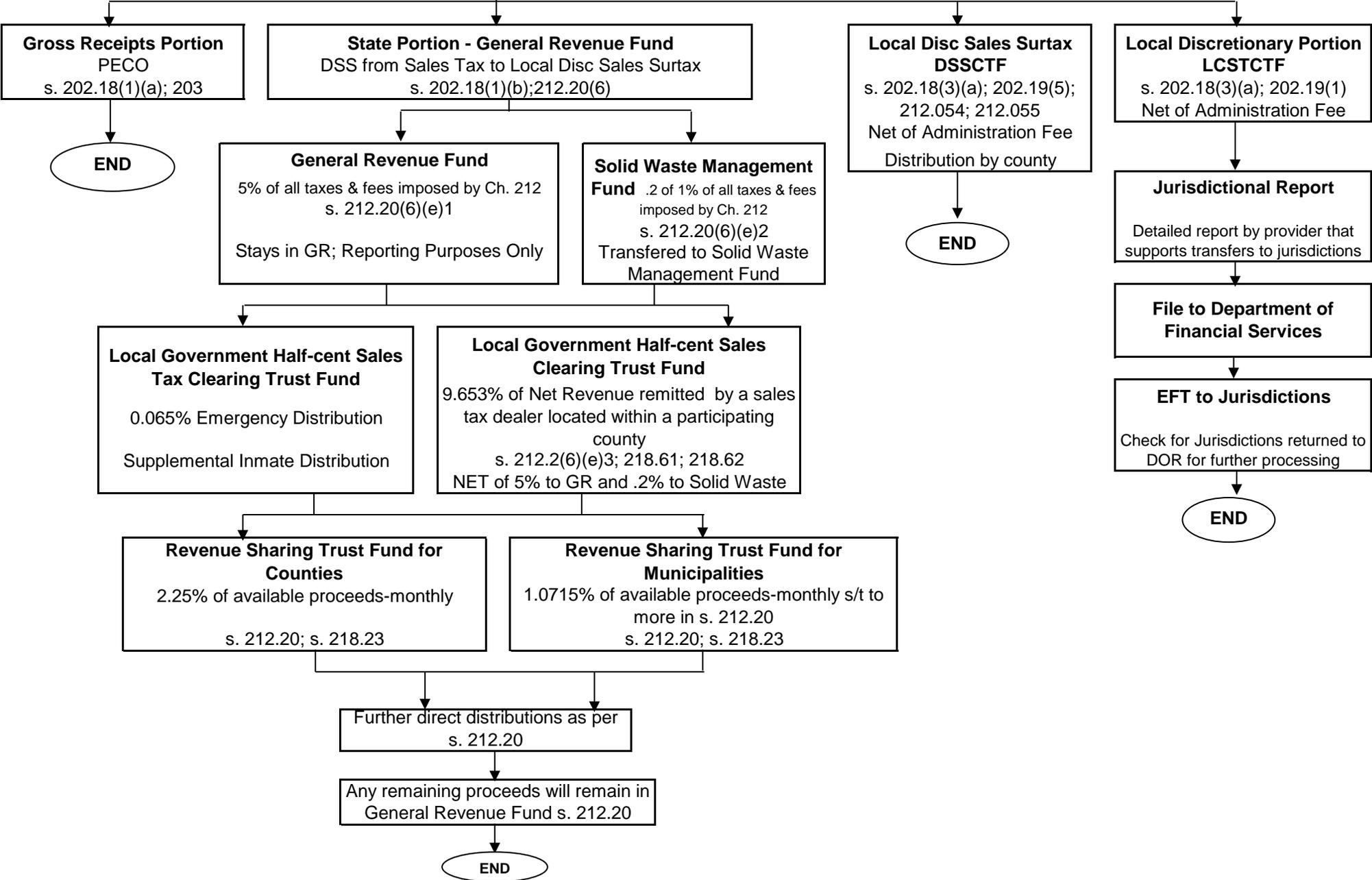
**CST Distribution for
Communication Services
Providers and
Communications Systems**

NET TAX DUE

Communication Services Clearing Fund

Administration
Fee on total Local
portion

ABBREVIATIONS	
LCSTCTF	Local Communications Services Tax Trust Clearing Fund
DSSCTF	Discretionary Sales Surtax Clearing Trust Fund
PECO	Public Education Capital Outlay
DSST	Discretionary Sales Surtax, authorized under 212.054 and 212.055



**Direct to Home
Satellite Distribution**

NET TAX DUE

ABBREVIATIONS
LCSTCTF-Local Communications Services Tax Trust Clearing Fund
DSSCTF-Discretionary Sales Surtax Clearing Trust Fund
PECO-Public Education Capital Outlay
DSST-Discretionary Sales Surtax, authorized under 212.054 and 212.055

**Communication Services Clearing
Fund**

**Gross Receipts Portion
PECO**
s. 202.18(2)(a); 203

**State Portion
General Revenue Fund**
s. 202.18(2)(b);212.20(6)

**1/2 Cent Sales Tax Trust Fund
s.202.18(2)(c)**

END

General Revenue Fund
5% of all taxes & fees imposed by Ch. 212
s. 212.20(6)(e)1
Stays in GR; Reporting Purposes Only; DSS
from Sales Tax to Local Disc Sales Surtax

Solid Waste Management Fund
.2 of 1% of all taxes & fees
imposed by Ch. 212
s. 212.20(6)(e)2
Transferred to Solid Waste
Management Fund

70% Allocated based on prior fiscal
year to 1/2 Cent and Emergency

30% to Fiscally
Constrained Counties
as defined in s. 218.67,
F.S.

**Local Government Half-cent Sales
Clearing Trust Fund**

202.18(c)(2) Emergency
Distribution portion added to
current month Emergency
Distribution and prorated
based on monthly County
Allocation pursuant to s.
218.65

Allocation to each county is in
the same proportion as the
county's percentage of total
sales tax allocation for the prior
state fiscal year and distributed
pursuant to s. 218.62

**Local Government Half-
cent Sales Tax Clearing
Trust Fund**
0.065% of Net Proceeds
Emergency Dist s.218.65,
s.202.18(2)(c)
NET of 5% to GR and .2% to
Solid Waste

**Supplemental Inmate
Distribution**
s.218.65, s.202.18
NET of 5% to GR and
.2% to Solid Waste

Half Cent Sales Clearing Trust Fund
9.653% of Net Proceeds to be prorated to
participating counties in the same proportion as that
month's collection of the taxes and fees imposed
pursuant to Ch. 212 and 202.
s. 212.20(6)(e)3
NET of 5% to GR and .2% to Solid Waste

**File to Department of Financial
Services**

Revenue Sharing Trust Fund for Counties
2.25% of available proceeds-monthly
s. 212.20; 218.23

Revenue Sharing Trust Fund for Municipalities
1.0715% of available proceeds-monthly s. 212.20;
218.23

EFT to Jurisdictions
Checks for Jurisdictions returned to
DOR for further processing

Further direct distributions as per s. 212.20

Any remaining proceeds will remain in
General Revenue Fund s. 212.20

END

END

Communications Services Tax History of Revenues and Timeline of Significant Events

2001
Tax went into effect
10/1/2001. First year
consisted of ten
months of collections

2005
Internet Tax
Freedom Act
Unbundling

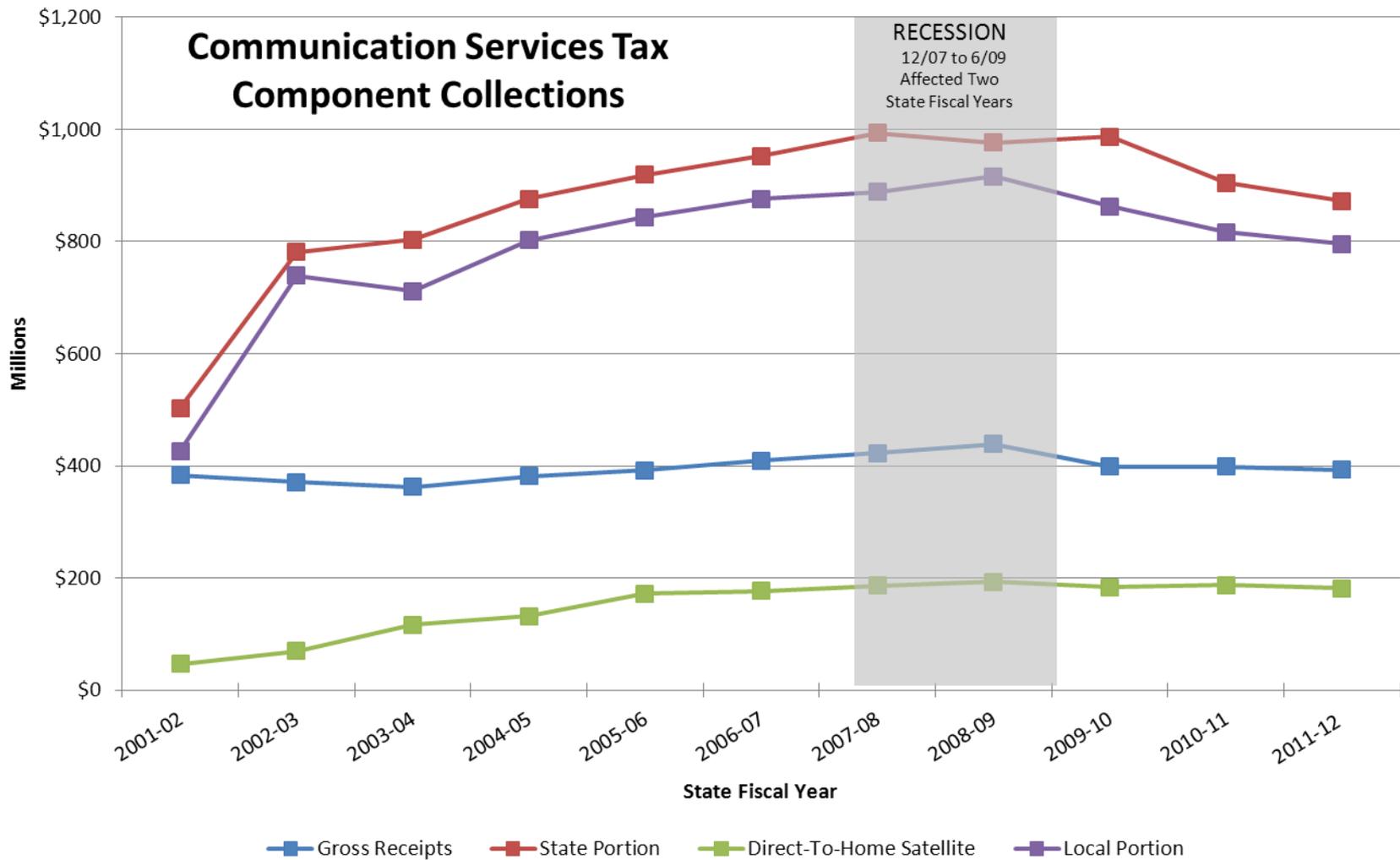
2007
Emergency
Rate
Authority

2008
Internet Tax Freedom
Grandfather for
underlying
telecommunications
expired 6/31/2008

2010
1. Netting Bad Debt
2. Rate Swap
3. Transient Public
Lodging

2011
Rounding
Rule

Communication Services Tax Component Collections



Communications Services Tax Component Growth

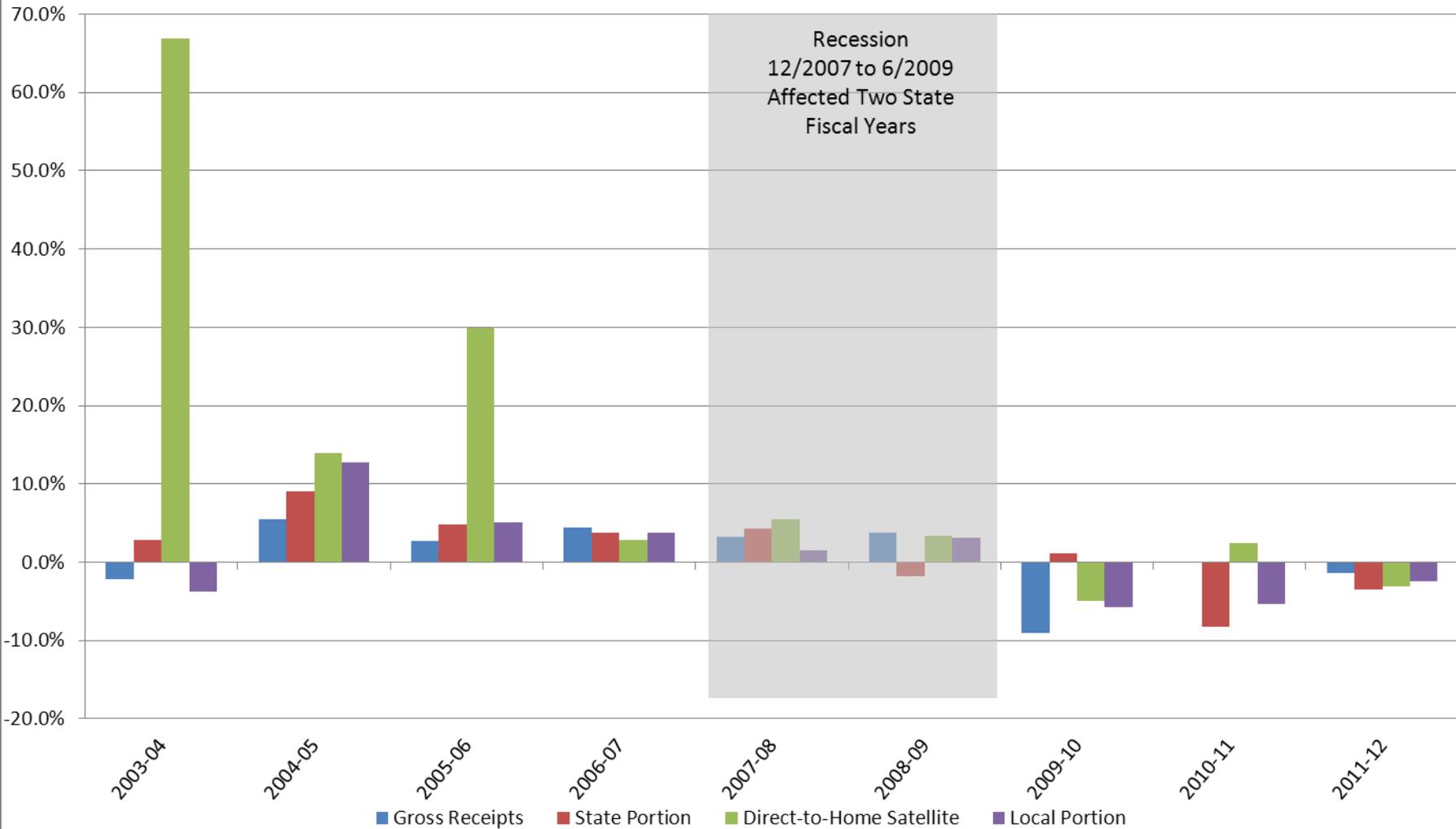
2005
Internet Tax Freedom Act Unbundling

2007
Emergency Rate Authority

2008
Internet Tax Freedom Grandfather for underlying telecommunications expired 6/31/2008

2010
1. Netting Bad Debt
2. Rate Swap
3. Transient Public Lodging

2011
Rounding Rule



Local Jurisdictions with Permit Fees

Collier County (Unincorporated)

Hernando County (Unincorporated)

Orange (Unincorporated)

Jupiter Inlet Colony

Taxability of Satellite Radio Service

Satellite radio service is a communications service and is subject to Florida's communications services tax when provided to a Florida service address.

Under Florida and Federal statutes, "direct-to-home satellite services" means the distribution or broadcasting of programming or services by satellite directly to the subscriber's premises without the use of ground receiving or distribution equipment, except at the subscriber's premises or in the uplink process to the satellite. While satellite radio does involve the transmission of audio signals via satellite, satellite radio also relies on ground distribution equipment to direct signals to customers. Because of the use of ground distribution equipment and the fact that satellite radio services are generally not fixed to the subscriber's premises, satellite radio is not a "direct-to-home satellite service" under Florida's communications services tax. The flat direct-to-home satellite rate of 13.17% does not apply.

However, satellite radio does include the transmission, conveyance, or routing of audio; therefore satellite radio service is generally a taxable communications service. As such, the Florida communications services tax and local communications services tax applies to sales of satellite radio service.

Sources of Data on Trends of Local Government Revenues and Impact of Changes in Legislation

1. Local Government Financial Information Handbook – Published by the Office of Economic and Demographic Research
<http://edr.state.fl.us/Content/local-government/reports/index.cfm#local-government>
2. Florida Tax Handbook – Published by the Office of Economic and Demographic Research
<http://edr.state.fl.us/Content/revenues/reports/tax-handbook/index.cfm>
3. Florida Property Tax Data Portal – Florida Department of Revenue
<http://dor.myflorida.com/dor/property/resources/data.html>
4. Measures Affecting Revenues – Published by the Office of Economic and Demographic Research
<http://edr.state.fl.us/Content/revenues/reports/measures-affecting-revenues/index.cfm>

Communications Services Tax - Technical Assistance Advisements¹

TAA	Date	Subject	Summary
11A19-001	03/11/2011	Conference Bridging Services	Conference Bridging Services are Communications Services and are subject to CST when the bridging equipment is located in Florida.
10A19-001	08/05/2010	Direct-to-Home Satellite Service	Taxpayer's sales of Pay Per View and Free to Guest Services are direct-to-home satellite services subject to CST at total rate of 13.17%
10A-031	06/28/2010	Prepaid Streaming Video Downloads on Demand	On demand internet streaming video service is a communications service subject to CST.
09A-049	09/23/2009	Electronic Information Service	Taxpayer's service of providing Information via communications services acquired separately by customer from a third party are sales of "information services" not subject to CST.
09A19-001	01/08/2009	Sales of Pay-Per-View	Taxpayer may combine Communications Services Tax with the Taxpayer's charge for pay-per-view type services and state it as a single charge in its billing of the lodging establishments, provided the lodging establishments are licensed under Chapter 509, F.S., and the lodging establishments post the appropriate notice in the guest rooms pursuant to s. 509.2015, F.S.
08A19-001	04/15/2008	Telephone Calling Plan	Sales of Taxpayer's telephone calling plan are subject to CST when provided to a Florida service address.
07A19-001	07/24/2007	Communications Services Used To Provide Internet access	Effective July 1, 2008, communications services that are purchased, used, or sold by a provider of Internet access to provide Internet access are no longer subject to Florida communications services tax or local communications services tax.
06A-035	11/08/2006	Early Termination Charges	Early termination charges are part of the "sales price" of communications services on which CST is computed.
05A19-002	04/15/2005	Services available to Motorists	Separately stated charge for calling service is subject to CST. Several services constitute protections services subject to sales tax under Chapter 212, F.S. For some service offerings, taxpayer is not selling communications services, but rather consuming communications services. See TAA for full discussion.
05A19-001	03/17/2005	Sales of Internet Access	Sales of Internet Access are not subject to tax.

04A-19-001	09/20/2004	Financial Information Services	Charges for access to on-line financial information are not charges for communications services, as defined in Chapter 202, F.S.
03A19-002	11/26/2003	Residential Exemption - Home for the Aged ²	Purchases of communications services that are for the exclusive use of the residents qualify for the residential household exemption, regardless of whether the purchase is made by the facility or by the individual resident.
03A19-001	09/05/2003	Dealer's Internal Use of Communications Services	Communications services used by taxpayer in its business of providing communications services are not subject to tax, because those services were used in activities associated with or related to the provision of cellular services. Taxpayer's use of communications services at its retail stores, kiosks, service centers, administrative offices, call centers, and warehouses are not subject to communications services tax, because the activities at these locations are carried on "in connection with" the provision of cellular communications services.
03A-001	01/13/2003	Internet Based Diet Service	Monthly charges for access to on-line information are not charges for communications services, as defined in Chapter 202, F.S.
02A-046	10/29/2002	Dispatch Communications Services	Sales of dispatch services are sales of communications services subject to CST
02A-023	05/01/2002	Communications Services - Residential Exemption ³	Sales of communications services to public lodging establishment are not afforded the residential exemption.
02A-009	02/21/2002	Answering Services	Charges for "live operator" answering services are not charges for communications services subject to CST.

Notes:

1. Technical assistance advisements shall have no precedential value except to the taxpayer who requests the advisement and then only for the specific transaction addressed in the technical assistance advisement. See Section 213.22, F.S.
2. 2003 - Sales of communications services to home for the aged exempt from federal income tax under 501(c)(3) of the Internal Revenue Code are specifically exempt.
3. Sales of communications services to a "transient public lodging establishment" are not afforded the residential exemption.

Communications Services Tax - Tax Information Publications			
TIP	Date	Subject	Summary
12ADM-02	03/27/2012	Prepaid Communications Services	Clarifies treatment of prepaid communications services and prepaid calling arrangements.
11A19-001	06/23/2011	CST Rounding Method	CST can be computed using standard 5/4 rounding.
10A19-08	10/21/2010	Exempt purchases of communications services used to provide internet access	Effective July 1, 2008, communications services that are purchased, used, or sold by a provider of Internet access to provide Internet access are no longer subject to Florida communications services tax or local communications services tax.
10A19-004	06/25/2010	Changes to Reporting Credits for Bad Debts	Permits netting of bad debts credits against tax due.
10A19-03	06/25/2010	Sales of Communications Services to Transient Public Lodging Establishments	Sales of communications services to Transient Public Lodging establishments as defined in Chapter 509, F.S., are not afforded residential exemption.
09A19-04	10/03/2009	CST Address Database	Feature ID place code added to CST database.
08A19-001	01/31/2008	Important Information for Businesses offering Fax Service	Clarifies sales of fax services are subject to communications services tax.
07A19-05	11/29/2007	Resale Law Changes Eff/ 1/1/2008	Provides methods for documenting sales for resale.
05A19-09	08/23/2005	Governmental Entities Proposing to Provide Communications Services	Provides requirements for governmental entities proposing to provide communications services.
05A19-03	07/25/2005	Internet Access Charges May Be Excluded from Tax in Certain Instances	Unbundling of charges for internet access permitted.

05A19-02	07/01/2005	Substitute Communications Systems Repeal of Tax	CST imposed on substitute communications systems repealed.
04A-19-001	02/06/2004	Time Limit for Seeking a Credit or Refund of Communications Services Tax on a Bad Debt	Clarifies time limit for seeking a refund or credit of CST for bad debts.
03A19-07	07/24/2003	Purchases by Homes for the Aged No Longer Subject to Communication Services Tax	Purchases of Communications service by a home for the aged that is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code (I.R.C.) are exempt from cst.
03A19-05	12/05/2002	Notice of Address/Jurisdiction Database's Compliance with the Federal Mobile Telecommunications Sourcing Act	Provides notice regarding database formatting compliance with Title 4 U.S.C. section 119(a)(2) of the Mobile Telecommunications Sourcing Act.
02A19-09	12/05/2002	Purchases of Communications Services May be Subject to Use Tax	Purchasers of communications services owe use tax on untaxed purchases of communications services.
02A19-01	07/12/2002	Public Lodging Establishments not Required to state CST on Guest Bills	Permits public lodging establishments to use the notification procedure provided under Section 509.2015, Florida Statutes.
02A19-02	06/20/2002	Substitute Communications Systems	CST applies to cost of operating substitute communications system.
02A19-03	06/18/2002	Clarification of Exemptions to the Communications Services Tax for Religious Institutions	Clarifies CST exemption for sales to or by religious institutions.
01BER-04	10/03/2001	Exemptions from CST	Provides information regarding sales exempt from CST.

01BER-03	10/03/2001	Address Database Information	Provides information about the master address database maintained by DOR.
01BER-02	10/03/2001	CST Rates	Explains components/rate of that comprise CST.
01BER-01	10/03/2001	Communications Services Tax	Provides information regarding new CST Law.

Note: TIPS pertaining to local CST rates changes, interest rate changes, and other nonsubstantive issues are not included in this listing.

Communications Services Tax - Florida Administrative Code Rules

Rule Number	Title
12A-19.010	Registration
12A-19.020	Tax Due at Time of Sale; Tax Returns and Regulations
12A-19.030	CST Direct Pay Permits
12A-19.041	Sales of Communications Services to Residential Household
12A-19.042	Government Exemption from CST
12A-19.043	Homes for the Aged and Religious and Educational Institutions Exemption from CST
12A-19.050	Notification of Local CST Rate Changes and Permit Fee Elections
12A-19.060	Sales for the Purpose of Resale
12A-19.070	Assignment of Service Address; Liability for Errors; Avoidance of Liability through Specified Methods; Reduction in Collection Allowance for Failure to Use Specified Methods
12A-19.071	CST - DOR Electronic Database
12A-19.072	Certification of Service Address Databases
12A-19.073	Use of Enhanced Zip Code Method to Assigning Service Address to Local Taxing Jurisdictions

12A-19.080

Distribution Adjustments Resulting from Misallocation of Tax

12A-19.100

Public Use Forms

Andrea Moreland - Florida Communications Tax Workgroup

From: French Brown

To: andrea.muse@tax.virginia.gov; Arthur.Friedson@tax.ny.gov; caleba@dor.wa.gov; CaloreP@michigan.gov; clayton.keith@dor.ga.gov; Craig.A.Griffith@wv.gov; Dan.noble@wyo.gov; Daniel.Norton@tax.ny.gov; Danny.Hurst@dor.mo.gov; droose@comp.state.md.us; elizabeth.lipari@treas.state.nj.us; igunderson@utah.gov; jean.morrison@po.state.ct.us; Larry.Paxton@iowa.gov; Lauper@dor.state.ma.us; laura.maurstad@nebraska.gov; laura.phillips@revenue.alabama.gov; MCCORMJ@SCTAX.ORG; mitchell.robins@dor.ga.gov; nancy.prosser@cpa.state.tx.us; norton.francis@dc.gov; raymond.tangney@la.gov; RobertD.Carter@KY.Gov; tconley@dor.in.gov; timje@dor.wa.gov; titin.l.sakata@hawaii.gov; Tom.Atchley@dfa.arkansas.gov

Date: 7/2/2012 3:58 PM

Subject: Florida Communications Tax Workgroup

CC: Andrea Moreland; Heather Miller

Attachments: Additional Prepaid Survey.xlsx

Thank you for assisting the Florida Department of Revenue earlier this spring by answering a series of questions related to your state's taxation of certain communication services (examples include wired phone, wireless phone, cable, satellite, Internet access, prepaid services, etc.).

As a result of Florida's Communications Services Tax Workgroup meeting, it would be helpful if you could provide answers to some additional questions below:

Please provide a yes/no answer, then explain as much as possible.

- 1) If your state allows unbundling of services, is your state aware any legal challenges or general audit issues related to unbundling (possibly related to unbundling Internet access)?
- 2) Prepaid (alternatively, complete the attached spreadsheet if easier)
 - a. Is your state a member of the Streamlined Sales and Use Tax Agreement?
 - b. If yes, does your state adhere to the provisions and interpretations provided in IP11004 ("unlimited" prepaid wireless plans meet the definition of prepaid wireless calling service because they are in fact limited in terms of other predetermined units of measure, such as a month)?

- c. If yes to questions a. & b., please skip to d.
 If no to questions a. or b., using your state's definition of "prepaid" telephone/telecommunication service, which tax, if any, applies to the following services (e.g., sales tax as "prepaid," sales tax not as prepaid, other/communications services tax, no tax):
- i. Non wireless - local or long distance usage; minute denomination (e.g., 100 minutes)
 - ii. Non wireless - local or long distance usage; dollar denomination (e.g. \$100 of use, \$0.10 per minute)
 - iii. Wireless - voice communications service, minute denomination
 - iv. Wireless - voice communications service, dollar denomination
 - v. Wireless - voice communications service, "unlimited" for unit of time (day, week, month, year)
 - vi. Wireless - voice + text; minute or text denomination (e.g., 100 minutes and/or 100 text messages)
 - vii. Wireless - voice + text; dollar denomination (e.g., \$100 of use, \$0.10 per voice minute and/or \$0.05 per text message)
 - viii. Wireless - voice + text; "unlimited" for unit of time (day, week, month, year) (e.g., \$100 for "unlimited" voice or text messages)
 - ix. Wireless - voice + text + data; minute or text denomination (e.g., 100 minutes and/or 100 text messages and/or 1000 kb of data)
 - x. Wireless - voice + text + data; dollar denomination (e.g., \$100 of use, \$0.10 per voice minute and/or \$0.05 per text message and/or \$0.05 per kb of data)
 - xi. Wireless - voice + text + data; "unlimited" for unit of time (day, week, month, year) (e.g., \$100 for "unlimited" voice or text messages or data usage)
- d. Using your state's definition of "prepaid" telephone/telecommunication service, which tax, if any, applies to the following services (e.g. sales tax as "prepaid," sales tax not as prepaid, other/communications services tax, no tax)
- i. Wireless – data only, bandwidth denomination (e.g., \$100 for 5 gigabytes of use)
 - ii. Wireless - data only; "unlimited" for unit of time (day, week, month, year) (e.g., \$5 for unlimited data usage for one day)
- e. Assuming that nexus is not an issue, is there any difference in the application of tax between a) the sale of a card or b) the sale of a PIN over the phone or internet where no TPP is transferred? (if yes, please explain)
- f. Assuming that nexus is not an issue, is there any difference in the

- application of tax between an initial activation or recharge (aka "top-up")? (if yes, please explain)
- 3) Do local jurisdictions (jurisdictions other than the state and including, but not limited to, counties, municipalities, special districts, etc.) receive a portion of tax collected on the sale of communications services?
 - a. Are revenues shared with or between local jurisdictions (for example, does the state collect the revenue and distribute it to local jurisdictions, do local jurisdictions share the revenue through interlocal agreements)?
 - b. Are revenue distributions based on actual amounts remitted (for example, if a provider collects tax from a customer in a specific jurisdiction, is that amount remitted and distributed to that jurisdiction)?
 - c. Are revenue distributions based on a formula system?
 - 4) Does your state allow revenues from taxes collected on communications services to be bonded or used as collateral for loans, either at the state, local, or other jurisdictional level?
 - a. If yes:
 - i. Are revenues from taxes collected on communications services the exclusive source?
 - ii. What % of the overall debt service is related to revenues from taxes collected on communications services?
 - 5) What revenue source does your state use to fund education capital outlay?
 - 6) Do your state or local jurisdictions impose permit fees on any sales of communications services?
 - 7) Do your state or local jurisdictions impose franchise fees on any sales of communications services?
 - 8) Do your state or local jurisdictions impose right-of-way fees on any sales of communications services?

Thank you again for your assistance in answering as many of these questions as possible. **We need your responses by Friday, July 13th, if possible**, as our workgroup meets again on the 25th of July. Once Florida collects the answers, we will be sure to share the results with FTA and the states that provided responses.

If you have any questions, please feel free to contact French Brown at brownf@dor.state.fl.us or 850-717-6309.

H. French Brown, IV
 Deputy Director
 Florida Department of Revenue
 Technical Assistance & Dispute Resolution
brownf@dor.state.fl.us

(850) 717-6309 phone
(850) 921-2983 fax

From: Gary Resnick <gresnick@wiltonmanors.com>
To: "morelanA@dor.state.fl.us" <morelanA@dor.state.fl.us>
CC: "ahughes@flcities.com" <ahughes@flcities.com>, "kconn@flcities.com" <kco...
Date: 7/11/2012 5:23 PM
Subject: CST Workgroup
Attachments: Closing Documents, 2011 City of Wilton Manors Utility and Parking Loan.pdf;
Multistate Tax Commission Survey(Communications Administration)FINAL.DOC

Andrea:

I hope you are enjoying the summer. Please forward this to the CST Workgroup and the DOR staff persons who work with us, and also place on the CST Workgroup website.

To CST Workgroup:

1) Pledge of CST Revenues: In our meeting in June, there was some discussion about cities and counties pledging their CST revenues as pledged revenues for loans. I thought it would be useful for you to see actual loan documents in which CST was pledged for such a loan. Attached please find loan documents for Wilton Manors 2011 Utility & Parking Loan with SunTrust Bank, for which the City pledged Communications Services Tax revenues. If necessary, my city staff can provide more information. I have heard that other cities have similarly pledged CST revenues. There are many advantages to using CST revenues for such debt, most notably that it does not require a referendum to do so and such revenues are not restricted.

2) State Survey: We discussed the state-wide survey DOR attempted to perform of other States' taxes on communications services, and Ms. Fox pointed out that such survey was not an "apples-to-apples" comparison since it did not include franchise fees on cable services (which are included in Florida's CST) and rights of way fees charged in other states (also included in Florida's CST). I attempted to find out if there was a database of such franchise fees in other States. From the local government perspective, there does not exist such a database. However, local government national organizations have advised that pursuant to federal law, virtually in all other States, local governments charge a 5% franchise fees on cable operators' gross revenue from cable services for use of the public rights of way (such franchise fees are in addition to other taxes that may be applicable). The variation comes from what is included in the definition of "gross revenue" but using a 5% figure would be safe. While there is no such national database maintained by local government organizations, the cable industry, or individual cable operators, may have such a database.

3) New Non-Taxable Services: Comcast announced it is launching a new Wi-Fi based text and phone service and indicated it will work with other carriers to allow for sharing of networks. See link (you may need to cut and paste):

http://news.cnet.com/8301-1035_3-57439667-94/new-comcast-services-threaten-wireless-text-and-data-revenue/

As we continue to discuss services that are and are not subject to CST, it may be worth consideration how such new services will affect State and local CST revenues, particularly as new services being launched are not taxable.

4) Multistate Tax Commission: I received the attached survey issued by the Multistate Tax Commission. While Florida is not part of this, to the extent we are reviewing what other States are considering with respect to such taxes, I thought it would be good to forward. It also mentions Florida's centralized model as a proposal to be considered by such Multistate members.

I look forward to our meeting in July.

Gary Resnick

Mayor, City of Wilton Manors

I expect to pass through this world but once. Any good therefore that I can do, or any kindness or abilities that I can show to any fellow creature, let me do it now. Let me not defer it or neglect it, for I shall not pass this way again. William Penn

New Comcast services threaten wireless text and data revenue

Comcast is taking aim at traditional SMS text messaging and wireless data revenue with two new services introduced this week at the Cable Show.



by [Marguerite Reardon](#)

May 22, 2012 4:28 PM PDT [Follow @maggie_reardon](#)

BOSTON -- Comcast is taking aim at wireless operators with new services introduced here at the NCTA's Cable Show that will undercut mobile carrier fees for text messaging and offer an alternative to mobile data services.



Over the past two days Comcast has made two new product announcements that could threaten revenue for wireless companies. At the same time, though, the company is also partnering with the nation's largest wireless provider, Verizon Wireless.

In the latest Comcast product announcement, the company said it will allow its voice subscribers to make phone calls and send text messages for free using either Wi-Fi or 3G/4G cellular networks.

The new service, called Voice 2Go, will be available through the Xfinity Connect Mobile app, which can be installed on Apple iOS and Google [Android](#) devices. Users can make phone calls and send text messages through the app using their home phone number. The calls do not count against their wireless minutes. And text messages bypass the carrier SMS network and are free. (Calls and texts sent over 3G and 4G networks do consume data services.)

And because the feature can be used via Wi-Fi, it also allows users who don't want to subscribe to a smartphone plan to turn their iPads or [iPod Touch](#) devices into mobile phones that can be used to make and receive phone calls as well as send text messages. Of course, the limitation is that the service can only be used in Wi-Fi hotspots.

Related stories

- [Cable companies expand free Wi-Fi](#)
- [Verizon unveils 'Viewdini' video service for mobile devices](#)

- Verizon Wireless nabs cable's wireless spectrum for \$3.6B

While many other companies already offer voice-over-IP and Wi-Fi texting apps for iOS and Android, Comcast's service allows people to use their existing home phone numbers. So it could present even more of a threat to carrier SMS texting revenue. Currently, major wireless operators make huge profit margins on SMS texting services. AT&T and Verizon Wireless charge \$20 extra for unlimited texting.

The news comes a day after Comcast and four other cable operators said they will soon allow their customers to roam onto each other's public Wi-Fi networks. The CableWiFi network provides access to more than 50,000 hotspots across the country. And the companies say they will be adding more hotspots. And more cable operators may join the coalition.

So far Comcast, Time Warner Cable, Cablevision, Cox Communications, and Bright House Communications are all participating.

During a panel discussion on Monday where representatives from Comcast, Time Warner Cable and Cox were present, executives said the sharing agreement was meant to drive more mobile traffic onto the cable broadband network. And indeed, consumers looking to avoid high overage fees from wireless carriers, such as AT&T and Verizon, seek out public Wi-Fi as a way to save money while consuming data heavy applications and services.

Tom Nagel of Comcast said that the network isn't intended to provide ubiquitous access for wireless users, but he and the other executives acknowledged that through more partnerships with other cable operators, the network could vastly extend.

Comcast's Cathy Avgris, who heads up the Xfinity Voice service, downplayed the threat the new Voice 2Go functionality may have on wireless operators and indicated the new feature is really meant to compete against phone companies' traditional voice businesses. And it's also meant to give home phone users a reason to keep their home phone lines.

"It's an extension of your home phone when you're not at home," Cathy Avgris, executive vice president of Xfinity Voice said in an interview. "But it's also allowing people to add new features to their home phone service like text messaging."

Avgris added that the new functionality is meant to give home phone subscribers another reason to keep their home phone lines at a time when many people are cutting their old phone service and subscribing only to wireless phone service.

"We want to go after the 70 percent of people in our cable footprint that have a home phone," she said. "And we want to show them that Comcast's Xfinity Voice service does much more than make your phone ring at home."

Competitors as well as partners

In another announcement Tuesday, Verizon Wireless unveiled that Comcast would be one of its first partners to use a new video aggregation app called "Viewdini." The new app, which was

being shown off at Comcast's booth, allows Verizon Wireless subscribers to search for video content to stream to wireless devices. Comcast's Xfinity streaming video catalog will be included in the launch.

Comcast and other cable companies involved in the joint venture Spectrum Co. have also put together a joint marketing arrangement with Verizon as part of a spectrum sale. Verizon is trying to buy 20 MHz of wireless spectrum from the cable companies in a deal worth about \$3.6 billion. As part of the marketing deal, the cable companies will resell Verizon's wireless services and Verizon Wireless will also resell cable services.



To: MTC Compact Member State Representatives
From: Joe Huddleston, Executive Director
Date: June 1, 2012
Subject: Bylaw 7 Survey of Member States regarding Communications Transaction Tax Centralized Administration

This memorandum includes an official survey required by the Commission's Bylaws as an essential part of developing a uniformity recommendation

Your response is requested by Thursday, July 5, 2012

Enclosed please find a Bylaw 7 Survey Response Form for proposed model administrative statutes on communications transaction tax centralized administration. The proposal is attached as *Attachment A*. A copy of the Hearing Officer's report is also available online at [http://www.mtc.gov/uploadedFiles/Multistate Tax Commission/Events/2011-12 Committee Meetings/HO%20Rpt3.pdf](http://www.mtc.gov/uploadedFiles/Multistate_Tax_Commission/Events/2011-12_Committee_Meetings/HO%20Rpt3.pdf). Commission Bylaw 7 requires that before a uniformity proposal may be placed on the Commission's agenda, a majority of the affected compact member states must have indicated that they would consider implementing the proposal if the Commission were to adopt it as a model. **If your State is an "affected State" within the meaning of MTC Bylaw 7 (see list below), we request that you return a completed survey response form to us by email, fax or mail on or before July 5, 2012.** As indicated on the survey form, all responses should be directed to Loretta King by e-mail at lking@mtc.gov, fax at 202-624-8819 or mail to the MTC office in Washington, DC. Please note that your responses may be considered "public records" open to public inspection.

Proposal Summary

The purpose of these models is twofold. One, they complement the SSUTA, which does not address communications simplification. Second, earlier versions of federal streamlined legislation required states to enact communications simplifications and these models were to exemplify state statutory language that would meet that requirement. For the past two congressional sessions, federal legislation implementing the Agreement has not contained a simplification requirement.¹ But these proposals would be available in the event future federal legislation contains the requirement and would nonetheless give states that would like to simplify a guideline for making administrative changes to existing law. A summary of the proposals appears below.

¹ H.R. 5660, Main Street Fairness Act, 111th Congress; S. 1452 and H.R. 2701, Main Street Fairness Act 112th Congress.

Introductory Statement

The Introductory Statement provides definitions used in all the models.

Proposal I

Proposal I, State Administration and State Imposition of Tax, is patterned after Virginia's communications reform legislation. Section I, Preservation of Local Authority, provides that the model pertains only to the centralized administration of communications taxes, and does not affect a local government's right to impose right of way fees, etc. on communications sellers acting in a capacity other than a seller of communications. Section II provides for state level administration, including audit functions. Section III, Registration, requires a communications provider to register with the state, and no local authority shall require a provider to register with that jurisdiction. Section IV, Rates and Boundary Changes, requires that (A) a local authority to provide the state with boundary and rate changes. Such changes will take effect on the first day of a calendar quarter after 60 days' minimum notice. Subsection (B) requires the state or a designated entity to maintain a rates and boundaries database. An addendum to this section, in brackets, provides that these provisions are not required if there is only one state rate that does not vary by local taxing jurisdiction. Section V, Returns, governs return requirements to the state. Section VI, Allocation and Distribution of Tax, sets up a Local Trust Fund, maintained by the state, into which all taxes collected are deposited and distributed. Section VII, Authority of State Tax Administrator to Promulgate Rules, permits the state to develop rules to carry out the provisions of the model.

Proposal II

Proposal II, State administration and Local Imposition of Tax, was patterned after Florida's communications reform legislation. Section I defines the scope of state level administration of local transactions taxes on communications services, including uniform tax bases, etc. Section II, Preservation of Local Authority; Cooperation Among Jurisdictions, provides that a local government's right to impose or exempt a communications transaction tax is not impaired, nor is the right to require payment from a seller or purchaser of communications regulatory fees or assessments for occupying its roads or rights of way in a capacity other than a seller or purchaser of communications services. It also provides that a local taxing jurisdiction shall comply with a request from a state tax administrator information necessary to administer the requirements of the model. Section III, State Level Administration, provides that sellers or purchasers of communications services are only required to register and file returns with the state tax administrator; that the state tax administrator shall conduct audits on behalf of local jurisdictions; and that the state may authorize third party audits. Section IV, Registration, provides more detail concerning registration requirements mentioned in Section III, as does Section V, Returns. Section VI, Rates and Boundary Changes, provides for the effective dates of changes in rates and local jurisdictional boundaries, and requires the state to maintain a database of same. If the state chooses, it may certify a third party to maintain such database. Section VII, Allocation and Distribution of Tax, provides for a Local Transaction Tax Trust Fund to be created and

administered by the state tax administrator. Section VIII, Reimbursement of Administrative Costs, provides that the state tax administrator may charge for reimbursement of the cost to administer the local taxes, in an amount not to exceed one percent of the revenues collected. Section IX, Authority of State Tax Administrator to Promulgate Rules, grants authority to the state to develop rules and procedures to carry out the requirements of the chapter, including refunds and credits of local taxes paid.

Proposal III

The basis for Proposal III, Local Administration, Local Imposition of Tax, is South Carolina's communications reform legislation. In principle, Proposal III is very similar to Proposal II, except that a centralized tax administrator, which may be a local jurisdiction or other entity, is substituted for the state tax administrator in Proposal II.

Procedural Summary

On November 30, 2011 the Uniformity Committee recommended three centralized administration models favorably to the executive committee, which approved these for public hearing on March 1, 2012. After notice was given, including publication in the National League of Cities' newsletter, a hearing was held by telephone on April 10, 2012. On May 10, the Executive Committee reviewed the Hearing Officer's Report (see link above), and recommended the models be considered for adoption by the Commission in accordance with Commission Bylaw 7, which is now being conducted.

Bylaw 7 Survey

Pursuant to the requirements of Commission Bylaw 7, a uniformity proposal may not be placed on the Commission's agenda unless a majority of the affected Compact member states have indicated that they would consider implementing the proposal if the Commission were to adopt it as a uniformity recommendation.² This survey is being conducted to make that determination. If a majority of the affected members indicate they will consider adoption of this proposal, it will be presented for the vote of the Commission during the Commission's 2012 annual meeting. If, at the annual meeting, the proposal receives an affirmative vote from (1) at least 60 percent of the total number of member states, and (2) member states reflecting

² Commission Bylaw 7(g) states: Any recommendation for action submitted by the Executive Committee to the Commission relating to uniform or compatible tax laws, regulations or administrative practices, regardless of whether such matters required public hearings, shall be circulated to the members by the Executive Director for not less than 30 days to determine if the affected members will consider adoption of the recommendation within their respective jurisdictions. The survey of the members shall include, as specified by the Executive Committee, the time period and manner in which the members are requested to consider adoption of the item. The results of the survey of the members shall be reported to the Chairman, who shall determine if a majority of the members affected by the recommended item have agreed to consider its adoption. If a majority have agreed, the Chairman shall direct the consideration of the item at the next regular meeting of the Commission, with proper notice provided according to Bylaw 4. If a majority of affected members have not agreed to consider adoption of the item, the Chairman shall refer the recommendation for Commission action back to the Executive Committee for further consideration.

a majority of the total population of all member states, then it will be adopted as a recommendation to the states.

If your state is an “affected member,” within the meaning of Commission Bylaw 7 (see list, below), your vote on the attached survey is an important step to bringing the proposals to the vote of the Commission.

Please do not hesitate to contact Roxanne Bland or me via phone at 202-624-8699 or e-mail at rbland@mtc.gov or jhuddleston@mtc.gov if you have any questions about the proposal or the procedure that is being followed in this instance.

List of Affected and Unaffected Multistate Tax Compact Member States

<u>Affected Member States</u>	<u>Unaffected Member States</u>
Alabama Alaska Arkansas California Colorado District of Columbia Hawaii Idaho Kansas Michigan Minnesota Missouri Montana New Mexico North Dakota Oregon South Dakota Texas Utah Washington	

The staff of the Commission has made an initial determination of the affected States within the meaning of Bylaw 7 based on whether transaction taxes are imposed by either the state or its political subdivisions. **If you believe we have erroneously classified your State in the *List of Member States*, please advise us of that fact and the basis upon which you have reached the contrary conclusion. If you are an "affected State," regardless of how your State is classified on the *List of Member States*, please be sure to return your survey in all events.**

MULTISTATE TAX COMMISSION—BYLAW 7 SURVEY RESPONSE FORM

**Proposed Model Statute regarding
Communications Transaction Tax Centralized Administration**

Please return by July 5, 2012, by mail, fax or e-mail to:

Ms. Loretta King

Multistate Tax Commission

444 North Capitol Street, N.W., Suite 425, Washington, DC 2001

FAX: (202) 624-8819—Phone: (202) 624-8699—e-mail: king@mtc.gov

From:

Name of Tax Agency Official

Jurisdiction:

The MTC Executive Committee has recommended the Commission consider adoption of the Communications Transaction Tax Centralized Administration proposal and authorized the Executive Director to conduct a Bylaw 7 survey. The proposal is attached at *Attachment A*. A copy of the Hearing Officer's Report is available online at [http://www.mtc.gov/uploadedFiles/Multistate Tax Commission/Events/2011-12 Committee Meetings/HO%20Rpt3.pdf](http://www.mtc.gov/uploadedFiles/Multistate_Tax_Commission/Events/2011-12_Committee_Meetings/HO%20Rpt3.pdf).

The purpose of this survey is to determine how many affected Multistate Tax Compact Member States would consider adopting the proposal if it were adopted as a uniformity recommendation by the Commission.

The question for your consideration and response is as follows:

- 1. If the Commission were to recommend to its affected Member States the adoption of proposed Communications Transaction Tax Centralized Administration models attached hereto as Attachment A, would your agency consider adoption of the proposal?***

YES

NO

If you have marked "NO", but a change in the proposal would change your answer to "YES", please note such changes or other comments that you might have in the space provided on the next page. Or, if you have marked "NO" because you do not believe your state is an "affected member", please note this fact. Any other comments you believe may be relevant would also be appreciated.

Comments and/or suggested changes (attach additional sheets if necessary):



Communications Transaction Tax Centralized Administration

Communications Transaction Tax Centralized Administration Project – Introductory Statement

The MTC initiated a project at its July 2007 meeting to develop a centralized administration model for state and local communications transaction taxes. Based on a review of administrative models around the country the Uniformity Sales and Use Tax Subcommittee decided to develop three approaches to the centralized collection model, each representing a distinct approach to centralization. The Uniformity Subcommittee appointed a working group to develop the models. Proposal I provides for state imposition and administration, with revenue sharing to local governments (see, e.g., the Virginia communications services tax). Proposal II provides for state and local imposition and state level administration (see, e.g., the Florida communications services tax). Proposal III provides for local imposition and centralized local administration of the taxes (see, e.g., the South Carolina telecommunications tax).

Scope of Taxes Covered by Model

The three proposed models are for use in reforming the administration of state and local taxes on communications services. Solely for determining whether a tax is on communications services the following definitions apply. The definitions are not intended to require a state or local government to tax or exempt any particular type of communications services.

Definitions

“Ancillary services” means services that are associated with or incidental to the provision of telecommunications services, including but not limited to detailed telecommunications billing, directory assistance, vertical service, and voice mail services.

“Communications services” includes telecommunications services, ancillary services, and video programming services.

“End user” includes any person other than a person who receives by contract a product “transferred electronically” for further commercial broadcast, rebroadcast, transmission, retransmission, licensing, relicensing, distribution, redistribution or exhibition of the product, in whole or in part, to another person or persons.

“Local taxing jurisdiction” means any municipality, city, county, township, parish, school district, transportation district, or assessment jurisdiction, or any other local jurisdiction in the territorial jurisdiction of the United States with the authority to impose a tax or fee, but does not include any of the several States, the District of Columbia, or any territory or possession of the United States.

“Local transaction tax on communications services” means any tax, charge, or fee levied by a local taxing jurisdiction as a fixed charge for each purchaser or measured by gross amounts charged to purchasers for communications services, regardless of whether such tax, charge, or fee is imposed on the seller or purchaser or the service and regardless of the terminology used to describe the tax, charge, or fee.

“Purchaser” means an end user of communications services or a person acquiring communications services on behalf of an end user.

“Seller” means the provider of communications services to an end user.

“State tax administrator” means a state’s tax commission, department of revenue, public utilities commission, or any other single entity designated by state law to perform the functions and duties set forth under this chapter for any type of local transaction tax imposed on communications services.

“Telecommunications services” means the electronic transmission, conveyance, or routing of voice, data, audio, video, or any other information or signals to a point, or between or among points. The term “telecommunications service” includes such transmission, conveyance, or routing in which computer processing applications are used to act on the form, code or protocol of the content for purposes of transmission, conveyance or routing without regard to whether such service is referred to as voice over Internet protocol services or is classified by the Federal Communications Commission as enhanced or value added. “Telecommunications service” does not include:

A. Data processing and information services that allow data to be generated, acquired, stored, processed, or retrieved and delivered by an electronic transmission to a purchaser where such purchaser's primary purpose for the underlying transaction is the processed data or information;

B. Installation or maintenance of wiring or equipment on a purchaser's premises;

C. Tangible personal property;

D. Advertising, including but not limited to directory advertising.

E. Billing and collection services provided to third parties;

F. Internet access service;

G. Radio and television audio and video programming services, regardless of the medium, including the furnishing of transmission, conveyance and routing of such services by the programming service provider.

H. Ancillary services; or

I. Digital products delivered electronically, including but not limited to software, music, video, reading materials or ring tones.

“Video programming services” includes cable service as defined in 47 U.S.C. § 522(6); interactive on-demand service as defined in 47 U.S.C. § 522(12); the provision of video programming by a multichannel video programming distributor as defined in 47 U.S.C. §§ 522(20) and –(13); and the provision of video programming by providers of commercial mobile radio service as defined in section 20.3 of title 47, Code of Federal Regulations, when such services are offered for purchase by subscribers or purchasers of such service.



Communications Transaction Tax Centralized Administration Project—Proposal I, State Imposition, State Administration

I. Preservation of Local Authority

This chapter does not supersede, impair, or grant the right, if any, of a local taxing jurisdiction to require the payment of consideration or to require the payment of regulatory fees or assessments by persons using or occupying its roads or rights-of-way in a capacity other than that of a seller or purchaser of communications services.

II. State Level Administration

A. The state tax administrator shall administer and collect transaction taxes imposed by the state. Sellers or purchasers of communications services that are subject to state transaction tax on communications services are required to register with, file returns with, and remit amounts to the state tax administrator.

B. The state tax administrator shall conduct, or authorize others to conduct on its behalf, audits of such sellers and purchasers for the transaction tax on communications services. If permitted by state law, the state tax administrator may authorize audits of communications service providers to be conducted or performed by others on behalf of the state tax administrator so long as: (1) the person is conducting the audit for all local taxing jurisdictions within the state; (2) the person is subject to the same confidentiality provisions (and other protections afforded a taxpayer) as a person working for the state tax administrator; (3) the audit does not cover an audit period already conducted by the state tax administrator or other person acting on its behalf, absent fraud or mutual consent; and (4) the audit is subject to the same administrative and appeal procedures granted to audits conducted by the state tax administrator; and (5) the person conducting the audit is not paid on a contingency basis.

C. Audits performed by the state tax administrator may include a determination of the seller's or purchaser's compliance with the jurisdictional siting of the end user's service addresses.

III. Registration

Each person engaging in business as a communications services provider must file with the state tax administrator an application for a certificate of registration. No local taxing jurisdiction shall require a person to apply to the jurisdiction for a certificate of registration to engage in business within that jurisdiction.

IV. Rates and Boundary Changes

A. For each local taxing jurisdiction for which this state levies a tax on communications services, the state shall

1. Provide that local rate changes will be effective only on the first day of a calendar quarter after a minimum sixty days' notice to the communications provider.

2. Apply local taxing jurisdiction boundary changes only on the first day of a calendar quarter after a minimum sixty days' notice to the communications provider.

B. The state shall

1. Provide and maintain a database that describes boundary changes for all taxing jurisdictions. This database shall include a description of the change and the effective date of the change for local communications transaction tax purposes.

2. Provide and maintain a database of all local communications transaction tax rates for all of the jurisdictions levying taxes within the state. For the identification of states, counties, cities, and parishes, codes corresponding to the rates must be provided according to Federal Information Processing Standards (FIPS) as developed by the National Institute of Standards and Technology. For the identification of all other jurisdictions, codes corresponding to the rates must be in the format consistent with that maintained by the state revenue agency.

If the state revenue agency does not maintain a database, it shall certify automated systems (CAS) to aid in the administration of local communications transaction taxes. The state may certify a software program as a CAS if it determines that the program meets all of the following requirements:

- i. It determines the applicable local tax rate for a communications transaction;
- ii. It determines whether or not a transaction is exempt from tax;

- iii. It determines the amount of tax to be remitted for each taxpayer for a reporting period;
- iv. It can generate reports and returns as required by the state tax administrator; and
- v. It can meet any other requirement set by the state tax administrator.

3. Have the option of providing address-based boundary database records for assigning taxing jurisdictions and their associated rates. The database records must meet the requirements developed pursuant to the federal Mobile Telecommunications Sourcing Act (4 U.S.C.A. Sec. 119(a)).

[These provisions are not necessary if there is only one state rate that does not vary by local taxing jurisdiction.]

V. Returns

A. Every provider of communications services doing business in this state shall, on or before [calendar period], make a return to the state tax administrator, stating:

1. Its name.

2. The address of its principal place of business or the address of the principal place of business (if a different address) from which it engages in the business of providing communications services.

3. The total amount of gross charges billed by it during the [calendar period] for providing communications services and upon the basis of which the tax is imposed.

B. The state tax administrator shall:

1. Require that a return by a provider of communication services be due no sooner than the twentieth day of the month following the month in which the transaction occurred.

2. Make available to all providers of communications services a simplified return that is filed electronically.

VI. Allocation and Distribution of Tax

A. The state tax administrator shall provide for the collection of transaction taxes on communications services and the distribution of such amounts to each appropriate local taxing jurisdiction.

B. Notwithstanding any law to the contrary, the proceeds of all transaction taxes on communications services levied by this state for distribution to local taxing jurisdictions shall be transferred to the Local Trust Fund and held there to be timely distributed to such local taxing jurisdiction. The state tax administrator may promulgate rules for the reasonable allocation of transaction taxes on communications services to local jurisdictions. Such trust fund proceeds shall not be withheld or reduced by the [state legislature] for any reason.

C. For purposes of this [section], the Local Trust Fund shall be created and maintained by the state tax administrator. The state tax administrator may promulgate rules for the maintenance of the Local Trust Fund consistent with state law.

VII. Authority of State Tax Administrator to Promulgate Rules

A. The state tax administrator may promulgate rules to administer and enforce the assessment and collection of the taxes, interest, and penalties.

B. To administer the transaction tax on communications services, the state tax administrator may adopt rules relating to:

1. The filing of returns and remittance of tax, including provisions concerning electronic funds transfer and electronic data interchange subject to reasonable exceptions determined by the state tax administrator.
2. The determination of purchaser service addresses, consistent with federal and state law.
3. The interpretation or definition of any exemptions or exclusions from taxation granted by law.
4. The records and methods necessary for a provider of communications services to demonstrate the exercise of due diligence.
5. The registration of providers of communications services.
6. The types of books and records kept in the regular course of business which must be available during an audit of a seller's or purchaser's books and records and examples of methods for determining the reasonableness thereof. Books and records kept in the regular course of business include, but are not limited to, general ledgers, price lists, cost records, purchaser billings, billing system reports, tariffs, and other regulatory filings and rules of regulatory authorities. Such records may be required to be made available to the state tax administrator in an electronic format when so kept by the seller or purchaser. The seller or purchaser may support any allocation of charges with books and records kept in the regular course of business covering the seller's or purchaser's entire service area, including territories outside this state.

During an audit, the state tax administrator may reasonably require production of any additional books and records found necessary to assist in its determination.

7. The procedure for claiming a refund or credit of transaction tax imposed on communications service.



Communications Transaction Tax Administration Project—Proposal II, Local Imposition, State Administration

I. Scope of State-Level Administration of Local Transaction Taxes on Communications Services

The administrative requirements of this chapter shall apply to each type of local transaction tax on communications services within a local taxing jurisdiction. Nothing in this chapter shall be construed to require that the administrative requirements for one type of local transaction tax on communications services be identical to those applicable to any other type of local transaction tax on communications services. To the extent a tax is imposed on any communication service, the base must be uniform among localities. Nothing in this chapter shall be construed to require any local taxing jurisdiction to exempt, or to impose a tax on any communications service, or to adopt any particular type of local transaction tax on communications services, or to impose the same rate of such tax as any other local taxing jurisdiction.

II. Preservation of Local Authority; Cooperation Among Jurisdictions

A. This chapter does not supersede, impair, or grant the right, if any, of a local taxing jurisdiction to impose a local transaction tax on a communications service or exempt any communications service from tax, or require the payment of consideration or to require the payment of regulatory fees or assessments by persons using or occupying its roads or rights-of-way in a capacity other than that of a seller or purchaser of communications services.

B. The state tax administrator may request from any state agency or local taxing jurisdiction any information that the state tax administrator considers necessary in administering this chapter, and such agency or jurisdiction shall furnish such information.

III. State Level Administration

A. The state tax administrator shall administer and collect all local transaction taxes imposed by every local taxing jurisdiction within this state. As applicable, sellers or

purchasers of communications services that are subject to any type of local transaction tax on communications services are only required to register with, file returns with, and remit amounts to the state tax administrator, except to the extent that any provision of this chapter is either inconsistent with or not relevant to a provision of the [local enabling law]. The state tax administrator shall conduct, or authorize others to conduct on its behalf, audits of such sellers and purchasers for the local transaction tax on communications services. Local taxing jurisdictions shall not conduct audits of sellers or purchasers for local transaction taxes on communications services, except as otherwise provided in this chapter.

B. If permitted by state law, the state tax administrator may authorize audits of communications service providers to be conducted or performed by others on behalf of the state tax administrator so long as: (1) the person is conducting the audit for all local taxing jurisdictions within the state; (2) the person is subject to the same confidentiality provisions (and other protections afforded a taxpayer) as a person working for the state tax administrator; (3) the audit does not cover an audit period already conducted by the state tax administrator or other person acting on its behalf, absent fraud or mutual consent; and (4) the audit is subject to the same administrative and appeal procedures granted to audits conducted by the state tax administrator; and (5) the person conducting the audit is not paid on a contingency basis.

C. Audits performed by the state tax administrator may include a determination of the seller's or purchaser's compliance with the jurisdictional siting of the end user's service addresses and a determination of whether the rate collected for the local transaction tax on communications services is correct. However, notwithstanding any other provision of law to the contrary, if the state tax administrator determines that a seller or purchaser of communications services sells or purchases communications services within a single local taxing jurisdiction in this state, that local taxing jurisdiction may perform an audit of such person with respect to the communications services sells or purchases within the local taxing jurisdiction.

IV. Registration

Each person engaging in business as a communications services provider must file with the state tax administrator an application for a certificate of registration. Registration with the state tax administrator under this section constitutes registration with every local taxing jurisdiction in this state that imposes a local transaction tax on communications services; provided that a communications services provider may elect to separately register with any local taxing jurisdiction in this state that imposes such taxes.

V. Returns

A. For each type of local transaction tax on communications services imposed by any local taxing jurisdiction within this state, every provider of communications services doing business in this state shall, on or before [calendar period], make a return to the state tax administrator, stating:

1. Its name.
2. The address of its principal place of business or the address of the principal place of business (if a different address) from which it engages in the business of providing communications services.
3. The total amount of gross charges billed by it during the [calendar period] for providing communications services and upon the basis of which the tax is imposed.

B. The state tax administrator shall:

1. Require that only a single tax return for each taxing period for each provider of communications services be filed for each type of local transaction tax on communications services to include all the taxing jurisdictions within the state.
2. Require that such returns be due no sooner than the twentieth day of the month following the month in which the transaction occurred.
3. Make available to all providers of communications services a simplified return that is filed electronically.

C. Where a state contains local taxing jurisdictions that impose a type of local transaction tax on communications services at varying rates, each provider of communications services obligated to collect and remit one of the local transaction tax on communications services imposed by a local taxing jurisdiction chapter shall separately report and identify each such tax to the state tax administrator, by jurisdiction, on a form prescribed by the state tax administrator, and shall pay or remit such taxes to the state tax administrator. Where a state contains local taxing jurisdictions that impose a type of local transaction tax on communications services at rates that do not vary and an allocation process applies, the requirements of this paragraph shall not apply.

VI. Rates and Boundary Changes

A. For each local taxing jurisdiction within this state that levies a tax on communications services, the state shall

1. Provide that local rate changes will be effective only on the first day of a calendar quarter after a minimum sixty days' notice to the communications provider.
2. Apply local taxing jurisdiction boundary changes only on the first day of a calendar quarter after a minimum sixty days' notice to the communications provider.

B. The state shall

1. Provide and maintain a database that describes boundary changes for all taxing jurisdictions. This database shall include a description of the change and the effective date of the change for local communications transaction tax purposes.

2. Provide and maintain a database of all local communications transaction tax rates for all of the jurisdictions levying taxes within the state. For the identification of states, counties, cities, and parishes, codes corresponding to the rates must be provided according to Federal Information Processing Standards (FIPS) as developed by the National Institute of Standards and Technology. For the identification of all other jurisdictions, codes corresponding to the rates must be in the format consistent with that maintained by the state revenue agency.

If the state revenue agency does not maintain a database, it shall certify automated systems (CAS) to aid in the administration of local communications transaction taxes. The state may certify a software program as a CAS if it determines that the program meets all of the following requirements:

- i. It determines the applicable local tax rate for a telecommunications transaction;
- ii. It determines whether or not a transaction is exempt from tax;
- iii. It determines the amount of tax to be remitted for each taxpayer for a reporting period;
- iv. It can generate reports and returns as required by the state tax administrator; and
- v. It can meet any other requirement set by the state tax administrator.

3. Have the option of providing address-based boundary database records for assigning taxing jurisdictions and their associated rates. The database records must meet the requirements developed pursuant to the federal Mobile Telecommunications Sourcing Act (4 U.S.C.A. Sec. 119(a)).

VII. Allocation and Distribution of Tax

A. The state tax administrator shall provide for the collection of local transaction taxes on communications services and the distribution of such amounts to each appropriate local taxing jurisdiction.

B. Notwithstanding any law to the contrary, the proceeds of all local transaction taxes on communications services levied by each local taxing jurisdiction collected and

designated for distribution to local taxing jurisdictions shall be transferred to the Local Transaction Tax Trust Fund and held there to be timely distributed to such local taxing jurisdiction. The state tax administrator may promulgate rules for the reasonable allocation of local transaction taxes on communications services levied by each local taxing jurisdiction collected and designated for distribution to local taxing jurisdictions. Such trust fund proceeds shall not be withheld or reduced by the [state legislature] for any reason, except for adjustments to reimburse the state tax administrator for the costs of administering this chapter.

C. For purposes of this [section], the Local Transaction Tax Trust Fund shall be created and maintained by the state tax administrator. The state tax administrator may promulgate rules for the maintenance of the Local Transaction Tax Trust Fund consistent with state law.

VIII. Reimbursement of Administrative Costs

The state tax administrator shall charge the local taxing jurisdiction for its services in an amount sufficient to reimburse the state tax administrator for the cost to the state tax administrator for rendering its services; provided that the amount charged to the local taxing jurisdiction for such services shall not exceed [one percent] of the tax collected. The cost of administration shall be prorated among the local taxing jurisdictions levying a local transaction tax on communications services on the basis of the amount collected for a particular local taxing jurisdiction to the total amount collected for all such jurisdictions.

IX. Authority of State Tax Administrator to Promulgate Rules

A. The state tax administrator may promulgate rules to administer and enforce the assessment and collection of the taxes, interest, and penalties collected under or imposed by a local taxing jurisdiction.

B. The provisions of the state's communications tax laws shall, as far as lawful and practicable, be applicable to the local taxes on communications services imposed by a local taxing jurisdiction and administered under this chapter and to the collection thereof as if fully set out in this chapter. No provision of the state's communications tax laws shall apply if it conflicts with any provision of this chapter.

C. To administer each type of local transaction tax on communications services, the state tax administrator may adopt rules relating to:

1. The filing of returns and remittance of tax, including provisions concerning electronic funds transfer and electronic data interchange subject to reasonable exceptions determined by the state tax administrator.

2. The determination of purchaser service addresses, consistent with federal and state law.

3. The interpretation or definition of any exemptions or exclusions from taxation granted by law.

4. The records and methods necessary for a seller and purchaser of communications services to demonstrate the exercise of due diligence.

5. The registration of sellers and purchasers of communications services.

6. The types of books and records kept in the regular course of business which must be available during an audit of a seller's or purchaser's books and records and examples of methods for determining the reasonableness thereof. Books and records kept in the regular course of business include, but are not limited to, general ledgers, price lists, cost records, purchaser billings, billing system reports, tariffs, and other regulatory filings and rules of regulatory authorities. Such records may be required to be made available to the state tax administrator in an electronic format when so kept by the seller or purchaser. The seller or purchaser may support any allocation of charges with books and records kept in the regular course of business covering the seller's or purchaser's entire service area, including territories outside this state. During an audit, the state tax administrator may reasonably require production of any additional books and records found necessary to assist in its determination.

7. The procedure for claiming a refund or credit of local transaction tax imposed on communications service by the local taxing jurisdiction.



Communications Transaction Tax Administration Project—Proposal III, Local Imposition, Local Administration

I. Scope of Local-Level Administration of Local Transaction Taxes on Communications Services

The administrative requirements of this chapter shall apply to each type of local transaction tax on communications services within a local taxing jurisdiction. Nothing in this chapter shall be construed to require that the administrative requirements for one type of local transaction tax on communications services be identical to those applicable to any other type of local transaction tax on communications services. To the extent a tax is imposed on any communications service, the base must be uniform among localities. Nothing in this chapter shall be construed to require any local taxing jurisdiction to exempt, or to impose a tax on any communications service, or to adopt any particular type of local transaction tax on communications services, or to impose the same rate of such tax as any other local taxing jurisdiction.

II. Definitions

As used in this Act, the following term shall apply:

“Centralized tax administrator” means a local taxing jurisdiction or other third party, which may be a private entity, designated by majority vote of local taxing jurisdictions to perform the functions and duties set forth under this Act for any type of local transaction tax imposed on communications services.

III. Cooperation Among Jurisdictions

The centralized tax administrator may request from any local taxing jurisdiction any information that the centralized tax administrator considers necessary in administering this Act, and such agency or jurisdiction shall furnish such information. The centralized tax administrator shall follow the confidentiality laws applicable to the local jurisdiction.

IV. Local Level Administration

A. The centralized tax administrator shall administer and collect all local transaction taxes on communications services imposed by every local taxing jurisdiction within this state. As applicable, sellers or purchasers of communications services that are subject to any type of local transaction tax on communications services are only required to register with, file returns with, and remit amounts to the centralized tax administrator. The centralized tax administrator shall conduct, or authorize others to conduct on its behalf, audits of such sellers and purchasers for the local transaction tax on communications services. Local taxing jurisdictions shall not conduct audits of sellers or purchasers for local transaction taxes on communications services, except as otherwise provided in this Act.

B. The centralized tax administrator may authorize audits of communications service providers to be conducted or performed by others on behalf of the centralized tax administrator so long as: (1) the person is conducting the audit for all local taxing jurisdictions within the state; (2) the person is subject to the same confidentiality provisions (and other protections afforded a taxpayer) as a person working for local taxing jurisdiction; (3) the audit does not cover an audit period for which an audit has already been conducted by a local taxing jurisdiction or other person acting on its behalf, absent fraud or mutual consent; and (4) the audit is subject to the same administrative and appeal procedures granted to audits conducted by local taxing jurisdictions and (5) the person conducting the audit is not paid on a contingency basis.

C. Audits performed by the centralized tax administrator may include a determination of the seller's or purchaser's compliance with the jurisdictional siting of the end user's service addresses and a determination of whether the rate collected for the local transaction tax on communications services is correct. However, if the centralized tax administrator determines that a seller or purchaser of communications services sells or purchases communications services within a single local taxing jurisdiction in this state, that local taxing jurisdiction may perform an audit of such person with respect to the communications services transactions within the local taxing jurisdiction.

V. Registration

Each person engaging in business as a communications services provider must file with the centralized tax administrator an application for a certificate of registration. Registration with the centralized tax administration agency under this section constitutes registration with every local taxing jurisdiction in this state that imposes a local transaction tax on communication services; provided that a communications services provider may elect to separately register with any local taxing jurisdiction in this state that imposes such taxes.

VI. Returns

A. For each type of local transaction tax on communications services imposed by any local taxing jurisdiction within this state, every provider of communications services doing business in this state shall, on or before [calendar period], make a return to the centralized tax administrator, stating:

1. Its name.

2. The address of its principal place of business or the address of the principal place of business (if a different address) from which it engages in the business of providing communications services.

3. The total amount of gross charges billed by it during the [calendar period] for providing communications services and upon the basis of which the tax is imposed.

4. The amount of tax or fee due and the amount of tax or fee remitted.

B. The centralized tax administrator shall:

1. Require that only a single tax return for each taxing period for each provider of communications services be filed for each type of local transaction tax on communications services to include all the taxing jurisdictions within the state.

2. Require that a return by a provider of communications services be due no sooner than the twentieth day of the month following the month in which the transaction occurred.

3. Make available to all providers of communications services a simplified return that is filed electronically.

C. Where local taxing jurisdictions impose a type of local transaction tax on communications services at varying rates, each provider of communications services obligated to collect and remit one of the local transaction taxes on communications services imposed by a local taxing jurisdiction chapter shall separately identify each such tax on the report to the centralized tax administrator, by jurisdiction, in a manner prescribed by the centralized tax administrator, and shall pay or remit such taxes to the centralized tax administrator. The requirements of this paragraph shall not apply to local taxing jurisdictions imposing a type of local transaction tax on communications services at rates that do not vary.

VII. Allocation and Distribution of Tax

A. The centralized tax administrator shall provide for the collection of local transaction taxes on communications services and the timely distribution of such amounts to each appropriate local taxing jurisdiction.

B. The proceeds of all local transaction taxes on communications services levied by each local taxing jurisdiction collected and designated for distribution to local taxing jurisdictions shall be transferred to the Local Transaction Tax Trust Fund and held there to be distributed to such local taxing jurisdiction.

1. Where local transaction tax rates vary between local taxing jurisdictions, the centralized tax administrator shall distribute the communications taxes collected in the amounts as reported on the communications providers' return for each taxing jurisdiction.

2. Where the local transaction tax rates do not vary between local taxing jurisdictions, the centralized tax administrator shall distribute the communications taxes collected to each local taxing jurisdiction by a formula determined by both 1) a majority of the number of local taxing jurisdictions in the state and 2) the local taxing jurisdictions reflecting a majority of the total population of all local taxing jurisdictions in the state according to current U.S. Census Bureau information.

C. For purposes of this [section], the Local Transaction Tax Trust Fund shall be created by the local taxing jurisdictions and maintained by the centralized tax administrator. The local taxing jurisdictions, by vote as set forth in B(2) of this section, may promulgate rules for the maintenance of the Local Transaction Tax Trust Fund.

VIII. Rates and Boundary Changes

A. Each local taxing jurisdiction within this state that levies a tax on communications services shall

1. Provide that local rate changes will be effective for bills issued on or after the first day of a calendar quarter after a minimum sixty days' notice to the communications provider.

2. Apply local taxing jurisdiction boundary changes only on the first day of a calendar quarter after a minimum sixty days' notice to the communications provider.

B. The centralized tax administrator shall

1. Provide and maintain a database that describes boundary changes for all taxing jurisdictions. This database shall include a description of the change and the effective date of the change for local communications transaction tax purposes.

2. Provide and maintain a database of all local communications transaction tax rates for all of the jurisdictions levying taxes within the state. For the identification of states, counties, cities, and parishes, codes corresponding to the

rates must be provided according to Federal Information Processing Standards (FIPS) as developed by the National Institute of Standards and Technology. For the identification of all other jurisdictions, codes corresponding to the rates must be in the format consistent with that maintained by the state revenue agency.

a. If the state revenue agency does not maintain a database, the centralized tax administrator shall certify automated systems (CAS) to aid in the administration of local communications transaction taxes. The centralized tax administrator may certify a software program as a CAS if the centralized tax administrator determines that the program meets all of the following requirements:

- i. It determines the applicable local tax rate for a communications transaction;
- ii. It determines whether or not a transaction is exempt from tax;
- iii. It determines the amount of tax to be remitted for each taxpayer for a reporting period;
- iv. It can generate reports and returns as required by the centralized tax administrator; and
- v. It can meet any other requirement set by the centralized tax administrator.

b. Each local taxing jurisdiction shall review software submitted to the centralized tax administrator for certification as a CAS under this section. Such review shall include a review to determine that the program accurately reflects the taxability of the local communications service transaction included in the program. Upon approval by the local taxing jurisdiction, the local taxing jurisdiction shall certify to the centralized tax administrator its acceptance of the determination of the taxability of local communications services in the program.

3. Have the option of providing address-based boundary database records for assigning taxing jurisdictions and their associated rates. The database records must meet the requirements developed pursuant to the federal Mobile Communications Sourcing Act (4 U.S.C.A. Sec. 119(a)).

IX. Reimbursement of Administrative Costs

The centralized tax administrator shall charge the local taxing jurisdictions for its services pursuant to a contract entered into by the centralized tax administrator and the local taxing jurisdictions. The contract shall be approved by both 1) a majority of the number of local taxing jurisdictions in the state and 2) the local taxing jurisdictions reflecting a majority of the total population of all local taxing jurisdictions in the state according to current U.S. Census Bureau information. The cost of administration shall be prorated among the local taxing jurisdictions levying a local transaction tax on communications

services on the basis of the amount collected for a particular local taxing jurisdiction to the total amount collected for all such jurisdictions.

X. Authority of Local Taxing Jurisdictions to Promulgate Rules

The local taxing jurisdictions, by both 1) a majority of the number of local taxing jurisdictions in the state and 2) the local taxing jurisdictions reflecting a majority of the total population of all local taxing jurisdictions in the state according to current U.S. Census Bureau information, may promulgate rules to administer and enforce the assessment and collection of the taxes, interest, and penalties collected under or imposed by a local taxing jurisdiction.

XI. Process of Rules, Forms and Instructions

To administer each type of local transaction tax on communications services, the local taxing jurisdictions, by both 1) a majority of the number of local taxing jurisdictions in the state and 2) the local taxing jurisdictions reflecting a majority of the total population of all local taxing jurisdictions in the state according to current U.S. Census Bureau information, may adopt rules relating to:

A. The filing of returns and remittance of tax, including provisions concerning electronic funds transfer and electronic data interchange subject to reasonable exceptions determined by the centralized tax administrator.

B. The determination of purchaser service addresses, consistent with federal and state law.

C. The interpretation or definition of any exemptions or exclusions from taxation granted by law.

D. The records and methods necessary for a provider of communications services to demonstrate the exercise of due diligence in determining correct addresses and applicable rates.

E. The registration of providers of communications services.

F. The types of books and records kept in the regular course of business which must be available during an audit of a seller's or purchaser's books and records and examples of methods for determining the reasonableness thereof. Books and records kept in the regular course of business include, but are not limited to, general ledgers, price lists, cost records, purchaser billings, billing system reports, tariffs, and other regulatory filings and rules of regulatory authorities. Such records may be required to be made available to the centralized tax administrator in an electronic format when so kept by the seller or purchaser. The seller or purchaser may support any allocation of charges with books and records kept in the regular course of business covering the seller's or purchaser's entire service area in this state, including territories outside a local taxing

jurisdiction. During an audit, the centralized tax administrator may reasonably require production of any additional books and records found necessary to assist in its determination.

G. The procedure for claiming a refund or credit of local transaction tax imposed on communications services by the local taxing jurisdiction.

TRANSCRIPT OF PROCEEDINGS

\$2,230,500.00
CITY OF WILTON MANORS, FLORIDA
PROMISSORY NOTE

DATED December 1, 2011

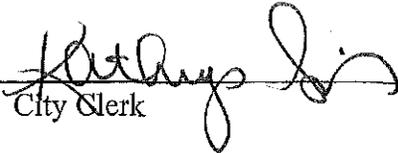
LIST OF CLOSING DOCUMENTS

1. Certified copy of Resolution No. 3752.
2. Notice of Sale sent to Division of Bond Finance.
3. Loan Agreement.
4. Copy of Note.
5. General Certificate of the Issuer.
6. State of Florida Division of Bond Finance Form BF-2003/BF-2004-B.
7. Certificate as to Arbitrage and Other Tax Matters.
8. Form 8038-G and Transmittal Letter.
9. Disclosure Statement of Bank.
10. Opinion of Bond Counsel.
11. Opinion of City Attorney.
12. Closing Memo.

CERTIFICATE OF TRUE COPY

I, the undersigned City Clerk of the City of Wilton Manors, Florida, DO HEREBY CERTIFY that attached hereto is a true and correct copy of Resolution No. 3752, and that such resolution remains in force and has not been amended.

IN WITNESS WHEREOF, I have hereunto set my hand as of the 1st day of December, 2011.

By: 
City Clerk

RESOLUTION NO. 3752

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF WILTON MANORS, FLORIDA AUTHORIZING A LOAN IN THE PRINCIPAL AMOUNT OF \$2,230,500.00 IN ORDER TO FINANCE THE DESIGN AND CONSTRUCTION OF A SEWER LIFT STATION AND TO DEVELOP SURFACE PARKING FACILITIES; APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF A PROMISSORY NOTE AND A LOAN AGREEMENT WITH SUNTRUST BANK; AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF WILTON MANORS, FLORIDA (the "City") that:

Section 1. Authority for this Resolution. This Resolution is adopted pursuant to the Constitution and laws of the State of Florida.

Section 2. Definitions. Words and phrases used herein capitalized form and not otherwise defined herein shall have the meanings ascribed hereto in the Loan Agreement (hereinafter defined) and, in addition, the following words and phrases shall have the following meanings when used herein:

"Authorized Signatory" means the Mayor or Vice-Mayor of the City, or in their absence or inability to act, any other member of the City Commission of the City.

"Loan Amount" means \$2,230,500.00.

Section 3. Authorization of Transaction. In order to obtain funds to finance the design and construction of a sewer lift station and to develop surface parking facilities and to pay the expenses of such transaction, the City is authorized to obtain a loan (the "Loan") from and to borrow from SunTrust Bank (the "Bank") the amount of the Loan Amount.

Because of the characteristics of this transaction, it is in the best interest of the City to obtain the loan through negotiation with the Bank.

Section 4. Loan Agreement and Promissory Note. The City is authorized to execute a Loan Agreement with the Bank in substantially the form attached hereto as Exhibit A (the "Loan Agreement") and to make the Promissory Note (the "Promissory Note") in the form attached to the Loan Agreement. The forms and terms of the Loan Agreement and Promissory Note (jointly, the "Loan Documents") attached hereto are hereby approved by the City and the Authorized Signatory is authorized to execute the same, with such changes as may be approved by the Authorized Signatory, such approval to be conclusively evidenced by the execution thereof by the Authorized Signatory.

Section 5. Severability. If any provision of this Resolution shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable in any context, the same shall not affect any other provision herein or render any other provision (or such provision in any other context) invalid, inoperative or unenforceable to any extent whatsoever.

Section 6. Applicable Provisions of Law. This Resolution shall be governed by and construed in accordance with the laws of the State of Florida.

Section 7. Authorizations. All officials and employees of the City are authorized and empowered, collectively or individually, to take all action and steps and to execute all instruments, documents, and contracts on behalf of the City that are necessary or desirable in connection with the completion of the Loan. The Authorized Signatory is authorized to make on behalf of the City any elections or designations necessary or desirable in connection with the arbitrage provisions of Section 148 of the Internal Revenue Code of 1986 (the "Code") and/or the provisions of Section 265 of the Code regarding qualified tax-exempt obligations.

Section 8. Repealer. All resolutions or parts thereof in conflict herewith are hereby repealed.

Section 9. Effective Date. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED BY THE CITY COMMISSION OF THE CITY OF WILTON MANORS, FLORIDA, THIS 20 DAY OF NOVEMBER, 2011.

CITY OF WILTON MANORS, FLORIDA

By: Gary Resnick
GARY RESNICK, MAYOR

ATTEST:

Kathryn Sims
KATHRYN SIMS
CITY CLERK

RECORD OF COMMISSION VOTE

MAYOR RESNICK
VICE MAYOR GREEN
COMMISSIONER CARSON
COMMISSIONER GALATIS
COMMISSIONER NEWTON

Abstain
Abstain
Abstain
Abstain
Abstain

I HEREBY CERTIFY that I have approved the form of this Resolution.

Kerry V. Ezkol
KERRY V. EZKOL
CITY ATTORNEY

LOAN AGREEMENT

This LOAN AGREEMENT (the "Agreement") is made and entered into as of December 1, 2011, and is by and between the City of Wilton Manors, Florida, a political subdivision and municipality of the State of Florida, and its successors and assigns (the "City"), and SunTrust Bank, a Georgia banking corporation, and its successors and assigns, as holder(s) of the hereinafter defined Note (the "Bank").

The parties hereto, intending to be legally bound hereby and in consideration of the mutual covenants hereinafter contained, DO HEREBY AGREE as follows:

ARTICLE I

DEFINITION OF TERMS

Section 1.01 Definitions. The words and terms used in this Agreement shall have the meanings as set forth in the recitals above and the following words and terms as used in this Agreement shall have the following meanings:

"Agreement" shall mean this Loan Agreement and any and all modifications, alterations, amendments and supplements hereto made in accordance with the provisions hereof.

"Bond Counsel" means an attorney-at-law or firm of such attorneys having expertise in the legal aspects of the issuance of indebtedness by states and political subdivisions thereof.

"Business Day" means any day except any Saturday or Sunday or day on which the Principal Office of the Bank is lawfully closed.

"Closing Date" means December 1, 2011.

"Code" means the Internal Revenue Code of 1986, as amended, and any Treasury Regulations, whether temporary, proposed or final, promulgated thereunder or applicable thereto.

"Event of Default" shall mean an event of default specified in Article VI of this Agreement.

"Loan" shall mean the loan by the Bank to the City contemplated hereby.

"Loan Amount" means \$2,230,500.00.

"Loan Documents" means this Agreement and the Note.

"Note" means the City's Promissory Note in the form attached hereto as Attachment "A."

"Notice Address" means,

As to the City: City of Wilton Manors, Florida
2020 Wilton Drive
Wilton Manors, FL 33305

As to the Bank: SunTrust Bank
515 East Las Olas Blvd.
7th Floor
Ft. Lauderdale, FL 33301
Attn: David K. Ross, Senior Vice President

or to such other address as either party may have specified in writing to the other using the procedures specified in Section 7.06.

"Pledged Revenues" means proceeds received by the City from the tax on communications services imposed pursuant to the authority of Chapter 202, Florida Statutes or any successor provision of law.

"Principal Office" means, with respect to the Bank, the Notice Address or such other office as the Bank may designate to the City in writing.

"Project" means the payment of capital expenditures associated with the design and construction of a sewer lift station, the development of surface parking facilities and such other undertakings as determined by the City from time to time.

"State" means the State of Florida.

Section 1.02 Titles and Headings. The titles and headings of the articles and sections of this Agreement have been inserted for convenience of reference only and are not to be considered a part hereof, shall not in any way modify or restrict any of the terms and provisions hereof, and shall not be considered or given any effect in construing this Agreement or any provision hereof or in ascertaining intent, if any question of intent should arise.

ARTICLE II

REPRESENTATIONS OF CITY

The City represents and warrants to the Bank that:

Section 2.01 Powers of City. The City is a political subdivision and municipality, duly organized and validly existing under the laws of the State. The City has the power to borrow the amount provided for in this Agreement, to execute and deliver the Loan Documents, to secure the Note in the manner contemplated hereby and to perform and observe all the terms and conditions of the Loan Documents on its part to be performed and observed. The City may lawfully borrow

funds hereunder in order to provide for the financing of the Project and the payment of costs of such transaction.

Section 2.02 Authorization of Loan. The City had or has, as the case may be, at all relevant times, full legal right, power, and authority to execute the Loan Documents, to make the Note, and to carry out and consummate all other transactions contemplated hereby, and the City has complied and will comply with all provisions of applicable law in all material matters relating to such transactions. The City has duly authorized the borrowing of the amount provided for in this Agreement, the execution and delivery of this Agreement, and the making and delivery of the Note to the Bank and to that end the City warrants that it will take all action and will do all things which it is authorized by law to take and to do in order to fulfill all covenants on its part to be performed and to provide for and to assure payment of the Note. The Note has been duly authorized, executed, issued and delivered to the Bank and constitutes the legal, valid and binding obligation of the City enforceable in accordance with the terms thereof and the terms hereof, and is entitled to the benefits and security of this Agreement, subject to the provisions of the bankruptcy laws of the United States of America and to other applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors' rights, heretofore or hereinafter enacted, to the extent constitutionally applicable, and provided that its enforcement may also be subject to equitable principles that may affect remedies or other equitable relief, or to the exercise of judicial discretion in appropriate cases. All approvals, consents, and orders of and filings with any governmental authority or agency which would constitute a condition precedent to the issuance of the Note or the execution and delivery of or the performance by the City of its obligations under this Agreement and the Note have been obtained or made and any consents, approvals, and orders to be received or filings so made are in full force and effect.

Section 2.03 No Violation of Law or Contract. The City is not in default in any material respect under any agreement or other instrument to which it is a party or by which it may be bound, the breach of which could result in a material and adverse impact on the financial condition of the City or the ability of the City to perform its obligations hereunder and under the Note. The making and performing by the City of this Agreement and the Note will not violate any applicable provision of law, and will not result in a material breach of any of the terms of any agreement or instrument to which the City is a party or by which the City is bound, the breach of which could result in a material and adverse impact on the financial condition of the City or the ability of the City to perform its obligations hereunder and under the Note.

Section 2.04 Pending or Threatened Litigation. There are no actions or proceedings pending against the City or affecting the City or, to the knowledge of the City, threatened, which, either in any case or in the aggregate, might result in any material adverse change in the financial condition of the City, which contest the City's right to impose or cause to be imposed or to collect the Pledged Revenues which questions the validity of this Agreement or the Note or of any action taken or to be taken in connection with the transactions contemplated hereby or thereby.

Section 2.05 Financial Information. The financial information regarding the City furnished to the Bank by the City in connection with the Loan is complete and accurate, and there has been no material and adverse change in the financial condition of the City from that presented in such information.

Section 2.06 No Prior Pledge. The Pledged Revenues are not currently pledged to secure any debt or obligation of the City or subject to any lien.

ARTICLE III

COVENANTS OF THE CITY

Section 3.01 Affirmative Covenants. For so long as any of the principal or interest on the Note is outstanding or any duty or obligation of the City hereunder or under the Note remains unpaid or unperformed, the City covenants to the Bank as follows:

(a) Payment. The City shall pay the principal of and the interest on the Note at the time and place and in the manner provided herein and in the Note.

(b) Use of Proceeds. Proceeds from the Note will be used only to pay costs of the Project and to pay costs of this transaction.

(c) Notice of Defaults. The City shall within ten (10) days after it acquires knowledge thereof, notify the Bank in writing at its Notice Address upon the happening, occurrence, or existence of any Event of Default, and any event or condition which with the passage of time or giving of notice, or both, would constitute an Event of Default, and shall provide the Bank with such written notice, a detailed statement by a responsible officer of the City of all relevant facts and the action being taken or proposed to be taken by the City with respect thereto.

(d) Maintenance of Existence and Imposition of Pledged Revenues. The City will take all reasonable legal action within its control in order to maintain its existence and to impose or cause to be imposed the tax on communications services imposed pursuant to the authority of Chapter 202, Florida Statutes or any successor provision of law at a rate not lower than the rate sufficient to avoid a default under Section 6.01(h) hereof until all amounts due and owing from the City to the Bank under this Agreement and the Note have been paid in full.

(e) Records. The City agrees that any and all records of the City with respect to the Loan shall be open to inspection by the Bank or its representatives at all reasonable times at the offices the City. The City shall adopt a budget for each fiscal year in compliance with applicable law and will provide the Bank with a copy of each such budget within thirty days after it is adopted. The City will provide the Bank with such other information regarding the City as the Bank may reasonably request within thirty days after the Bank's request therefor.

(f) Financial Statements. The City will cause an audit to be completed of its books and accounts and shall furnish to the Bank audited year-end financial statements of the City certified by an independent certified public accountant to the effect that such audit has been conducted in accordance with generally accepted auditing standards and stating whether such financial statements present fairly in all material respects the financial position of the City and the results of its operations and cash flows for the periods covered by the audit report, all in conformity with generally accepted accounting principles applied on a consistent basis. The City shall provide the Bank with the City's

audited financial statements for each fiscal year ending on or after September 30, 2011 on or before June 30 of the succeeding year.

(g) Notice of Liabilities. The City shall promptly inform the Bank in writing of any actual or potential contingent liabilities or pending or threatened litigation of any amount that could reasonably be expected to have a material and adverse effect upon the financial condition of the City or upon the ability of the City to perform its obligation hereunder and under the Note.

(h) Insurance. The City shall maintain such liability, casualty and other insurance as is reasonable and prudent for similarly situated governmental entities of the State of Florida.

(i) Compliance with Laws. The City shall comply with all applicable federal, state and local laws and regulatory requirements, the violation of which could reasonably be expected to have a material and adverse effect upon the financial condition of the City or upon the ability of the City to perform its obligation hereunder and under the Note.

(j) Payment of Document Taxes. In the event the Note or this Agreement should be subject to the excise tax on documents or the intangible personal property tax of the State, the City shall pay such taxes. In the event the Bank pays any such taxes, the City will reimburse the Bank for any such taxes paid by it on demand.

Section 3.02 Negative Covenants. For so long as any of the principal amount of or interest on the Note is outstanding or any duty or obligation of the City hereunder or under the Note remains unpaid or unperformed, the City covenants to the Bank as follows:

(a) No Adverse Borrowings. The City shall not issue or incur any indebtedness or obligation if such would materially and adversely affect the ability of the City to pay debt service on the Note or any other amounts owing by the City under this Agreement.

Section 3.03. Registration and Exchange of Note. The Note is owned by the Bank. The ownership of the Note may only be transferred, and the City will transfer the ownership of the Note, upon written request of the Bank specifying the name, address and taxpayer identification number of the transferee, and the City will keep a record setting forth the identification of the owner of the Note.

Section 3.04. Note Mutilated, Destroyed, Stolen or Lost. In case the Note shall become mutilated, or be destroyed, stolen or lost, the City shall issue and deliver a new Note, in exchange and in substitution for such mutilated Note, or in lieu of and in substitution for the Note destroyed, stolen or lost and upon the Bank furnishing the City proof of ownership thereof and indemnity reasonably satisfactory to the City and paying such expenses as the City may incur.

Section 3.05. Payment of Principal and Interest. The City promises that it will promptly pay the principal of and interest on the Note at the place, on the dates and in the manner provided therein according to the true intent and meaning hereof and thereof, provided that the principal of and interest on the Note is payable from and secured solely by the Pledged Revenues, and nothing in the Note or this Loan Agreement shall be construed as pledging any other funds or assets of the City to

such payment or as authorizing such payment to be made from any other source. The City is not and shall not be liable for the payment of the principal of and interest on the Note or for the performance of any pledge, obligation or agreement for payment undertaken by the City hereunder or under the Note from any property other than the Pledged Revenues. No Owner of any of the Note shall have any right to resort to legal or equitable action to require or compel the City to make any payment required by the Note or this Loan Agreement from any source other than the Pledged Revenues.

The City covenants that, so long as Note shall remain unpaid, it will appropriate in its annual budget, by amendment, if required, from Pledged Revenues, amounts sufficient to pay the principal of and interest on the Note as the same shall become due. In the event that the amount previously budgeted for such purpose is at anytime insufficient to pay such principal and interest on the Note, the City covenants to take immediate action to amend its budget so as to budget and appropriate an amount from Pledged Revenues sufficient to pay such debt service on the Note. Such covenants to budget and appropriate from Pledged Revenues shall be cumulative to the extent not paid and shall continue until such Pledged Revenues sufficient to make all required payments have been budgeted, appropriated and used to pay such debt service on the Note. Nothing in this paragraph shall be construed as a limitation on the pledge of and lien upon the Pledged Revenues herein granted.

In order to secure the payment of the principal of and interest on the Note, the City hereby pledges and grants a lien upon the Pledged Revenues to the Bank of the Note. The City shall not pledge or encumber the Pledged Revenues to any other debt or obligation of the City, unless either (i) the pledge of the Pledged Revenues to secure such additional debt is expressly stated in such additional debt to be subordinate to the pledge granted hereunder to secure the Note or (ii) the amount of Pledged Revenues received by the City during the fiscal year of the City most recently concluded were at least equal to 150% of the maximum amount of principal and interest scheduled to be payable on the Note and the proposed additional debt of the City in the then current or any future fiscal year of the City, in which case the pledge of the Pledged Revenues to secure such additional debt may rank of equal priority with the pledge hereby created to secure the Note. For purposes of calculating the foregoing, if any indebtedness bears a rate of interest that is not fixed for the entire term of the debt (excluding any provisions that adjust the interest rate upon a change in tax law or in the tax treatment of interest on the debt or upon a default), then the interest rate on such indebtedness shall be assumed to be the highest of (i) the average rate of actual interest borne by such indebtedness during the most recent complete month prior to the date of issuance of such proposed indebtedness, (ii) for tax-exempt debt, The Bond Buyer Revenue Bond Index last published in the month preceding the date of issuance of such proposed indebtedness plus one percent, (iii) for taxable debt, the yield on a U.S. Treasury obligation with a constant maturity closest to but not before the maturity date of such indebtedness, as reported in Statistical Release H.15 of the Federal Reserve on the last day of the month preceding the date of issuance of such proposed indebtedness, plus three percent, provided that if the City shall have entered into an interest rate swap or interest rate cap or shall have taken any other action which has the effect of fixing or capping the interest rate on such indebtedness for the entire term thereof, then such fixed or capped rate shall be used as the applicable rate for the period of such swap or cap, and provided further that if The Bond Buyer Revenue Bond Index or Statistical Release H.15 of the Federal Reserve is no longer available or no longer contains the necessary data, such other comparable source of comparable data as selected by the Bank shall be utilized in the foregoing calculations.

Section 3.06 Officers and Employees of the City Exempt from Personal Liability. No recourse under or upon any obligation, covenant or agreement of this Loan Agreement or the Note or for any claim based hereon or thereon or otherwise in respect thereof, shall be had against any officer, agent or employee, as such, of the City past, present or future, it being expressly understood (a) that the obligation of the City under this Agreement and under the Note is solely a corporate one, (b) that no personal liability whatsoever shall attach to, or is or shall be incurred by, the officers, agents, or employees, as such, of the City, or any of them, under or by reason of the obligations, covenants or agreements contained in this Agreement or implied therefrom, and (c) that any and all such personal liability of, and any and all such rights and claims against, every such officer, agent, or employee, as such, of the City under or by reason of the obligations, covenants or agreements contained in this Agreement and under the Note, or implied therefrom, are waived and released as a condition of, and as a consideration for, the execution of this Agreement and the issuance of the Note on the part of the City.

Section 3.07. Business Days. In any case where the due date of interest on or principal of the Note is not a Business Day, then payment of such principal or interest need not be made on such date but may be made on the next succeeding Business Day, provided that credit for payments made shall not be given until the payment is actually received by the Bank.

Section 3.08. Tax Representations, Warranties and Covenants of the City.

(a) The City hereby covenants and represents that it has taken and caused to be taken and shall make and take and cause to be made and taken all actions that may be required of it for the interest on the Note to be and remain excluded from the gross income of the Bank for federal income tax purposes to the extent set forth in the Code, and that to the best of its knowledge it has not taken or permitted to be taken on its behalf, and covenants that to the best of its ability and within its control, it shall not make or take, or permit to be made or taken on its behalf, any action which, if made or taken, would adversely affect such exclusion under the provisions of the Code.

The City acknowledges that the continued exclusion of interest on the Note from gross income for federal income tax purposes depends, in part, upon compliance with the arbitrage limitations imposed by Sections 103(b)(2) and 148 of the Code. The City hereby acknowledges responsibility to take all reasonable actions necessary to comply with these requirements. The City hereby agrees and covenants that it shall not permit at any time or times any of the proceeds of the Note or other funds of the City to be intentionally used, directly or indirectly, to acquire or to replace funds which were used directly or indirectly to acquire any higher yielding investments (as defined in Section 148 of the Code), the acquisition of which would cause the Note to be an arbitrage bond for purposes of Sections 103(b)(2) and 148 of the Code. The City further agrees and covenants that it shall do and perform all acts and things necessary in order to assure that the requirements of Sections 103(b)(2) and 148 of the Code are met.

Specifically, without intending to limit in any way the generality of the foregoing, the City covenants and agrees:

- (1) to pay to the United States of America at the times required pursuant to Section 148(f) of the Code, the excess of the amount earned on all non-purpose investments

(as defined in Section 148(f)(6) of the Code) (other than investments attributed to an excess described in this sentence) over the amount which would have been earned if such non-purpose investments were invested at a rate equal to the yield on the Note, plus any income attributable to such excess (the "Rebate Amount");

(2) to maintain and retain all records pertaining to and to be responsible for making or causing to be made all determinations and calculations of the Rebate Amount and required payments of the Rebate Amount as shall be necessary to comply with the Code; and

(3) to comply with all representations and restrictions contained in any Certificate as to Arbitrage and Other Tax Matters executed by the City in connection with the Note.

The City understands that the foregoing covenants impose continuing obligations on it to comply with the requirements of Section 103 and Part IV of Subchapter B of Chapter 1 of the Code so long as such requirements are applicable.

(b) The City will comply with, and timely make or cause to be made all filings required by all effective rules, rulings or regulations promulgated by the Department of the Treasury or the Internal Revenue Service.

(c) The City will not use, invest, direct or permit the investment of the proceeds of the Note or any investment earnings thereon in a manner that will result in the Note becoming a "private activity bond" within the meaning of Sections 141 and 145 of the Code.

(d) The City will not use or permit to be used more than ten percent (10%) of the proceeds of the Note (including any amounts used to pay costs associated with issuing the Note) or the assets financed with the proceeds of the Note, including all investment income earned on such proceeds directly or indirectly, in any trade or business carried on by any person who is not the City or a state or political subdivision or instrumentality thereof as those terms are used in Section 103 of the Code (an "Exempt Person").

(e) The City will not use or permit the use of any portion of the proceeds of the Note, including all investment income earned on such proceeds, directly or indirectly, to make or finance loans to persons who are not Exempt Persons.

(f) The City has not entered into, and will not enter into, any arrangement with any person or organization (other than an Exempt Person) which provides for such person or organization to manage, operate, or provide services with respect to more than 10% of the property financed with the proceeds of the Note (a "Service Contract"), unless the guidelines set forth in Revenue Procedure 97-13 (or the guidelines set forth in Revenue Procedure 93-19, to the extent applicable, or any new, revised or additional guidelines applicable to Service Contracts) (the "Guidelines"), are satisfied, except to the extent it obtains a private letter ruling from the Internal Revenue Service or an opinion of nationally recognized Bond Counsel which allows for a variation from the Guidelines.

(g) The City will not cause the Note to be treated as "federally guaranteed" for purposes of Section 149 of the Code, as may be modified in any applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the Department of the Treasury or the Internal Revenue Service with respect to "federally guaranteed" obligations described in Section 149 of the Code. For purposes of this paragraph, the Note shall be treated as "federally guaranteed" if (i) all or any portion of the principal or interest is or will be guaranteed directly or indirectly by the United States of America or any agency or instrumentality thereof, or (ii) 5% or more of the proceeds of the Note will be (A) used in making loans the payment of principal or interest with respect to which is to be guaranteed in whole or in part by the United States of America or any agency or instrumentality thereof, or (B) invested directly or indirectly in federally insured deposits or accounts, and (iii) such guarantee is not described in Section 149(b)(3) of the Code.

The terms "debt service," "gross proceeds," "net proceeds," "proceeds," and "yield" have the meanings assigned to them for purposes of Section 148 of the Code.

Section 3.09. Section 265 Designation of Note.

The reasonably anticipated amount of tax-exempt obligations (other than obligations described in clause (ii) of Section 265(b)(3)(C) of the Code), which have been or will be issued by the City and all entities which are subordinate to or which issue obligations on behalf of the City during calendar year 2011 does not exceed \$10,000,000, and the City hereby designates the Note as a "qualified tax-exempt obligation" ("QTEO") for purposes of Section 265(b)(3)(B)(i) of the Code, and the City covenants and agrees not to take any action or to fail to take any action if such action or failure would cause the Note to no longer be a QTEO.

Section 3.10. Fees of Bank.

The City agrees to pay the fee of the Bank's attorney in the amount of \$3,000.00 upon funding of the Loan

Section 3.11 Automatic Payments. The City hereby authorizes the Bank to automatically deduct from the City's account with the Bank the last digits of which are _____, the amount of any payment due under the Note.

ARTICLE IV

CONDITIONS OF LENDING

The obligations of the Bank to lend hereunder are subject to the following conditions precedent:

Section 4.01 Representations and Warranties. The representations and warranties set forth in this Agreement and the Note are true and correct on and as of the date hereof.

Section 4.02 No Default. On the date hereof the City shall be in compliance with all the terms and provisions set forth in this Agreement and the Note on its part to be observed or

performed, and no Event of Default nor any event that, upon notice or lapse of time or both, would constitute such an Event of Default, shall have occurred and be continuing at such time.

Section 4.03 Supporting Documents. On or prior to the date hereof, the Bank shall have received the following supporting documents, all of which shall be satisfactory in form and substance to the Bank (such satisfaction to be evidenced by the purchase of the Note by the Bank):

(a) the opinion of the attorney for the City regarding the due authorization, execution, delivery, validity and enforceability of the Resolution, this Agreement and the Note;

(b) the opinion of bond counsel to the City regarding the due authorization, execution, delivery, validity and enforceability of the Resolution, this Agreement and the Note, and to the effect that (1) the interest on the Note is excluded from gross income for federal income tax purposes and such Note is not an item of tax preference under Section 57 of the Code, (2) the Note and the income thereon are exempt from the Florida excise tax on documents and intangible personal property tax and (3) the Note is a QTEO; and

(c) such additional supporting documents as the Bank may reasonably request.

ARTICLE V

FUNDING THE LOAN

Section 5.01 The Loan. The Bank hereby agrees to Loan to the City the Loan Amount on the date hereof and upon the terms and conditions set forth in this Agreement. The City agrees to repay the principal amount borrowed plus interest thereon, upon the terms and conditions set forth in this Agreement and the Note.

Section 5.02 Description and Payment Terms of the Note. To evidence the obligation of the City to repay the Loan, the City shall make and deliver to the Bank the Note in the form attached hereto as Exhibit "A."

ARTICLE VI

EVENTS OF DEFAULT

Section 6.01 General. An "Event of Default" shall be deemed to have occurred under this Agreement if:

(a) The City shall fail to make any payment of the principal of or interest on the Loan when the same shall become due and payable, whether by maturity, by acceleration at the discretion of the Bank as provided for in Section 6.02, or otherwise; or

(b) The City shall default in the performance of or compliance with any term or covenant contained in this Agreement or the Note, other than a term or covenant a default in the performance of which or noncompliance with which is elsewhere specifically dealt with, which default or

non-compliance shall continue and not be cured within thirty (30) days after (i) notice thereof to the City by the Bank, or (ii) the Bank is notified of such noncompliance or should have been so notified pursuant to the provisions of Section 3.01(c) of this Agreement, whichever is earlier; or

(c) Any representation or warranty made in writing by or on behalf of the City in this Agreement or the Note shall prove to have been false or incorrect in any material respect on the date made or reaffirmed; or

(d) The City admits in writing its inability to pay its debts generally as they become due or files a petition in bankruptcy or makes an assignment for the benefit of its creditors or consents to the appointment of a receiver or trustee for itself; or

(e) The City is adjudged insolvent by a court of competent jurisdiction, or it is adjudged a bankrupt on a petition in bankruptcy filed by or against the City, or an order, judgment or decree is entered by any court of competent jurisdiction appointing, without the consent of the City, a receiver or trustee of the City or of the whole or any part of its property, and if the aforesaid adjudications, orders, judgments or decrees shall not be vacated or set aside or stayed within ninety (90) days from the date of entry thereof; or

(f) The City shall file a petition or answer seeking reorganization or any arrangement under the federal bankruptcy laws or any other applicable law or statute of the United States of America or the State; or

(g) The City shall default in the due and punctual payment or performance of covenants related to (i) any obligation for the payment of money to the Bank or any other subsidiary or affiliate of the Bank or (ii) any obligation for the payment of money in an amount in excess of \$250,000 to any other obligee; or

(h) The amount of Pledged Revenues collected by the City in any fiscal year is not equal to at least 120% of the required payments of principal and interest due in such fiscal year on all indebtedness of the City which is secured by a pledge of the Pledged Revenues.

Section 6.02 Effect of Event of Default.

Immediately and without notice, upon the occurrence of any Event of Default, the Bank may declare all obligations of the City under this Agreement and the Note to be immediately due and payable without further action of any kind and upon such declaration the Note and the interest accrued thereon shall become immediately due and payable. In addition, and regardless whether such declaration is or is not made, the Bank may also seek enforcement of and exercise all remedies available to it under any applicable law.

ARTICLE VII
MISCELLANEOUS

Section 7.01 No Waiver; Cumulative Remedies. No failure or delay on the part of the Bank in exercising any right, power, remedy hereunder or under the Note shall operate as a waiver of the Bank's rights, powers and remedies hereunder, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof, or the exercise of any other right, power or remedy hereunder or thereunder. The remedies herein and therein provided are cumulative and not exclusive of any remedies provided by law or in equity.

Section 7.02 Amendments, Changes or Modifications to the Agreement. This Agreement shall not be amended, changed or modified except in writing signed by the Bank and the City. The City agrees to pay all of the Bank's costs and reasonable attorneys' fees incurred in modifying and/or amending this Agreement at the City's request or behest.

Section 7.03 Counterparts. This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original; but such counterparts shall together constitute but one and the same Agreement, and, in making proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart.

Section 7.04 Severability. If any clause, provision or section of this Agreement shall be held illegal or invalid by any court, the invalidity of such clause, provision or section shall not affect any other provisions or sections hereof, and this Agreement shall be construed and enforced to the end that the transactions contemplated hereby be effected and the obligations contemplated hereby be enforced, as if such illegal or invalid clause, provision or section had not been contained herein.

Section 7.05 Term of Agreement. Except as otherwise specified in this Agreement, this Agreement and all representations, warranties, covenants and agreements contained herein or made in writing by the City in connection herewith shall be in full force and effect from the date hereof and shall continue in effect until as long as the Note is outstanding.

Section 7.06 Notices. All notices, requests, demands and other communications which are required or may be given under this Agreement shall be in writing and shall be deemed to have been duly given when received, if personally delivered; when transmitted by telecopy, electronic telephone line facsimile transmission or other similar electronic or digital transmission method (provided customary evidence of receipt is obtained); the day after it is sent, if sent by overnight common carrier service; and five days after it is sent, if mailed, certified mail, return receipt requested, postage prepaid. In each case notice shall be sent to the Notice Address:

Section 7.07 Applicable Law; Venue. This Agreement shall be construed pursuant to and governed by the substantive laws of the State. The City and the Bank waive any objection either might otherwise have to venue of any action lying in Broward County, Florida.

Section 7.08 Binding Effect; Assignment. This Agreement shall be binding upon and inure to the benefit of the successors in interest and permitted assigns of the parties. The City shall have

no rights to assign any of its rights or obligations hereunder without the prior written consent of the Bank.

Section 7.09 No Third Party Beneficiaries. It is the intent and agreement of the parties hereto that this Agreement is solely for the benefit of the parties hereto and no person not a party hereto shall have any rights or privileges hereunder.

Section 7.10 Attorneys Fees. To the extent legally permissible, the City and the Bank agree that in any suit, action or proceeding brought in connection with this Agreement or the Note (including any appeal(s)), the prevailing party shall be entitled to recover costs and reasonable attorneys' fees from the other party.

Section 7.11 Entire Agreement. Except as otherwise expressly provided, this Agreement and the Note embody the entire agreement and understanding between the parties hereto and supersede all prior agreements and understandings relating to the subject matter hereof.

Section 7.12 Further Assurances. The parties to this Agreement will execute and deliver, or cause to be executed and delivered, such additional or further documents, agreements or instruments and shall cooperate with one another in all respects for the purpose of out the transactions contemplated by this Agreement.

Section 7.13 Waiver of Jury Trial.

(a) This Section 7.13 concerns the resolution of any controversies or claims between the parties, whether arising in contract, tort or by statute, that arise out of or relate to: (i) this Agreement (including any renewals, extensions or modifications); or (ii) any Loan Document (collectively a "Claim"): For the purposes of this provision only, the term "parties" shall include any parent corporation, subsidiary or affiliate of the Bank involved in the servicing, management or administration of any obligation described or evidenced by this Agreement.

(b) The parties irrevocably and voluntarily waive any right they may have to a trial by jury in respect of any Claim. This provision is a material inducement for the parties entering into this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective between them as of the date of first set forth above.

CITY OF WILTON MANORS, FLORIDA

By: _____
Name: Gary Resnick
Title: Mayor

SUNTRUST BANK

By: _____
Name: David K. Ross
Title: Senior Vice President

PROMISSORY NOTE

KNOW ALL MEN BY THESE PRESENTS that the undersigned maker, City of Wilton Manors, Florida (the "City"), a political subdivision and municipality created and existing pursuant to the Constitution and the laws of the State of Florida, for value received, promises to pay from the sources hereinafter provided, to the order of SunTrust Bank, or registered assigns (hereinafter, the "Bank"), the principal sum of \$2,230,500.00 or such lesser amount as shall be outstanding hereunder, together with interest on the principal balance outstanding at the rate of 2.52% per annum (subject to adjustment as hereinafter provided) based upon a year of 360 days consisting of twelve thirty-day months. This Note is issued in conjunction with a Loan Agreement, dated of even date herewith, between the City and the Bank (the "Loan Agreement") and is subject to all the terms and conditions of the Loan Agreement.

Principal of and interest on this Note are payable in immediately available funds constituting lawful money of the United States of America at such place as the Bank may designate to the City.

The City shall pay the Bank the accrued interest hereon in arrears on December 1, 2012, and on each June 1 and December 1 thereafter until the entire principal amount hereof shall have been paid in full. The City shall pay the Bank installments of the principal hereof on the dates and in the amounts set forth on Schedule A. The entire unpaid principal balance, together with all accrued and unpaid interest thereon, shall be due and payable in full on December 1, 2026.

All payments by the City pursuant to this Note shall apply first to accrued interest, then to other charges due the Bank, and the balance thereof shall apply to the principal sum due.

As used in this Note, the following terms have the following meanings:

"Change in Law" means the occurrence, after the date of this Note, of any of the following: (a) the adoption or taking effect of any law, rule, regulation, directive or treaty, or (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directive thereunder or issued in connection therewith and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or pursuant to the accord commonly referred to as "Basel III" or the United States or foreign regulatory authorities, shall in each case be deemed to be a "Change in Law," regardless of the date enacted, adopted or issued.

"Code" means the Internal Revenue Code of 1986, as amended, and any Treasury Regulations, whether temporary, proposed or final, promulgated thereunder or applicable thereto.

"Determination of Taxability" means a final decree or judgment of any Federal court or a final action of the Internal Revenue Service determining that interest paid or payable on this Note is or was includable in the gross income of the Bank for Federal income tax purposes; provided, that no such decree, judgment, or action will be considered final for this purpose, however, unless the City has been given written notice and, if it is so desired and is legally allowed, has been afforded the opportunity to contest the same, either directly or in the name of the Bank, and until the conclusion of any appellate review, if sought.

"Governmental Authority" shall mean the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Interest Rate" shall mean a per annum rate equal to (a) 2.52%, multiplied, prior to the occurrence of a Determination of Taxability, by (b) the Margin Rate Factor, and, both prior to and after the occurrence of a Determination of Taxability, subject to additional adjustment as provided herein.

"Margin Rate Factor" shall mean the fraction the numerator of which is equal to one (1) minus the Maximum Federal Corporate Tax Rate on the date of calculation and the denominator of which is 0.65. The Margin Rate Factor shall be 0.65/0.65 or 1.0 so long as the Maximum Federal Corporate Tax Rate shall be 35%; and thereafter shall increase from time to time effective as of the effective date of any decrease in the Maximum Federal Corporate Tax Rate.

"Maximum Federal Corporate Tax Rate" shall mean the maximum rate of income taxation imposed on corporations pursuant to Section 11(b) of the Code, determined without regard to tax rate or tax benefit make-up provisions such as the last two sentences of Section 11(b)(1) of the Code, as in effect from time to time (or, if as a result of a change in the Code the rate of income taxation imposed on corporations shall not be applicable to the Holder, the maximum statutory rate of federal income taxation which could apply to the Holder). The Maximum Federal Corporate Tax Rate on the date of execution of this Note is 35%.

"Taxable Period" shall mean the period of time between (a) the date that interest on this Note is deemed to be includable in the gross income of the owner thereof for federal income tax purposes as a result of a Determination of Taxability, and (b) the date of the Determination of Taxability.

"Taxable Rate" shall mean, upon a Determination of Taxability, the interest rate per annum that shall provide the Bank with the same after tax yield that the Bank would have otherwise received had the Determination of Taxability not occurred, taking into account the increased taxable income of the Bank as a result of such Determination of Taxability. The Bank shall provide the City with a written statement explaining the calculation of the Taxable Rate, which statement shall, in the absence of manifest error, be conclusive and binding on the City. The Taxable Rate shall be subject to adjustment as provided herein.

Capital Adequacy. If, after the date of this Note, the Bank shall have reasonably determined that a Change in Law shall have occurred that has or would have the effect of reducing the rate of return on the Bank's capital, on this Note or otherwise, as a consequence of its ownership of this Note to a level below that which the Bank could have achieved but for such adoption, change or compliance (taking into consideration the Bank's policies with respect to capital adequacy) by an amount deemed by the Bank to be material, then from time to time, promptly upon demand by the Bank, the interest rate on this Note shall be increased to offset such effect of such Change in Law, but only if at such time the Bank shall generally be assessing such amounts on a non-discriminatory basis against borrowers having loans similar to the loan evidenced by this Note. A certificate of the Bank claiming compensation under this subsection and setting forth the additional interest to be paid to it hereunder shall be conclusive absent manifest error. In determining any such amount, the Bank may use any reasonable averaging and attribution methods. The Bank shall notify the City in writing of any adjustments pursuant to this paragraph.

Additional Costs. In the event that any applicable law or regulation or the interpretation or administration thereof by any governmental authority charged with the interpretation or administration thereof (whether or not having the force of law) (i) shall change the basis of taxation of payments to the Bank of any amounts payable by the City hereunder (other than taxes imposed on the overall net income of the Bank) or (ii) shall impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by the Bank, or (iii) shall impose any other condition with respect to this Note, and the result of any of the foregoing is to increase the cost to the Bank of making or maintaining this Note or to reduce any amount receivable by the Bank hereunder (the "Additional Costs"), then from time to time, upon demand by the Bank, the interest rate on this Note shall be increased to offset such increase in cost or reduction of amount receivable. A detailed statement as to the amount of such additional interest on account of such Additional Costs, prepared in good faith and submitted to the City by the Bank, shall be conclusive and binding in the absence of manifest error.

Prepayments; Make Whole Premium. This Note may be pre-paid at the option of the City in whole or in part on date subject to the terms hereof and upon at least two Business Days' prior written notice from the City to the Bank specifying the amount of prepayment. The City shall, at the time of such prepayment, pay to the

Bank the interest accrued to the date of prepayment on the principal amount being prepaid plus an additional fee or redemption premium equal to the present value of the difference between (1) the amount that would have been realized by the Bank on the prepaid amount for the remaining term of the loan at [____%] (the Federal Reserve H.15 Statistical Release rate for fixed-rate payers in interest rate swaps for a term corresponding to the term of the Note, interpolated to the nearest month, if necessary, that was in effect three Business Days prior to the date hereof), and (2) the amount that would be realized by the Bank by reinvesting such prepaid funds for the remaining term of the loan at the Federal Reserve H.15 Statistical Release rate for fixed-rate payers in interest rate swaps, interpolated to the nearest month, that was in effect three Business Days prior to the repayment date; both discounted at the same interest rate utilized in determining the applicable amount in (2). Should the present value have no value or a negative value, the City may prepay with no additional fee or redemption premium. Should the Federal Reserve no longer release rates for fixed-rate payers in interest rate swaps, the Bank may substitute the Federal Reserve H.15 Statistical Release with another similar index. The Bank shall provide the City with a written statement explaining the calculation of the premium due, which statement shall, in absence of manifest error, be conclusive and binding. The application of such fee or prepayment premium is not intended to, and shall not be deemed to be, an increase in the Interest Rate.

Determination of Taxability. Upon the occurrence of a Determination of Taxability and for as long as this Note remains outstanding, the Interest Rate on the Note shall be converted to the Taxable Rate. In addition, upon a Determination of Taxability, the City shall pay to the Bank (i) an additional amount equal to the difference between (A) the amount of interest actually paid on the Note during the Taxable Period and (B) the amount of interest that would have been paid during the Taxable Period had the Note borne interest at the Taxable Rate, and (ii) but only from lawfully available revenues not derived from ad valorem taxation, an amount equal to any interest, penalties on overdue interest and additions to tax (as referred to in Subchapter A of Chapter 68 of the Code) owed by the Bank as a result of the Determination of Taxability.

Additional Payments if Note Determined not be Bank Qualified. If it is determined that the Note is not a "qualified tax exempt obligation" within the meaning of Section 265(b)(3)(C) of the Code; then the interest rate borne by the Note will increase to 2.96% per annum, as of the date of determination that the Note is not a qualified tax exempt obligation. Such non bank qualified interest rate will be subject to further adjustment as provided herein.

Upon the occurrence of an Event of Default (as defined in the Loan Agreement) then the Bank may declare the entire debt then remaining unpaid hereunder immediately due and payable; and in any such default and acceleration, the City shall also be obligated to pay as part of the indebtedness evidenced by this Note, all costs of collection and enforcement hereof, including such fees as may be incurred on appeal or incurred in any proceeding under bankruptcy laws as they now or hereafter exist, including specifically but without limitation, claims, disputes and proceedings seeking adequate protection or relief from the automatic stay.

Interest at the maximum lawful rate per annum shall be payable on the entire principal balance owing hereunder from and after the occurrence of and during the continuation of a default described in the preceding paragraph, irrespective of a declaration of maturity.

The City to the extent permitted by law hereby waives presentment, demand, protest and notice of dishonor.

All terms, conditions and provisions of the Loan Agreement, including the provisions regarding the source and payment and security for the payment hereof are by this reference thereto incorporated herein as a part of this Note. Terms used herein in capitalized form and not otherwise defined herein shall have the meanings ascribed thereto in the Loan Agreement.

This Note may be exchanged or transferred but only as provided in the Loan Agreement.

It is hereby certified, recited and declared that all acts, conditions and prerequisites required to exist, happen and be performed precedent to and in the execution, delivery and the issuance of this Note do exist, have happened and have been performed in due time, form and manner as required by law, and that the issuance of this Note is in full compliance with and does not exceed or violate any constitutional or statutory limitation.

IN WITNESS WHEREOF, the City has caused this Note to be executed in its name as of the date hereinafter set forth:

The date of this Promissory Note is December 1, 2011.

CITY OF WILTON MANORS, FLORIDA

By: _____
Name: Gary Resnick
Title: Mayor

**STATE OF FLORIDA - DIVISION OF BOND FINANCE LOCAL BOND
MONITORING**

[Home](#) | [Account](#) | [Logout](#)

Notice of Sale Status

Notice of Sale submission successful.

Submit Date: 11/21/2011

Bond Issue Name: \$2,230,500 City of Wilton Manors, Florida Promissory Note

Sale Date: 12/1/2011

Closing Date: 12/1/2011

[Print this page](#)

LOAN AGREEMENT

This LOAN AGREEMENT (the "Agreement") is made and entered into as of December 1, 2011, and is by and between the City of Wilton Manors, Florida, a political subdivision and municipality of the State of Florida, and its successors and assigns (the "City"), and SunTrust Bank, a Georgia banking corporation, and its successors and assigns, as holder(s) of the hereinafter defined Note (the "Bank").

The parties hereto, intending to be legally bound hereby and in consideration of the mutual covenants hereinafter contained, DO HEREBY AGREE as follows:

ARTICLE I

DEFINITION OF TERMS

Section 1.01 Definitions. The words and terms used in this Agreement shall have the meanings as set forth in the recitals above and the following words and terms as used in this Agreement shall have the following meanings:

"Agreement" shall mean this Loan Agreement and any and all modifications, alterations, amendments and supplements hereto made in accordance with the provisions hereof.

"Bond Counsel" means an attorney-at-law or firm of such attorneys having expertise in the legal aspects of the issuance of indebtedness by states and political subdivisions thereof.

"Business Day" means any day except any Saturday or Sunday or day on which the Principal Office of the Bank is lawfully closed.

"Closing Date" means December 1, 2011.

"Code" means the Internal Revenue Code of 1986, as amended, and any Treasury Regulations, whether temporary, proposed or final, promulgated thereunder or applicable thereto.

"Event of Default" shall mean an event of default specified in Article VI of this Agreement.

"Loan" shall mean the loan by the Bank to the City contemplated hereby.

"Loan Amount" means \$2,230,500.00.

"Loan Documents" means this Agreement and the Note.

"Note" means the City's Promissory Note in the form attached hereto as Attachment "A."

"Notice Address" means,

As to the City: City of Wilton Manors, Florida
2020 Wilton Drive
Wilton Manors, FL 33305

As to the Bank: SunTrust Bank
515 East Las Olas Blvd.
7th Floor
Ft. Lauderdale, FL 33301
Attn: David K. Ross, Senior Vice President

or to such other address as either party may have specified in writing to the other using the procedures specified in Section 7.06.

"Pledged Revenues" means proceeds received by the City from the tax on communications services imposed pursuant to the authority of Chapter 202, Florida Statutes or any successor provision of law.

"Principal Office" means, with respect to the Bank, the Notice Address or such other office as the Bank may designate to the City in writing.

"Project" means the payment of capital expenditures associated with the design and construction of a sewer lift station, the development of surface parking facilities and such other undertakings as determined by the City from time to time.

"State" means the State of Florida.

Section 1.02 Titles and Headings. The titles and headings of the articles and sections of this Agreement have been inserted for convenience of reference only and are not to be considered a part hereof, shall not in any way modify or restrict any of the terms and provisions hereof, and shall not be considered or given any effect in construing this Agreement or any provision hereof or in ascertaining intent, if any question of intent should arise.

ARTICLE II

REPRESENTATIONS OF CITY

The City represents and warrants to the Bank that:

Section 2.01 Powers of City. The City is a political subdivision and municipality, duly organized and validly existing under the laws of the State. The City has the power to borrow the amount provided for in this Agreement, to execute and deliver the Loan Documents, to secure the Note in the manner contemplated hereby and to perform and observe all the terms and conditions of the Loan Documents on its part to be performed and observed. The City may lawfully borrow

funds hereunder in order to provide for the financing of the Project and the payment of costs of such transaction.

Section 2.02 Authorization of Loan. The City had or has, as the case may be, at all relevant times, full legal right, power, and authority to execute the Loan Documents, to make the Note, and to carry out and consummate all other transactions contemplated hereby, and the City has complied and will comply with all provisions of applicable law in all material matters relating to such transactions. The City has duly authorized the borrowing of the amount provided for in this Agreement, the execution and delivery of this Agreement, and the making and delivery of the Note to the Bank and to that end the City warrants that it will take all action and will do all things which it is authorized by law to take and to do in order to fulfill all covenants on its part to be performed and to provide for and to assure payment of the Note. The Note has been duly authorized, executed, issued and delivered to the Bank and constitutes the legal, valid and binding obligation of the City enforceable in accordance with the terms thereof and the terms hereof, and is entitled to the benefits and security of this Agreement, subject to the provisions of the bankruptcy laws of the United States of America and to other applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors' rights; heretofore or hereinafter enacted, to the extent constitutionally applicable, and provided that its enforcement may also be subject to equitable principles that may affect remedies or other equitable relief, or to the exercise of judicial discretion in appropriate cases. All approvals, consents, and orders of and filings with any governmental authority or agency which would constitute a condition precedent to the issuance of the Note or the execution and delivery of or the performance by the City of its obligations under this Agreement and the Note have been obtained or made and any consents, approvals, and orders to be received or filings so made are in full force and effect.

Section 2.03 No Violation of Law or Contract. The City is not in default in any material respect under any agreement or other instrument to which it is a party or by which it may be bound, the breach of which could result in a material and adverse impact on the financial condition of the City or the ability of the City to perform its obligations hereunder and under the Note. The making and performing by the City of this Agreement and the Note will not violate any applicable provision of law, and will not result in a material breach of any of the terms of any agreement or instrument to which the City is a party or by which the City is bound, the breach of which could result in a material and adverse impact on the financial condition of the City or the ability of the City to perform its obligations hereunder and under the Note.

Section 2.04 Pending or Threatened Litigation. There are no actions or proceedings pending against the City or affecting the City or, to the knowledge of the City, threatened, which, either in any case or in the aggregate, might result in any material adverse change in the financial condition of the City, which contest the City's right to impose or cause to be imposed or to collect the Pledged Revenues or which questions the validity of this Agreement or the Note or of any action taken or to be taken in connection with the transactions contemplated hereby or thereby.

Section 2.05 Financial Information. The financial information regarding the City furnished to the Bank by the City in connection with the Loan is complete and accurate, and there has been no material and adverse change in the financial condition of the City from that presented in such information.

Section 2.06 No Prior Pledge. The Pledged Revenues are not currently pledged to secure any debt or obligation of the City or subject to any lien.

ARTICLE III

COVENANTS OF THE CITY

Section 3.01 Affirmative Covenants. For so long as any of the principal or interest on the Note is outstanding or any duty or obligation of the City hereunder or under the Note remains unpaid or unperformed, the City covenants to the Bank as follows:

(a) Payment. The City shall pay the principal of and the interest on the Note at the time and place and in the manner provided herein and in the Note.

(b) Use of Proceeds. Proceeds from the Note will be used only to pay costs of the Project and to pay costs of this transaction.

(c) Notice of Defaults. The City shall within ten (10) days after it acquires knowledge thereof, notify the Bank in writing at its Notice Address upon the happening, occurrence, or existence of any Event of Default, and any event or condition which with the passage of time or giving of notice, or both, would constitute an Event of Default, and shall provide the Bank with such written notice, a detailed statement by a responsible officer of the City of all relevant facts and the action being taken or proposed to be taken by the City with respect thereto.

(d) Maintenance of Existence and Imposition of Pledged Revenues. The City will take all reasonable legal action within its control in order to maintain its existence and to impose or cause to be imposed the tax on communications services imposed pursuant to the authority of Chapter 202, Florida Statutes or any successor provision of law at a rate not lower than the rate sufficient to avoid a default under Section 6.01(h) hereof until all amounts due and owing from the City to the Bank under this Agreement and the Note have been paid in full.

(e) Records. The City agrees that any and all records of the City with respect to the Loan shall be open to inspection by the Bank or its representatives at all reasonable times at the offices the City. The City shall adopt a budget for each fiscal year in compliance with applicable law and will provide the Bank with a copy of each such budget within thirty days after it is adopted. The City will provide the Bank with such other information regarding the City as the Bank may reasonably request within thirty days after the Bank's request therefore.

(f) Financial Statements. The City will cause an audit to be completed of its books and accounts and shall furnish to the Bank audited year-end financial statements of the City certified by an independent certified public accountant to the effect that such audit has been conducted in accordance with generally accepted auditing standards and stating whether such financial statements present fairly in all material respects the financial position of the City and the results of its operations and cash flows for the periods covered by the audit report, all in conformity with generally accepted accounting principles applied on a consistent basis. The City shall provide the Bank with the City's

audited financial statements for each fiscal year ending on or after September 30, 2011 on or before June 30 of the succeeding year.

(g) Notice of Liabilities. The City shall promptly inform the Bank in writing of any actual or potential contingent liabilities or pending or threatened litigation of any amount that could reasonably be expected to have a material and adverse effect upon the financial condition of the City or upon the ability of the City to perform its obligation hereunder and under the Note.

(h) Insurance. The City shall maintain such liability, casualty and other insurance as is reasonable and prudent for similarly situated governmental entities of the State of Florida.

(i) Compliance with Laws. The City shall comply with all applicable federal, state and local laws and regulatory requirements, the violation of which could reasonably be expected to have a material and adverse effect upon the financial condition of the City or upon the ability of the City to perform its obligation hereunder and under the Note.

(j) Payment of Document Taxes. In the event the Note or this Agreement should be subject to the excise tax on documents or the intangible personal property tax of the State, the City shall pay such taxes. In the event the Bank pays any such taxes, the City will reimburse the Bank for any such taxes paid by it on demand.

Section 3.02 Negative Covenants. For so long as any of the principal amount of or interest on the Note is outstanding or any duty or obligation of the City hereunder or under the Note remains unpaid or unperformed, the City covenants to the Bank as follows:

(a) No Adverse Borrowings. The City shall not issue or incur any indebtedness or obligation if such would materially and adversely affect the ability of the City to pay debt service on the Note or any other amounts owing by the City under this Agreement.

Section 3.03. Registration and Exchange of Note. The Note is owned by the Bank. The ownership of the Note may only be transferred, and the City will transfer the ownership of the Note, upon written request of the Bank specifying the name, address and taxpayer identification number of the transferee, and the City will keep a record setting forth the identification of the owner of the Note.

Section 3.04. Note Mutilated, Destroyed, Stolen or Lost. In case the Note shall become mutilated, or be destroyed, stolen or lost, the City shall issue and deliver a new Note, in exchange and in substitution for such mutilated Note, or in lieu of and in substitution for the Note destroyed, stolen or lost and upon the Bank furnishing the City proof of ownership thereof and indemnity reasonably satisfactory to the City and paying such expenses as the City may incur.

Section 3.05. Payment of Principal and Interest. The City promises that it will promptly pay the principal of and interest on the Note at the place, on the dates and in the manner provided therein according to the true intent and meaning hereof and thereof, provided that the principal of and interest on the Note is payable from and secured solely by the Pledged Revenues, and nothing in the Note or this Loan Agreement shall be construed as pledging any other funds or assets of the City to

such payment or as authorizing such payment to be made from any other source. The City is not and shall not be liable for the payment of the principal of and interest on the Note or for the performance of any pledge, obligation or agreement for payment undertaken by the City hereunder or under the Note from any property other than the Pledged Revenues. No Owner of any of the Note shall have any right to resort to legal or equitable action to require or compel the City to make any payment required by the Note or this Loan Agreement from any source other than the Pledged Revenues.

The City covenants that, so long as Note shall remain unpaid, it will appropriate in its annual budget, by amendment, if required, from Pledged Revenues, amounts sufficient to pay the principal of and interest on the Note as the same shall become due. In the event that the amount previously budgeted for such purpose is at anytime insufficient to pay such principal and interest on the Note, the City covenants to take immediate action to amend its budget so as to budget and appropriate an amount from Pledged Revenues sufficient to pay such debt service on the Note. Such covenants to budget and appropriate from Pledged Revenues shall be cumulative to the extent not paid and shall continue until such Pledged Revenues sufficient to make all required payments have been budgeted, appropriated and used to pay such debt service on the Note. Nothing in this paragraph shall be construed as a limitation on the pledge of and lien upon the Pledged Revenues herein granted.

In order to secure the payment of the principal of and interest on the Note, the City hereby pledges and grants a lien upon the Pledged Revenues to the Bank of the Note. The City shall not pledge or encumber the Pledged Revenues to any other debt or obligation of the City, unless either (i) the pledge of the Pledged Revenues to secure such additional debt is expressly stated in such additional debt to be subordinate to the pledge granted hereunder to secure the Note or (ii) the amount of Pledged Revenues received by the City during the fiscal year of the City most recently concluded were at least equal to 150% of the maximum amount of principal and interest scheduled to be payable on the Note and the proposed additional debt of the City in the then current or any future fiscal year of the City, in which case the pledge of the Pledged Revenues to secure such additional debt may rank of equal priority with the pledge hereby created to secure the Note. For purposes of calculating the foregoing, if any indebtedness bears a rate of interest that is not fixed for the entire term of the debt (excluding any provisions that adjust the interest rate upon a change in tax law or in the tax treatment of interest on the debt or upon a default), then the interest rate on such indebtedness shall be assumed to be the highest of (i) the average rate of actual interest borne by such indebtedness during the most recent complete month prior to the date of issuance of such proposed indebtedness, (ii) for tax-exempt debt, The Bond Buyer Revenue Bond Index last published in the month preceding the date of issuance of such proposed indebtedness plus one percent, (iii) for taxable debt, the yield on a U.S. Treasury obligation with a constant maturity closest to but not before the maturity date of such indebtedness, as reported in Statistical Release H.15 of the Federal Reserve on the last day of the month preceding the date of issuance of such proposed indebtedness, plus three percent, provided that if the City shall have entered into an interest rate swap or interest rate cap or shall have taken any other action which has the effect of fixing or capping the interest rate on such indebtedness for the entire term thereof, then such fixed or capped rate shall be used as the applicable rate for the period of such swap or cap, and provided further that if The Bond Buyer Revenue Bond Index or Statistical Release H.15 of the Federal Reserve is no longer available or no longer contains the necessary data, such other comparable source of comparable data as selected by the Bank shall be utilized in the foregoing calculations.

Section 3.06 Officers and Employees of the City Exempt from Personal Liability. No recourse under or upon any obligation, covenant or agreement of this Loan Agreement or the Note or for any claim based hereon or thereon or otherwise in respect thereof, shall be had against any officer, agent or employee, as such, of the City past, present or future, it being expressly understood (a) that the obligation of the City under this Agreement and under the Note is solely a corporate one, (b) that no personal liability whatsoever shall attach to, or is or shall be incurred by, the officers, agents, or employees, as such, of the City, or any of them, under or by reason of the obligations, covenants or agreements contained in this Agreement or implied therefrom, and (c) that any and all such personal liability of, and any and all such rights and claims against, every such officer, agent, or employee, as such, of the City under or by reason of the obligations, covenants or agreements contained in this Agreement and under the Note, or implied therefrom, are waived and released as a condition of, and as a consideration for, the execution of this Agreement and the issuance of the Note on the part of the City.

Section 3.07. Business Days. In any case where the due date of interest on or principal of the Note is not a Business Day, then payment of such principal or interest need not be made on such date but may be made on the next succeeding Business Day, provided that credit for payments made shall not be given until the payment is actually received by the Bank.

Section 3.08. Tax Representations, Warranties and Covenants of the City.

(a) The City hereby covenants and represents that it has taken and caused to be taken and shall make and take and cause to be made and taken all actions that may be required of it for the interest on the Note to be and remain excluded from the gross income of the Bank for federal income tax purposes to the extent set forth in the Code, and that to the best of its knowledge it has not taken or permitted to be taken on its behalf, and covenants that to the best of its ability and within its control, it shall not make or take, or permit to be made or taken on its behalf, any action which, if made or taken, would adversely affect such exclusion under the provisions of the Code.

The City acknowledges that the continued exclusion of interest on the Note from gross income for federal income tax purposes depends, in part, upon compliance with the arbitrage limitations imposed by Sections 103(b)(2) and 148 of the Code. The City hereby acknowledges responsibility to take all reasonable actions necessary to comply with these requirements. The City hereby agrees and covenants that it shall not permit at any time or times any of the proceeds of the Note or other funds of the City to be intentionally used, directly or indirectly, to acquire or to replace funds which were used directly or indirectly to acquire any higher yielding investments (as defined in Section 148 of the Code), the acquisition of which would cause the Note to be an arbitrage bond for purposes of Sections 103(b)(2) and 148 of the Code. The City further agrees and covenants that it shall do and perform all acts and things necessary in order to assure that the requirements of Sections 103(b)(2) and 148 of the Code are met.

Specifically, without intending to limit in any way the generality of the foregoing, the City covenants and agrees:

- (1) to pay to the United States of America at the times required pursuant to Section 148(f) of the Code, the excess of the amount earned on all non-purpose investments

(as defined in Section 148(f)(6) of the Code) (other than investments attributed to an excess described in this sentence) over the amount which would have been earned if such non-purpose investments were invested at a rate equal to the yield on the Note, plus any income attributable to such excess (the "Rebate Amount");

(2) to maintain and retain all records pertaining to and to be responsible for making or causing to be made all determinations and calculations of the Rebate Amount and required payments of the Rebate Amount as shall be necessary to comply with the Code; and

(3) to comply with all representations and restrictions contained in any Certificate as to Arbitrage and Other Tax Matters executed by the City in connection with the Note.

The City understands that the foregoing covenants impose continuing obligations on it to comply with the requirements of Section 103 and Part IV of Subchapter B of Chapter 1 of the Code so long as such requirements are applicable.

(b) The City will comply with, and timely make or cause to be made all filings required by, all effective rules, rulings or regulations promulgated by the Department of the Treasury or the Internal Revenue Service.

(c) The City will not use, invest, direct or permit the investment of the proceeds of the Note or any investment earnings thereon in a manner that will result in the Note becoming a "private activity bond" within the meaning of Sections 141 and 145 of the Code.

(d) The City will not use or permit to be used more than ten percent (10%) of the proceeds of the Note (including any amounts used to pay costs associated with issuing the Note) or the assets financed with the proceeds of the Note, including all investment income earned on such proceeds directly or indirectly, in any trade or business carried on by any person who is not the City or a state or political subdivision or instrumentality thereof as those terms are used in Section 103 of the Code (an "Exempt Person").

(e) The City will not use or permit the use of any portion of the proceeds of the Note, including all investment income earned on such proceeds, directly or indirectly, to make or finance loans to persons who are not Exempt Persons.

(f) The City has not entered into, and will not enter into, any arrangement with any person or organization (other than an Exempt Person) which provides for such person or organization to manage, operate, or provide services with respect to more than 10% of the property financed with the proceeds of the Note (a "Service Contract"), unless the guidelines set forth in Revenue Procedure 97-13 (or the guidelines set forth in Revenue Procedure 93-19, to the extent applicable, or any new, revised or additional guidelines applicable to Service Contracts) (the "Guidelines"), are satisfied, except to the extent it obtains a private letter ruling from the Internal Revenue Service or an opinion of nationally recognized Bond Counsel which allows for a variation from the Guidelines.

(g) The City will not cause the Note to be treated as "federally guaranteed" for purposes of Section 149 of the Code, as may be modified in any applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the Department of the Treasury or the Internal Revenue Service with respect to "federally guaranteed" obligations described in Section 149 of the Code. For purposes of this paragraph, the Note shall be treated as "federally guaranteed" if (i) all or any portion of the principal or interest is or will be guaranteed directly or indirectly by the United States of America or any agency or instrumentality thereof, or (ii) 5% or more of the proceeds of the Note will be (A) used in making loans the payment of principal or interest with respect to which is to be guaranteed in whole or in part by the United States of America or any agency or instrumentality thereof, or (B) invested directly or indirectly in federally insured deposits or accounts, and (iii) such guarantee is not described in Section 149(b)(3) of the Code.

The terms "debt service," "gross proceeds," "net proceeds," "proceeds," and "yield" have the meanings assigned to them for purposes of Section 148 of the Code.

Section 3.09. Section 265 Designation of Note.

The reasonably anticipated amount of tax-exempt obligations (other than obligations described in clause (ii) of Section 265(b)(3)(C) of the Code), which have been or will be issued by the City and all entities which are subordinate to or which issue obligations on behalf of the City during calendar year 2011 does not exceed \$10,000,000, and the City hereby designates the Note as a "qualified tax-exempt obligation" ("QTEO") for purposes of Section 265(b)(3)(B)(i) of the Code, and the City covenants and agrees not to take any action or to fail to take any action if such action or failure would cause the Note to no longer be a QTEO.

Section 3.10. Fees of Bank.

The City agrees to pay the fee of the Bank's attorney in the amount of \$3,000.00 upon funding of the Loan

Section 3.11 Automatic Payments. The City hereby authorizes the Bank to automatically deduct from the City's account with the Bank the last digits of which are 5106, the amount of any payment due under the Note.

ARTICLE IV

CONDITIONS OF LENDING

The obligations of the Bank to lend hereunder are subject to the following conditions precedent:

Section 4.01 Representations and Warranties. The representations and warranties set forth in this Agreement and the Note are true and correct on and as of the date hereof.

Section 4.02 No Default. On the date hereof the City shall be in compliance with all the terms and provisions set forth in this Agreement and the Note on its part to be observed or

performed, and no Event of Default nor any event that, upon notice or lapse of time or both, would constitute such an Event of Default, shall have occurred and be continuing at such time.

Section 4.03 Supporting Documents. On or prior to the date hereof, the Bank shall have received the following supporting documents, all of which shall be satisfactory in form and substance to the Bank (such satisfaction to be evidenced by the purchase of the Note by the Bank):

(a) the opinion of the attorney for the City regarding the due authorization, execution, delivery, validity and enforceability of the Resolution, this Agreement and the Note;

(b) the opinion of bond counsel to the City regarding the due authorization, execution, delivery, validity and enforceability of the Resolution, this Agreement and the Note, and to the effect that (1) the interest on the Note is excluded from gross income for federal income tax purposes and such Note is not an item of tax preference under Section 57 of the Code, (2) the Note and the income thereon are exempt from the Florida excise tax on documents and intangible personal property tax and (3) the Note is a QTEO; and

(c) such additional supporting documents as the Bank may reasonably request.

ARTICLE V

FUNDING THE LOAN

Section 5.01 The Loan. The Bank hereby agrees to Loan to the City the Loan Amount on the date hereof and upon the terms and conditions set forth in this Agreement. The City agrees to repay the principal amount borrowed plus interest thereon, upon the terms and conditions set forth in this Agreement and the Note.

Section 5.02 Description and Payment Terms of the Note. To evidence the obligation of the City to repay the Loan, the City shall make and deliver to the Bank the Note in the form attached hereto as Exhibit "A."

ARTICLE VI

EVENTS OF DEFAULT

Section 6.01 General. An "Event of Default" shall be deemed to have occurred under this Agreement if:

(a) The City shall fail to make any payment of the principal of or interest on the Loan when the same shall become due and payable, whether by maturity, by acceleration at the discretion of the Bank as provided for in Section 6.02, or otherwise; or

(b) The City shall default in the performance of or compliance with any term or covenant contained in this Agreement or the Note, other than a term or covenant a default in the performance of which or noncompliance with which is elsewhere specifically dealt with, which default or

non-compliance shall continue and not be cured within thirty (30) days after (i) notice thereof to the City by the Bank, or (ii) the Bank is notified of such noncompliance or should have been so notified pursuant to the provisions of Section 3.01(c) of this Agreement, whichever is earlier; or

(c) Any representation or warranty made in writing by or on behalf of the City in this Agreement or the Note shall prove to have been false or incorrect in any material respect on the date made or reaffirmed; or

(d) The City admits in writing its inability to pay its debts generally as they become due or files a petition in bankruptcy or makes an assignment for the benefit of its creditors or consents to the appointment of a receiver or trustee for itself; or

(e) The City is adjudged insolvent by a court of competent jurisdiction, or it is adjudged a bankrupt on a petition in bankruptcy filed by or against the City, or an order, judgment or decree is entered by any court of competent jurisdiction appointing, without the consent of the City, a receiver or trustee of the City or of the whole or any part of its property, and if the aforesaid adjudications, orders, judgments or decrees shall not be vacated or set aside or stayed within ninety (90) days from the date of entry thereof; or

(f) The City shall file a petition or answer seeking reorganization or any arrangement under the federal bankruptcy laws or any other applicable law or statute of the United States of America or the State; or

(g) The City shall default in the due and punctual payment or performance of covenants related to (i) any obligation for the payment of money to the Bank or any other subsidiary or affiliate of the Bank or (ii) any obligation for the payment of money in an amount in excess of \$250,000 to any other obligee; or

(h) The amount of Pledged Revenues collected by the City in any fiscal year is not equal to at least 120% of the required payments of principal and interest due in such fiscal year on all indebtedness of the City which is secured by a pledge of the Pledged Revenues.

Section 6.02 Effect of Event of Default.

Immediately and without notice, upon the occurrence of any Event of Default, the Bank may declare all obligations of the City under this Agreement and the Note to be immediately due and payable without further action of any kind and upon such declaration the Note and the interest accrued thereon shall become immediately due and payable. In addition, and regardless whether such declaration is or is not made, the Bank may also seek enforcement of and exercise all remedies available to it under any applicable law.

ARTICLE VII

MISCELLANEOUS

Section 7.01 No Waiver; Cumulative Remedies. No failure or delay on the part of the Bank in exercising any right, power, remedy hereunder or under the Note shall operate as a waiver of the Bank's rights, powers and remedies hereunder, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof, or the exercise of any other right, power or remedy hereunder or thereunder. The remedies herein and therein provided are cumulative and not exclusive of any remedies provided by law or in equity.

Section 7.02 Amendments, Changes or Modifications to the Agreement. This Agreement shall not be amended, changed or modified except in writing signed by the Bank and the City. The City agrees to pay all of the Bank's costs and reasonable attorneys' fees incurred in modifying and/or amending this Agreement at the City's request or behest.

Section 7.03 Counterparts. This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original; but such counterparts shall together constitute but one and the same Agreement, and, in making proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart.

Section 7.04 Severability. If any clause, provision or section of this Agreement shall be held illegal or invalid by any court, the invalidity of such clause, provision or section shall not affect any other provisions or sections hereof, and this Agreement shall be construed and enforced to the end that the transactions contemplated hereby be effected and the obligations contemplated hereby be enforced, as if such illegal or invalid clause, provision or section had not been contained herein.

Section 7.05 Term of Agreement. Except as otherwise specified in this Agreement, this Agreement and all representations, warranties, covenants and agreements contained herein or made in writing by the City in connection herewith shall be in full force and effect from the date hereof and shall continue in effect until as long as the Note is outstanding.

Section 7.06 Notices. All notices, requests, demands and other communications which are required or may be given under this Agreement shall be in writing and shall be deemed to have been duly given when received if personally delivered; when transmitted if transmitted by telecopy, electronic telephone line facsimile transmission or other similar electronic or digital transmission method (provided customary evidence of receipt is obtained); the day after it is sent, if sent by overnight common carrier service; and five days after it is sent, if mailed, certified mail, return receipt requested, postage prepaid. In each case notice shall be sent to the Notice Address.

Section 7.07 Applicable Law; Venue. This Agreement shall be construed pursuant to and governed by the substantive laws of the State. The City and the Bank waive any objection either might otherwise have to venue of any action lying in Broward County, Florida.

Section 7.08 Binding Effect; Assignment. This Agreement shall be binding upon and inure to the benefit of the successors in interest and permitted assigns of the parties. The City shall have

no rights to assign any of its rights or obligations hereunder without the prior written consent of the Bank.

Section 7.09 No Third Party Beneficiaries. It is the intent and agreement of the parties hereto that this Agreement is solely for the benefit of the parties hereto and no person not a party hereto shall have any rights or privileges hereunder.

Section 7.10 Attorneys Fees. To the extent legally permissible, the City and the Bank agree that in any suit, action or proceeding brought in connection with this Agreement or the Note (including any appeal(s)), the prevailing party shall be entitled to recover costs and reasonable attorneys' fees from the other party.

Section 7.11 Entire Agreement. Except as otherwise expressly provided, this Agreement and the Note embody the entire agreement and understanding between the parties hereto and supersede all prior agreements and understandings relating to the subject matter hereof.

Section 7.12 Further Assurances. The parties to this Agreement will execute and deliver, or cause to be executed and delivered, such additional or further documents, agreements or instruments and shall cooperate with one another in all respects for the purpose of out the transactions contemplated by this Agreement.

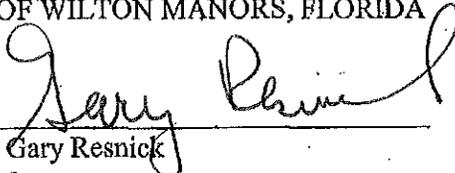
Section 7.13 Waiver of Jury Trial.

(a) This Section 7.13 concerns the resolution of any controversies or claims between the parties, whether arising in contract, tort or by statute, that arise out of or relate to: (i) this Agreement (including any renewals, extensions or modifications); or (ii) any Loan Document (collectively a "Claim"). For the purposes of this provision only, the term "parties" shall include any parent corporation, subsidiary or affiliate of the Bank involved in the servicing, management or administration of any obligation described or evidenced by this Agreement.

(b) The parties irrevocably and voluntarily waive any right they may have to a trial by jury in respect of any Claim. This provision is a material inducement for the parties entering into this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective between them as of the date of first set forth above.

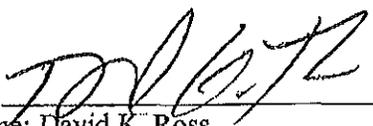
CITY OF WILTON MANORS, FLORIDA

By: 

Name: Gary Resnick

Title: Mayor

SUNTRUST BANK

By: 

Name: David K. Ross

Title: Senior Vice President

PROMISSORY NOTE

KNOW ALL MEN BY THESE PRESENTS that the undersigned maker, City of Wilton Manors, Florida (the "City"), a political subdivision and municipality created and existing pursuant to the Constitution and the laws of the State of Florida, for value received, promises to pay from the sources hereinafter provided, to the order of SunTrust Bank, or registered assigns (hereinafter, the "Bank"), the principal sum of \$2,230,500.00 or such lesser amount as shall be outstanding hereunder, together with interest on the principal balance outstanding at the rate of 2.52% per annum (subject to adjustment as hereinafter provided) based upon a year of 360 days consisting of twelve thirty-day months. This Note is issued in conjunction with a Loan Agreement, dated of even date herewith, between the City and the Bank (the "Loan Agreement") and is subject to all the terms and conditions of the Loan Agreement.

Principal of and interest on this Note are payable in immediately available funds constituting lawful money of the United States of America at such place as the Bank may designate to the City.

The City shall pay the Bank the accrued interest hereon in arrears on December 1, 2012, and on each June 1 and December 1 thereafter until the entire principal amount hereof shall have been paid in full. The City shall pay the Bank installments of the principal hereof on the dates and in the amounts set forth on Schedule A. The entire unpaid principal balance, together with all accrued and unpaid interest thereon, shall be due and payable in full on December 1, 2026.

All payments by the City pursuant to this Note shall apply first to accrued interest, then to other charges due the Bank, and the balance thereof shall apply to the principal sum due.

As used in this Note, the following terms have the following meanings:

"Change in Law" means the occurrence, after the date of this Note, of any of the following: (a) the adoption or taking effect of any law, rule, regulation, directive or treaty, or (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directive thereunder or issued in connection therewith and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or pursuant to the accord commonly referred to as "Basel III" or the United States or foreign regulatory authorities, shall in each case be deemed to be a "Change in Law," regardless of the date enacted, adopted or issued.

"Code" means the Internal Revenue Code of 1986, as amended, and any Treasury Regulations, whether temporary, proposed or final, promulgated thereunder or applicable thereto.

"Determination of Taxability" means a final decree or judgment of any Federal court or a final action of the Internal Revenue Service determining that interest paid or payable on this Note is or was includable in the gross income of the Bank for Federal income tax purposes; provided, that no such decree, judgment, or action will be considered final for this purpose, however, unless the City has been given written notice and, if it is so desired and is legally allowed, has been afforded the opportunity to contest the same, either directly or in the name of the Bank, and until the conclusion of any appellate review, if sought.

"Governmental Authority" shall mean the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Interest Rate" shall mean a per annum rate equal to (a) 2.52%, multiplied, prior to the occurrence of a Determination of Taxability, by (b) the Margin Rate Factor; and, both prior to and after the occurrence of a Determination of Taxability, subject to additional adjustment as provided herein.

"Margin Rate Factor" shall mean the fraction the numerator of which is equal to one (1) minus the Maximum Federal Corporate Tax Rate on the date of calculation and the denominator of which is 0.65. The Margin Rate Factor shall be 0.65/0.65 or 1.0 so long as the Maximum Federal Corporate Tax Rate shall be 35%, and thereafter shall increase from time to time effective as of the effective date of any decrease in the Maximum Federal Corporate Tax Rate.

"Maximum Federal Corporate Tax Rate" shall mean the maximum rate of income taxation imposed on corporations pursuant to Section 11(b) of the Code, determined without regard to tax rate or tax benefit make-up provisions such as the last two sentences of Section 11(b)(1) of the Code, as in effect from time to time (or, if as a result of a change in the Code the rate of income taxation imposed on corporations shall not be applicable to the Holder, the maximum statutory rate of federal income taxation which could apply to the Holder). The Maximum Federal Corporate Tax Rate on the date of execution of this Note is 35%.

"Taxable Period" shall mean the period of time between (a) the date that interest on this Note is deemed to be includable in the gross income of the owner thereof for federal income tax purposes as a result of a Determination of Taxability, and (b) the date of the Determination of Taxability.

"Taxable Rate" shall mean, upon a Determination of Taxability, the interest rate per annum that shall provide the Bank with the same after tax yield that the Bank would have otherwise received had the Determination of Taxability not occurred, taking into account the increased taxable income of the Bank as a result of such Determination of Taxability. The Bank shall provide the City with a written statement explaining the calculation of the Taxable Rate, which statement shall, in the absence of manifest error, be conclusive and binding on the City. The Taxable Rate shall be subject to adjustment as provided herein.

Capital Adequacy. If, after the date of this Note, the Bank shall have reasonably determined that a Change in Law shall have occurred that has or would have the effect of reducing the rate of return on the Bank's capital, on this Note or otherwise, as a consequence of its ownership of this Note to a level below that which the Bank could have achieved but for such adoption, change or compliance (taking into consideration the Bank's policies with respect to capital adequacy) by an amount deemed by the Bank to be material, then from time to time, promptly upon demand by the Bank, the interest rate on this Note shall be increased to offset such effect of such Change in Law, but only if at such time the Bank shall generally be assessing such amounts on a non-discriminatory basis against borrowers having loans similar to the loan evidenced by this Note. A certificate of the Bank claiming compensation under this subsection and setting forth the additional interest to be paid to it hereunder shall be conclusive absent manifest error. In determining any such amount, the Bank may use any reasonable averaging and attribution methods. The Bank shall notify the City in writing of any adjustments pursuant to this paragraph.

Additional Costs. In the event that any applicable law or regulation or the interpretation or administration thereof by any governmental authority charged with the interpretation or administration thereof (whether or not having the force of law) (i) shall change the basis of taxation of payments to the Bank of any amounts payable by the City hereunder (other than taxes imposed on the overall net income of the Bank) or (ii) shall impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by the Bank, or (iii) shall impose any other condition with respect to this Note, and the result of any of the foregoing is to increase the cost to the Bank of making or maintaining this Note or to reduce any amount receivable by the Bank hereunder (the "Additional Costs"), then from time to time, upon demand by the Bank, the interest rate on this Note shall be increased to offset such increase in cost or reduction of amount receivable. A detailed statement as to the amount of such additional interest on account of such Additional Costs, prepared in good faith and submitted to the City by the Bank, shall be conclusive and binding in the absence of manifest error.

Prepayments; Make Whole Premium. This Note may be pre-paid at the option of the City in whole or in part on date subject to the terms hereof and upon at least two Business Days' prior written notice from the City to the Bank specifying the amount of prepayment. The City shall, at the time of such prepayment, pay to the

Bank the interest accrued to the date of prepayment on the principal amount being prepaid plus an additional fee or redemption premium equal to the present value of the difference between (1) the amount that would have been realized by the Bank on the prepaid amount for the remaining term of the loan at 2.3325% (the Federal Reserve H.15 Statistical Release rate for fixed-rate payers in interest rate swaps for a term corresponding to the term of the Note, interpolated to the nearest month, if necessary, that was in effect three Business Days prior to the date hereof), and (2) the amount that would be realized by the Bank by reinvesting such prepaid funds for the remaining term of the loan at the Federal Reserve H.15 Statistical Release rate for fixed-rate payers in interest rate swaps, interpolated to the nearest month, that was in effect three Business Days prior to the repayment date; both discounted at the same interest rate utilized in determining the applicable amount in (2). Should the present value have no value or a negative value, the City may prepay with no additional fee or redemption premium. Should the Federal Reserve no longer release rates for fixed-rate payers in interest rate swaps, the Bank may substitute the Federal Reserve H.15 Statistical Release with another similar index. The Bank shall provide the City with a written statement explaining the calculation of the premium due, which statement shall, in absence of manifest error, be conclusive and binding. The application of such fee or prepayment premium is not intended to, and shall not be deemed to be, an increase in the Interest Rate.

Determination of Taxability. Upon the occurrence of a Determination of Taxability and for as long as this Note remains outstanding, the Interest Rate on the Note shall be converted to the Taxable Rate. In addition, upon a Determination of Taxability, the City shall pay to the Bank (i) an additional amount equal to the difference between (A) the amount of interest actually paid on the Note during the Taxable Period and (B) the amount of interest that would have been paid during the Taxable Period had the Note borne interest at the Taxable Rate, and (ii) but only from lawfully available revenues not derived from ad valorem taxation, an amount equal to any interest, penalties on overdue interest and additions to tax (as referred to in Subchapter A of Chapter 68 of the Code) owed by the Bank as a result of the Determination of Taxability.

Additional Payments if Note Determined not be Bank Qualified. If it is determined that the Note is not a "qualified tax exempt obligation" within the meaning of Section 265(b)(3)(C) of the Code, then the interest rate borne by the Note will increase to 2.96% per annum, as of the date of determination that the Note is not a qualified tax exempt obligation. Such non bank qualified interest rate will be subject to further adjustment as provided herein.

Upon the occurrence of an Event of Default (as defined in the Loan Agreement) then the Bank may declare the entire debt then remaining unpaid hereunder immediately due and payable; and in any such default and acceleration, the City shall also be obligated to pay as part of the indebtedness evidenced by this Note, all costs of collection and enforcement hereof, including such fees as may be incurred on appeal or incurred in any proceeding under bankruptcy laws as they now or hereafter exist, including specifically but without limitation, claims, disputes and proceedings seeking adequate protection or relief from the automatic stay.

Interest at the maximum lawful rate per annum shall be payable on the entire principal balance owing hereunder from and after the occurrence of and during the continuation of a default described in the preceding paragraph, irrespective of a declaration of maturity.

The City to the extent permitted by law hereby waives presentment, demand, protest and notice of dishonor.

All terms, conditions and provisions of the Loan Agreement, including the provisions regarding the source and payment and security for the payment hereof are by this reference thereto incorporated herein as a part of this Note. Terms used herein in capitalized form and not otherwise defined herein shall have the meanings ascribed thereto in the Loan Agreement.

This Note may be exchanged or transferred but only as provided in the Loan Agreement.

It is hereby certified, recited and declared that all acts, conditions and prerequisites required to exist, happen and be performed precedent to and in the execution, delivery and the issuance of this Note do exist, have happened and have been performed in due time, form and manner as required by law, and that the issuance of this Note is in full compliance with and does not exceed or violate any constitutional or statutory limitation.

IN WITNESS WHEREOF, the City has caused this Note to be executed in its name as of the date hereinafter set forth.

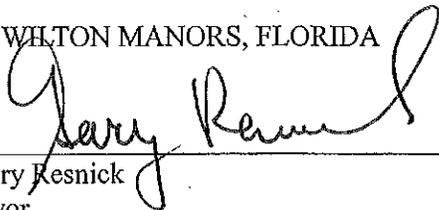
The date of this Promissory Note is December 1, 2011.

CITY OF WILTON MANORS, FLORIDA

By: _____

Name: Gary Resnick

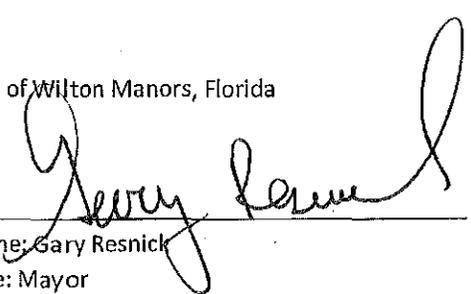
Title: Mayor

A handwritten signature in cursive script, appearing to read "Gary Resnick", is written over a horizontal line. The signature is written in dark ink and is positioned to the right of the printed text "By: _____".

SCHEDULE A to Promissory Note, dated December 1, 2011, made by City of Wilton Manors, Florida,
payable to SunTrust Bank in the amount of \$2,230,500.00.

Payment Date	Principal Due
12/01/12	\$ 37,238
06/01/13	65,811
12/01/13	66,641
06/01/14	67,480
12/01/14	68,331
06/01/15	69,192
12/01/15	70,063
06/01/16	70,946
12/01/16	71,840
06/01/17	72,745
12/01/17	73,662
06/01/18	74,590
12/01/18	75,530
06/01/19	76,481
12/01/19	77,445
06/01/20	78,421
12/01/20	79,409
06/01/21	80,410
12/01/21	81,423
06/01/22	82,449
12/01/22	83,488
06/01/23	84,540
12/01/23	85,605
06/01/24	86,683
12/01/24	87,776
06/01/25	88,881
12/01/25	90,001
06/01/26	91,135
12/01/26	92,284

City of Wilton Manors, Florida

By: 

Name: Gary Resnick

Title: Mayor

\$2,230,500.00
CITY OF WILTON MANORS, FLORIDA
PROMISSORY NOTE

GENERAL CERTIFICATE OF THE ISSUER

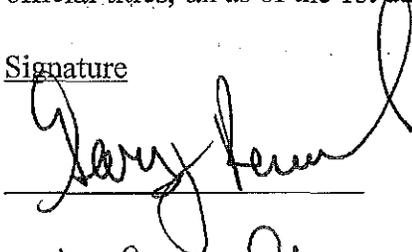
We, the undersigned Mayor (the "Mayor") and City Clerk ("Clerk") of the City of Wilton Manors, Florida (the "City"), DO HEREBY CERTIFY as follows:

1. We are the qualified and acting Mayor and City Clerk of the City.
2. All of the members of the City Commission have duly filed their oaths of office and such of them as are required by law to file bonds or undertakings have duly filed such bonds or undertakings in the amount and manner required by law.
3. The Mayor has signed the City's \$2,230,500.00 Promissory Note dated December 1, 2011 (the "Note"), and the Loan Agreement, also dated December 1, 2011 and between the City and SunTrust Bank (jointly with the Note, the "Loan Documents") by his manual signature, and the manual signature appearing on the Loan Documents and the manual signature at the end of this certificate are each the true and lawful signature of the Mayor.
4. The City hereby certifies that the interest rate on the Note does not exceed the maximum rate permitted pursuant to Section 215.84, Florida Statutes.

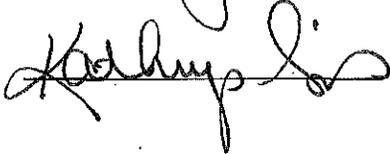
IN WITNESS WHEREOF, we have hereunto set our hands and have indicated our respective official titles, all as of the 1st day of December, 2011.

Signature

Official Title



Mayor



City Clerk

NAME OF GOVERNMENTAL UNIT
CITY OF WILTON MANORS

MAILING ADDRESS OF GOVERNMENTAL UNIT OR ITS MANAGER
 Address(1) 2020 WILTON DRIVE
 Address(2)
 City WILTON MANORS
 State FL
 Zip 33305

COUNT(IES) IN WHICH GOVERNMENTAL UNIT HAS JURISDICTION
 Broward

TYPE OF ISSUER
 City

IS THE ISSUER A COMMUNITY DEVELOPMENT DISTRICT?

ISSUE NAME	AMOUNT	INTEREST CALCULATION	YIELD
PROMISSORY NOTE	\$2,230,500.00	Arbi	2.52

AMOUNT AUTHORIZED
 \$2,230,500.00

DATED DATE (MM/DD/YYYY)
 12/1/2011

SALE DATE (MM/DD/YYYY)
 12/1/2011

DELIVERY DATE (MM/DD/YYYY)
 12/1/2011

LEGAL AUTHORITY FOR ISSUANCE
 Ch. 166, F.S.

TYPE OF ISSUE
 Revenue

IS THIS A PRIVATE ACTIVITY BOND (PAB)?
 Did This Issue Receive a PAB Allocation?
 Amount of Allocation
 \$0.00

SPECIFIC REVENUES(S) PLEDGED
 Primary

Communications Services Tax

Secondary

Other

PURPOSE(S) OF THE ISSUE

Primary

Sewer/Waste Water

Secondary

Parking

Other

IS THIS A REFUNDING ISSUE?

REFUNDED DEBT HAS BEEN

-

DID THE REFUNDING ISSUE CONTAIN NEW MONEY?

APPROXIMATELY WHAT PERCENTAGE OF PROCEEDS IS NEW MONEY?

TYPE OF SALE

Negotiated Private Placement

INSURANCE/ENHANCEMENTS

No Credit Enhancement

RATING(S)

Moody's

NR

S & P

NR

Fitch

NR

Other

NR

DEBT SERVICE SCHEDULE PROVIDED BY

E-mail

OPTIONAL REDEMPTION PROVISIONS PROVIDED BY

E-mail**PROVIDE THE NAME AND ADDRESS OF THE SENIOR MANAGING UNDERWRITER OR SOLE PURCHASER**

Underwriter Sovereign Bank
Address(1) 515 EAST LAS OLAS BLVD
Address(2) 7TH FLOOR
City FT LAUDERDALE
State FL
Zip 33301

CO-Underwriter None
Address(1)
Address(2)
City
State -
Zip

PROVIDE THE NAME(S) AND ADDRESS(ES) OF ANY ATTORNEY OR FINANCIAL CONSULTANT WHO ADVISED THE UNIT OF LOCAL GOVERNMENT WITH RESPECT TO THE BOND ISSUE.

Bond Counsel Mark E. Raymond
Address(1) 4360 NORTHLAKE BLVD
Address(2) STE 204
City PALM BEACH GARDENS
State FL
Zip 33410

CO-Bond Counsel None
Address(1)
Address(2)
City
State -
Zip

Financial Advisor/Consultant Fidelity Financial Services, L.C.
Address(1) 2750 NORTH 29TH AVE
Address(2) STE 202
City HOLLYWOOD
State FL
Zip 33020

CO-Financial Advisor/Consultant None
Address(1)

Address(2)
 City
 State
 Zip

Other Professionals GOREN CHEROF DOODY & EZROL

Address(1) 3099 E COMMERCIAL BLVD
 Address(2) STE 200
 City FT LAUDERDALE
 State FL
 Zip 33308

PAYING AGENT
 NONE

REGISTRAR
 NONE

BF2004-A AND BF2004-B

NOTE: The following items are required to be completed in full for all bond issues except those sold pursuant to Section 154 Part III, Sections 159 Parts II, III, or V; or Section 243 Part I, Florida Statutes.

HAS ANY FEE, BONUS, OR GRATUITY BEEN PAID BY ANY UNDERWRITER OR FINANCIAL CONSULTANT, IN CONNECTION WITH THE BOND ISSUE, TO ANY PERSON NOT REGULARLY EMPLOYED OR ENGAGED BY SUCH UNDERWRITER OR CONSULTANT? IF YES, PLEASE PROVIDE THE FOLLOWING INFORMATION WITH RESPECT TO EACH SUCH UNDERWRITER OR CONSULTANT.

HAVE ANY OTHER FEES BEEN PAID BY THE UNIT OF LOCAL GOVERNMENT WITH RESPECT TO THE BOND ISSUE, INCLUDING ANY FEE PAID TO ATTORNEYS OF FINANCIAL CONSULTANTS? IF YES, PLEASE PROVIDE THE TOTAL FEES PAID TO APPLICABLE PARTICIPANTS.

Total Bond Counsel Fees Paid

\$7,500.00

Total Financial Advisor Fees Paid

\$15,000.00

Other Fees Paid

COMPANY NAME	FEE PAID	SERVICE PROVIDED OR FUNCTION SERVED
goren chreof doody & ezrol	\$5,000.00	city attorney

FILING OF THIS FORM HAS BEEN AUTHORIZED BY THE OFFICIAL OF THE ISSUER IDENTIFIED BELOW

Name

joseph gallegos

Title

Chief Executive Officer

FEEs CHARGED BY UNDERWRITER

Management Fee (Per Thousand Par Value)

0

Private Placement Fee

\$0.00

UNDERWRITER'S EXPECTED GROSS SPREAD (PER THOUSAND PAR VALUE)

0

FOR ADDITIONAL INFORMATION, THE DIVISION OF BOND FINANCE SHOULD CONTACT:

Name mark raymond

Title lawyer

Phone 5617758440

Company mark raymond

Address(1) 4360 northlake blvd

Address(2) ste 204

City palm beach gardens

State FL

Zip 33410

INFORMATION RELATING TO PARTY COMPLETING THIS FORM (IF DIFFERENT FROM ABOVE)

Name

Title

Phone

Company

Address(1)

Address(2)

City

State -

Zip

In order to better serve local governments, the Division of Bond Finance will remind issuers as their deadlines approach for filing continuing disclosure information required by SEC Rule 15c2-12, based on the following information:

IF THE ISSUER IS REQUIRED TO PROVIDE CONTINUING DISCLOSURE

INFORMATION IN ACCORDANCE WITH SEC RULE 15C2-12, DO YOU WANT THE DIVISION OF BOND FINANCE TO REMIND YOU OF YOUR FILING DEADLINE?

ON WHAT DATE IS THE CONTINUING DISCLOSURE INFORMATION REQUIRED TO BE FILED? (MM/DD)

PROVIDE THE FOLLOWING INFORMATION REGARDING THE PERSON(S) RESPONSIBLE FOR FILING CONTINUING DISCLOSURE INFORMATION REQUIRED BY SEC RULE 15C2-12 AND THE CONTINUING DISCLOSURE AGREEMENT (INCLUDING OTHER OBLIGATED PARTIES, IF APPROPRIATE).

Name
Title
Phone
Company
Address(1)
Address(2)
City
State -
Zip
Fax
Email

\$2,230,500.00
CITY OF WILTON MANORS, FLORIDA
PROMISSORY NOTE

CERTIFICATE AS TO ARBITRAGE
AND OTHER TAX MATTERS

The undersigned Mayor of the City of Wilton Manors, Florida (the "City"), being duly authorized and delegated, with others, to perform such requirements as are necessary and proper for the issuance and sale of the City's above-referenced note (the "Note"), does hereby certify and declare as follows:

1. The Note is being issued pursuant to and in accordance with a resolution duly adopted by the City Commission of the City on November 22, 2011 (the "Authorizing Legislation"), in order to provide funds to pay a portion of the cost of capital expenditures associated with the design and construction of a sewer lift station, the development of surface parking facilities and such other undertakings as determined by the City from time to time (the "Project").

2. On December 1, 2011 (the "Issue Date") the City will issue and deliver (i.e., physical delivery of the Note in exchange for the purchase price) the Note, dated December 1, 2011. The first day on which there was a binding contract in writing for the sale of the Note on specific terms that were not later modified or adjusted in any material respect was December 1, 2011 (hereinafter, the "Sale Date").

3. I am an officer of the City who is duly charged, with others, with the responsibility of issuing the Note.

4. No obligations other than the Note are being issued at substantially the same time (within 15 days of the Note) and sold pursuant to the same plan of financing and which are reasonably expected to be paid out of substantially the same source of funds as the Note.

5. This Certificate as to Arbitrage and Other Tax Matters (this "Certificate"),

which is made on behalf of the City, is executed for, among other things, the purposes of establishing the reasonable expectations of the City as to future events relating to the amount and use of the proceeds of the Note and establishing limitations upon the investment of such proceeds. This Certificate is being executed and delivered pursuant to Sections 148, 149 and 150 of the Code and the Income Tax Regulations thereunder (hereinafter "Treas. Reg.") (collectively, the "Arbitrage Regulations").

6. The facts, estimates, and circumstances set forth herein are based upon representations made by the City, and to the best knowledge, information and belief of the undersigned, such facts, estimates, and circumstances are true, correct and complete as of the date hereof, and the City is not aware of any facts or circumstances that would cause it to question the accuracy of the representations made herein; the expectations as to future events, which are based thereon, are in all respects reasonable; and there are no other facts, estimates, or circumstances that would materially change such expectations. On the basis of such facts, estimates, and circumstances, it is not expected that the proceeds of the Note will be used in a manner that would cause the Note to be an arbitrage note under Section 148 of the Code and the Arbitrage Regulations.

7. The Note is being issued to provide funds to finance the Project .

8. The Note is being sold to SunTrust Bank at a purchase price of \$2,230,500.00 representing the par amount of the Note.

9. The City expects as of this date that the term of the Note is not longer than is reasonably necessary for the purpose of the issue.

10. The proceeds of the Note will be used to pay costs of the Project. The City expects that at least 85% of the proceeds of the Note will be expended by the end of the three-year period beginning on the date of this Certificate. The City expects that it will within six months incur

a binding obligation to a third-party in an amount at least equal to 5% of the net sale proceeds of the Note (\$111,525.00) relating to the Project. The City expects that work on the Project will commence and will proceed with due diligence to completion and that the allocation of net sale proceeds of the Note to the Project will proceed with due diligence.

Proceeds of the Note may be invested at an unrestricted yield for a period not to exceed three (3) years from the date of this Certificate. Investment proceeds of the Note may also be invested at an unrestricted yield for a period ending on the later of the date that is three years from the date hereof or the date that is one year after original receipt of such earnings.

Any proceeds of the Note which cannot be invested at an unrestricted yield pursuant to this Section 10 shall be invested, if at all, in obligations that bear a yield not higher than the yield on the Note plus one-eighth of one percentage point.

11. The revenues that are expected to be used to pay debt service on the Note are referred to herein as the "Sinking Fund Proceeds."

The Sinking Fund Proceeds constitute a fund that will be used primarily to achieve a proper matching of revenues and debt service on the Note within each Bond Year. The Sinking Fund Proceeds will be depleted at least once each Bond Year except for a reasonable carryover amount which will not exceed the greater of (A) the earnings on the Sinking Fund Proceeds for the immediately preceding Bond Year or (B) one-twelfth of the debt service on the Note for the immediately preceding Bond Year.

The Sinking Fund Proceeds may be invested without regard to any yield restrictions for a period ending not later than thirteen (13) months from the date of receipt of such amounts.

Any Sinking Fund Proceeds which cannot be invested at an unrestricted Yield pursuant to this Section 11 shall be invested, if at all, in obligations that bear a yield not higher than the yield on the

Note plus one-thousandth of one percentage point.

12. Notwithstanding any provision of this certificate to the contrary, to the extent permitted by law, amounts may be invested in obligations ("tax-exempt bonds") the interest on which is excluded from gross income pursuant to Section 103(a) of the Code, and which are not specified private activity bonds (as defined in Section 57(a)(5)(c) of the Code), and/or in investments that constitute "tax-exempt bonds" pursuant to Treas. Reg. §1.150-1(b) without regard to any yield restriction.

13. The City has general taxing powers. The City has not issued or incurred, and reasonably expects that it will not issue or incur, any tax-exempt obligations during 2011 other than the Note and an obligation issued of even date herewith in the amount of \$1,477,298.00 (the "GO Note"). The GO Note is being issued in order to provide funds to refinance, on the date hereof, the City's General Obligation Bonds, Series 1999 (the "Series 1999 Bonds"). Proceeds of the GO Note in the amount of \$1,474,298.00 will be spent on the date hereof to refinance the Series 1999 Bonds. Therefore, for purposes of determining the amount of tax-exempt obligations to be issued by the City in 2011 for purposes of the small issuer exception to arbitrage rebate, all but \$3,000.00 of proceeds of the GO Note is disregarded. There are no entities that are subordinate to the City or that issue tax-exempt obligations on behalf of the City. The Note is therefore exempt from the arbitrage rebate provisions of the Code and Arbitrage Regulations pursuant to Treas. Reg. 1.148-8 (the "small issuer exception to rebate).

14. The City reasonably expects that at least 85% of the spendable proceeds of the Note will be spent for the governmental purposes of the Note within the three-year period beginning on the date hereof, and not more than 50% of the proceeds of the Note are being invested in non-purpose investments having a substantially guaranteed yield for four years or more.

15. If an action causes the Note to meet the private business tests or the private loan financing test described in Section 1.141-12 of the United States Treasury Regulations, the Issuer will consult with Bond Counsel regarding taking a "remedial action" as described in such Regulation.

16. Terms used herein in capitalized form and not otherwise defined herein shall have the same meaning as ascribed thereto in the Note Resolution and in the Arbitrage Regulations.

17. Anything in this Certificate to the contrary notwithstanding, if the Code or Arbitrage Regulations should be modified or interpreted by the Treasury Department or by a court of competent jurisdiction or held invalid by a court of competent jurisdiction and the affect of the modification, interpretation, or invalidation is to make unnecessary to any extent the limitations on yield on acquired obligations stipulated in this Certificate as a requirement of the exclusion of the interest on the Note from gross income of the Owners thereof for Federal income tax purposes, then to that extent such stipulation shall be ineffective. The City, however, shall not take any action pursuant to this paragraph without a prior written opinion of Bond Counsel that such action would not adversely affect the tax-exempt status of interest on the Note.

Dated this 1st day of December, 2011.

City of Wilton Manors, Florida

By: _____

Mayor

MARK E. RAYMOND

ATTORNEY AT LAW

4360 NORTHLAKE BOULEVARD
SUITE 204
PALM BEACH GARDENS, FL 33410
Tel: 561.775.8440
Fax: 561.775.8442
mark.raymond@mraymondlaw.com

December 1, 2011

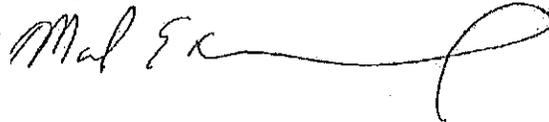
Internal Revenue Service Center
Ogden, Utah 84201

RE: \$2,230,500.00 City of Wilton Manors, Florida Promissory Note

Dear Sir/Madam:

Enclosed please find Form 8038-G which relates to the above-referenced Note. Please acknowledge your receipt of the enclosed by stamping the copy of the form included herewith, and return the stamped copy to me in the enclosed envelope.

Very truly yours,

A handwritten signature in black ink, appearing to read "Mark E. Raymond", with a long, sweeping flourish extending to the right.

Mark E. Raymond

Note: Federal Tax Return Form 8038-G was removed from document

\$2,230,500.00

CITY OF WILTON MANORS, FLORIDA
PROMISSORY NOTE

DISCLOSURE STATEMENT OF BANK

December 1, 2011

City of Wilton Manors, Florida

Pursuant to the provisions of Section 218.385, Florida Statutes, as amended, SunTrust Bank (the "Bank") is providing the following information with respect to the arrangements made for the purchase of the above referenced Note. The Bank represents as follows:

- (a) The nature and estimated amounts of expenses to be incurred by the Bank in connection with the issuance and sale of the Bonds is legal fees of \$3,000.00 (to be paid by the City of Wilton Manors, Florida (the "City")).
- (b) There were no "finders," as defined in Section 218.386, Florida Statutes, as amended, in connection with the issuance of the Note.
- (c) Except as provided in (a), no discount or fee is expected to be realized by the Bank.
- (d) No management fee will be charged by the Bank.
- (e) Except as provided in (a), no fee, bonus or other compensation will be paid by the Bank in connection with the issuance of the Note to any person not regularly employed or retained by the Bank.
- (f) The name and address of the Bank is: SunTrust Bank, 515 East Las Olas Blvd., 7th Floor, Ft. Lauderdale, FL 33301, Attn: David K. Ross, Senior Vice President.
- (g) The City is issuing \$2,230,500.00.00 of debt for the purpose of financing a portion of the cost of capital expenditures associated with the design and construction of a sewer lift station, the development of surface parking facilities and such other undertakings as determined by the City from time to time. This debt is scheduled to be repaid over a period of approximately 15 years and bears an interest rate of 2.52%. The source of repayment or security for the debt is communication tax receipts. Authorizing this debt will result in approximately \$180,663.31 of such revenues of the City not being available for other uses by the City each year for 15 years.

SunTrust Bank

By: 

Name: David K. Ross

Title: Senior Vice President

MARK E. RAYMOND

ATTORNEY AT LAW

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mark.raymond@mraymondllaw.com

December 1, 2011

City of Wilton Manors, Florida

SunTrust Bank

RE: \$2,230,500 City of Wilton Manors, Florida Promissory Note

Ladies and Gentlemen:

I have acted as bond counsel in connection with the issuance and sale by the City of Wilton Manors, Florida (the "City") of its \$2,230,500 principal amount Promissory Note dated December 1, 2011 (the "Note"). The Note is issued pursuant to the Constitution and Laws of the State of Florida, and Resolution No. 3752 adopted by the City on November 22, 2011 (the "Resolution"). All terms used herein in capitalized form and not otherwise defined herein shall have the meanings ascribed thereto in the Resolution.

In rendering the opinions set forth herein, I have examined the Resolution and other certifications, agreements, documents and opinions of public officials and other officers and representatives of the various parties participating in this transaction.

As to questions of fact material to my opinion I have relied upon representations of the City contained in the Resolution, and upon other certifications, agreements, documents, and opinions of public officials and other officers and representatives of the various parties participating in this transaction, furnished to me, without undertaking to verify the same by independent investigation. I have assumed the genuineness of all signatures on all documents and instruments, the authenticity of documents submitted as originals and the conformity to originals of documents submitted as copies.

This opinion shall not be deemed to be or treated as an offering circular, prospectus or official statement, and is not intended in any way to be a disclosure document used in connection with the sale or delivery of the Note.

The opinions set forth below are expressly limited to, and I opine only with respect to, the laws of the State of Florida and the federal income tax laws of the United States of America.

Based upon and subject to the foregoing, I am of the opinion as of the date hereof and under existing law, as follows:

1. The City is duly created and validly existing as a municipality pursuant to the Constitution and Laws of the State of Florida, with the power to adopt the Resolution and enter into the Loan Agreement, to perform its obligations thereunder and to issue the Note.

2. The Resolution has been duly adopted by the City and constitutes the valid and binding action of the City. The Loan Agreement has been duly authorized and executed by the City and constitutes the valid and binding obligation of the City enforceable against the City in accordance with its terms.

3. The Note has been duly authorized and executed by the City and constitutes a valid and binding obligation of the City enforceable against the City in accordance with its terms.

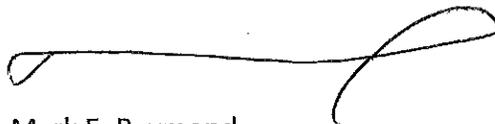
4. The interest on the Note is excluded from the gross income of the owner thereof for federal income tax purposes and is not an item of tax preference described in Section 57 of the Code for purposes of the federal alternative minimum tax imposed on individuals and corporations. Such interest may be required to be taken into account in determining adjusted current earnings for purposes of calculating the alternative minimum taxable income of certain corporations. The opinions expressed in the first sentence of this paragraph are conditioned upon continuing compliance subsequent to the issuance of the Note by the City with various covenants contained in the Resolution and Loan Agreement, including, without limitation, its covenant to comply with applicable requirements of the Code necessary in order to preserve the exclusion of interest on the Note from gross income for federal income tax purposes. Failure by the City to comply with such requirements could cause the interest on the Note to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Note. No opinion is expressed herein regarding other federal tax consequences that may arise due to ownership of the Note.

5. The Note is a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Code.

My opinions expressed herein are predicated upon present laws and interpretations thereof. I assume no affirmative obligation with respect to any change of circumstances or law (including laws that may result from legislation pending before Congress) that may adversely affect the tax-exempt status of interest on the Note after the date hereof.

It is to be understood that the rights of owners of the Note and the enforceability of the Note, the Loan Agreement and the other documents referred to herein may be subject to the provisions of the bankruptcy laws of the United States of America and to other applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting creditors' rights, and that their enforcement may also be subject to equitable principles that may affect remedies or other equitable relief.

Very truly yours,

A handwritten signature in black ink, appearing to read "Mark E. Raymond", with a long horizontal stroke and a loop at the end.

Mark E. Raymond

GOREN, CHEROF, DOODY & EZROL, P.A.

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STACEY R. WEINGER
MATTHEW I. REMM

STEVEN L. JOSIAS, OF COUNSEL

PLEASE REPLY TO FORT LAUDERDALE

December 1, 2011

SunTrust Bank

Re: \$2,230,500 City of Wilton Manors, Florida
Promissory Note

Ladies and Gentlemen:

As City Attorneys for the City of Wilton Manors, Florida (the "City"), we have participated in various proceedings in connection with the pending issuance by the City of its \$2,230,500 Promissory Note to be dated December 1, 2011 (the "Promissory Note").

For purposes of rendering this opinion, we have examined the Constitution and laws of the State of Florida, various proceedings of the City relating to the authorization and issuance of the Promissory Note, and such other proceedings and records of the City and have made such inquiry of such officials of the City as we have deemed necessary in order to render the opinions set forth below. Terms used herein and not otherwise defined herein have the meanings ascribed thereto by Resolution No. 3752 adopted by the City on November 22, 2011 (the "Resolution").

The opinions set forth herein are expressly limited to and we opine only with respect to the laws of the State of Florida.

Based upon our participation, we are of the opinion, as of the date hereof, as follows:

- (i) The City has the right and power to adopt the Resolution and to execute and perform the Loan Agreement and Promissory Note, and the Resolution has been duly and lawfully adopted by the City, and the Loan Agreement and Promissory Note have been executed by the City, and each is in full force and effect and constitutes the legal, valid and binding obligation of the City, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights

generally and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law), and no other authorization is required for the City to adopt the Resolution and to execute and perform the Loan Agreement and Promissory Note;

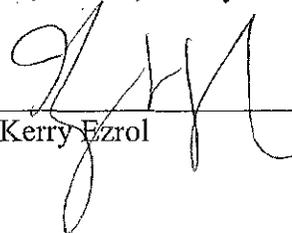
(ii) There is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, government agency, public board or body, pending, or to the best of our knowledge after due inquiry of responsible City officials threatened, against or affecting the City, nor to the best of our knowledge after due inquiry of responsible City officials is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would have a materially adverse effect upon the validity of the Promissory Note, the Loan Agreement or the Resolution or the ability of the City to impose or cause to be imposed the Pledged Revenues;

(iii) All authorizations, consents, approvals and reviews of governmental bodies or regulatory authorities then required for the City's adoption, execution or performance of the Promissory Note, the Loan Agreement and the Resolution have been obtained or effected and, to the best of our knowledge, we have no reason to believe that the City will be unable to obtain or effect any such additional authorization, consent, approval or review that may be required in the future for performance of any of them by the City; and

(iv) To the best of our knowledge after due inquiry of responsible City officials, the making and performing by the City of the Loan Agreement and the Promissory Note will not violate any applicable provision of law, and will not result in a material breach of any of the terms of any agreement or instrument to which the City is a party or by which the City is bound, the breach of which could result in a material and adverse impact on the financial condition of the City or the ability of the City to perform its obligations under the Loan Agreement and under the Promissory Note.

We are attorneys admitted to practice law only in the State of Florida and express no opinion as to federal laws or the laws of any other state. The foregoing opinions are subject to the effect of and restrictions and limitations imposed by or resulting from bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors' rights and judicial discretion and the valid exercise of the sovereign police powers of the State of Florida and constitution power of the United States of America.

Goren, Cherof, Doody & Ezrol, P.A.

By: 
Kerry Ezrol

Agenda Item #4

Process to Formulate Recommendations

Guiding Principles

A Tax Structure should be:

- **Reliable** – provide a sufficient, stable, and predictable source of revenue to fulfill the needs of government
- **Simple** – easy to understand, comply with, and administer
- **Neutral** – should not influence economic decision-making
- **Transparent** – the imposition and impact of taxes – who ultimately pays – should be clear
- **Fair** – provide a level playing field allowing healthy, free market competition
- **Modern** – reflect and be able to adapt to the realities of a rapidly evolving economy

American Institute of CPA's

<http://www.aicpa.org/interestareas/tax/resources/taxlegislationpolicy/pages/taxreform.aspx>

AICPA Tax Policy Concept Statements

Excerpt from: The Ten Guiding Principles of Good Tax Policy

The AICPA recommends that this ten-principle framework be used to analyze proposals to change a tax rule, as well as to change an entire tax system, such as by changing it from an income tax system to a consumption tax system, or to better address e-commerce transactions. Note that the ten guiding principles of good tax policy are equal in importance; the numbered order of the principles in this statement is for reference only and should not be taken as an indication of the order of importance of these principles.ⁱ

1. *Equity and Fairness.* Similarly situated taxpayers should be taxed similarly.
2. *Certainty.* The tax rules should clearly specify when the tax is to be paid, how it is to be paid, and how the amount to be paid is to be determined.
3. *Convenience of Payment.* A tax should be due at a time or in a manner that is most likely to be convenient for the taxpayer.
4. *Economy in Collection.* The costs to collect a tax should be kept to a minimum for both the government and taxpayers.
5. *Simplicity.* The tax law should be simple so that taxpayers understand the rules and can comply with them correctly and in a cost-efficient manner.
6. *Neutrality.* The effect of the tax law on a taxpayer's decisions as to how to carry out a particular transaction or whether to engage in a transaction should be kept to a minimum.
7. *Economic Growth and Efficiency.* The tax system should not impede or reduce the productive capacity of the economy.
8. *Transparency and Visibility.* Taxpayers should know that a tax exists and how and when it is imposed upon them and others.
9. *Minimum Tax Gap.* A tax should be structured to minimize noncompliance.
10. *Appropriate Government Revenues.* The tax system should enable the government to determine how much tax revenue will likely be collected and when.

ⁱ One framework that is frequently used to define good tax policy was laid out by economist Adam Smith in his 1776 work entitled *The Wealth of Nations*. (See *The Wealth of Nations*, edited by Edwin Cannan, New York, The Modern Library, 1994, pages 887 to 890). A review of tax systems at each level of government today shows the influence of Adam Smith's maxims of tax policy. The first four principles provided in this report are based on Smith's maxims. The remaining six principles have originated with state and federal legislators and administrators, as well as tax advisers and economists. The latter, more modern principles are considered an appropriate basis for good tax policy and are often used to justify changes to the tax laws. For example, see Joint Committee on Taxation, *Description and Analysis of Proposals to Replace the Federal Income Tax* (JCS-18-95), June 5, 1995, pages 58 to 59.

Agenda Item 5

Bonding of Communications Services Tax by Local Governments

Communication Services Tax Working Group



Bonding of the Communications Services Tax by Local Governments

Amber Hughes
Florida League of Cities
July 25, 2012



The CST Working Group is charged with reviewing the extent to which this revenue has been relied on to secure bonded indebtedness.



Types of Debt

- **General Obligation Bonds**
 - A bond that is secured by the full faith, credit and taxing power of the issuer
- **Revenue Bonds**
 - A bond that is payable from a specific source of revenue
- **Covenant to Budget and Appropriate**
 - An issuer's promise to budget and thereby seek to have appropriated sufficient moneys to make lease rental or other required payments



Types of Revenues

- Communication Services Tax
- Local Business Tax
- Utilities Taxes (Water & Sewer)
- Franchise Fees
- Revenue Sharing
- Local Option Sales Surtax
- Public Service Tax
- Gas Taxes
- Special Assessments
- Convention Development Taxes
- Tourist Development Taxes



Sources

- Municipal Securities Rulemaking Board, Electronic Municipal Market Access (EMMA)
- Florida Division of Bond Finance, Local Bond Monitoring Section
- Florida Association of Counties Survey
- Florida Government Finance Officers Association Survey



FAC Survey Results

Does your county currently pledge or utilize Communication Services Tax revenue to secure any form of debt?

Results (breakdown of 50 respondents):

8 – YES (specific pledge)	Charlotte, Citrus, Collier, Lee, Madison, Miami-Dade, Osceola, Palm Beach
7 – MAYBE (nonspecific pledge)	Escambia, Indian River, Jackson, Manatee, Seminole, Sumter, Wakulla
35 – NO	Alachua, Bradford, Broward, Clay, Columbia, DeSoto, Dixie, Flagler, Gadsden, Gilchrist, Hamilton, Hardee, Hernando, Hillsborough, Holmes, Jefferson, Lake, Leon, Liberty, Marion, Martin, Nassau, Okaloosa, Orange, Pasco, Pinellas, Polk, Putnam, St. Johns, St. Lucie, Santa Rosa, Taylor, Union, Volusia, Walton
17 – NON-RESPONDENT	Baker, Bay, Brevard, Calhoun, Duval, Franklin, Glades, Gulf, Hendry, Highlands, Lafayette, Levy, Monroe, Okeechobee, Sarasota, Suwannee, Washington



FGFOA Survey Results

Do you use any form of municipal securities that requires an annual appropriation to make lease payments, debt service payments, loan payments or any other required payments? (A) If so, is the CST a portion of those revenues that are budgeted to make such payments?

Results (breakdown of 99 respondents):

QUESTION 1	QUESTION 1 (A)
46 – YES	39 – YES (specific pledge of CST)
6 – Maybe (nonspecific pledge)	-----
47 – No	7– No (2 anticipate pledging the CST in the next year)



FGFOA Survey Results

What percentage of your General Fund are revenues from the CST?

Results (breakdown of 95 respondents):

0-3.99%	22
4-6.99%	43
6- 9.99%	16
10% and up	14



Uses of Bond Proceeds

- Capital Improvements
- Equipment Acquisition
- Water and Sewer
- Convention Center
- Land Acquisition
- Community Redevelopment Agency
- Transportation Improvements



Special Circumstances

Interlocal Agreements

- The City of Jacksonville has an interlocal agreement with the Jacksonville Port Authority that gives them a percentage of the CST
- The Jacksonville Port Authority has pledged those revenues to secure debt used for capital improvements.

Questions?



Amber M. Hughes

Legislative Advocate

Florida League of Cities

Ahughes@flcities.com

850.701.3621

Local Government Debt Secured by Communication Services Tax

Issuer	Name	Par Amount of Bonds Issued	Date of Issuance	Current Amt Remaining	Final Maturity Date	Revenue Sources Securing the Bonds
Charlotte County	Capital Improvement Revenue Bonds, Series 2007	27,755,000	15-Feb-07			Communication Services Tax
Citrus County	Communications Services Tax Revenues Promissory Note (2009)	12,200,000	1-Oct-09			Communication Services Tax
City of Alachua	Utility Refunding Revenue Bonds, Series 2003	9,180,000	4-Sep-03			Utility Tax, Public Services Tax, Communication Services Tax
City of Auburndale	Public Improvement 2006	5,150,000	1-Mar-06	4,685,000	47,727	non-ad valorem revenue including CST
City of Auburndale	Public Improvement 2009A	1,500,000	9-Oct-09	918,630	41,974	non-ad valorem revenue including CST
City of Bartow	Communications Services Tax Revenue Note, Series 2002	2,000,000	21-May-02			Communication Services Tax
City of Boynton Beach		17,540,000	29-Apr-04	9,865,000	43,405	Public service tax and communications service tax revenues
City of Boynton Beach		19,985,000	12-Oct-06	19,985,000	46,327	Public service tax and communications service tax revenues
City of Cape Coral	Special Revenue Refunding and Improvement Bonds, Series 2002	6,240,000	26-Nov-02			Franchise Fees, CST
City of Cocoa	Capital Improvement Revenue Bonds, Series 2007	11,675,000	10-Jul-07	10,825,000	50,314	Franchise Fee, Communication Services Tax and Public Service Tax
City of Cocoa		3,200,000	7-Dec-10	2,953,000	44,835	Franchise Fee, Communication Services Tax and Public Service Tax
City of Coral Springs	Franchise Revenue Refunding Bonds, Series 2004	21,400,000	28-Oct-04			PST, CST
City of Destin	Florida Capital Improvement Revenue Bonds, Series 2002	9,950,000	28-Mar-02			CST
City of Fort Lauderdale		14,015,000	29-Oct-10	12,313,700	44,075	All Non-Advalorem Revenues
City of Fort Lauderdale		10,095,000	29-Oct-10	9,330,700	44,713	All Non-Advalorem Revenues
City of Fort Lauderdale		7,218,000	9-Sep-11	7,218,000	46,692	All Non-Advalorem Revenues
City of Fort Lauderdale		25,460,000	9-Sep-11	2,546,000	43,405	All Non-Advalorem Revenues
City of Fort Walton Beach		5,740,000	23-Jun-05	4,470,000	2,031	Available Non-Advalorem

Local Government Debt Secured by Communication Services Tax

Issuer	Name	Par Amount of Bonds Issued	Date of Issuance	Current Amt Remaining	Final Maturity Date	Revenue Sources Securing the Bonds
City of Fort Walton Beach		739,805	3-Jul-05	728,480	2,021	Available Non-Advalorem
City of Jacksonville	Capital Improvement Revenue Bonds	140,000,000				Communication Services Tax
City of Jacksonville	Excise Taxes Revenue Refunding and Improvement Bonds, Series 2002A	56,685,000	3-Jul-02			Revenue Sharing, CST
City of Jacksonville	Excise Taxes Revenue Refunding Bonds, Series 2003C	34,540,000	3-Jul-03			Regulatory Fees & Charges, PST, CST
City of Jacksonville	Excise Taxes Revenue Refunding and Improvement Bonds, Series 2003B	27,065,000	3-Jul-03			Regulatory Fees & Charges, PST, CST
City of Lauderhill	Tax-Exempt Communications Service Tax Loan	5,095,000	14-Sep-11			CST
City of Lauderhill	Taxable Communications Service Tax Loan	6,100,000	14-Sep-11			CST
City of Mary Esther	Water and Sewer Refunding Revenue Bonds, Series 2009	2,480,000	19-May-09			PST, CST
City of Miami	Convention Center Refunding Revenue Bonds, Series 1987	65,271,325	9-Jun-05			
City of Miami Gardens	Land Acquisition and Improvement Revenue Bonds, Series 2007	14,400,000	12-Jan-07			Local Option Sales Tax, CST
City of Miami Gardens	Equipment Acquisition Revenue Bonds, Series 2008	4,700,000	10-Jan-08			CST, Local Option Sales Tax
City of Miami Gardens	Equipment Acquisition Revenue Bonds, Series 2009	2,000,000	30-Jan-09			CST, Local Option Sales Tax
City of Miami Gardens	Land Acquisition and Improvement Revenue Bonds, Series 2009	4,000,000	30-Jul-09			CST, Local Option Sales Tax
City of Miami Gardens	Taxable Land Acquisition Revenue Bonds, Series 2009B	8,800,000	14-Aug-09			Local Option Sales Tax, CST
City of Miami Gardens	Capital Improvement Bonds, Series 2005	2,500,000	27-Jun-05			Local Option Sales Tax, CST
City of Miami Gardens	Land Acquisition Revenue Bonds, Series 2005	7,500,000	27-Jun-05			Local Option Sales Tax, CST
City of Miramar		93,135,000	14-Sep-05	90,945,000	49,583	Communication Service Tax and Half Cent Sales Tax
City of Miramar	Capital Improvement Revenue Note, Series 2003	35,000,000	13-May-03			CST

Local Government Debt Secured by Communication Services Tax

Issuer	Name	Par Amount of Bonds Issued	Date of Issuance	Current Amt Remaining	Final Maturity Date	Revenue Sources Securing the Bonds
City of Mount Dora		4,920,000	6-Feb-01	3,635,400	2,024	Public Services Tax & Communications Tax
City of Mount Dora	Capital Improvement Refunding Revenue Bond Series 2011	3,635,400	22-Sep-11			CST, PST
City of New Port Richey	Taxable Redevelopment Revenue Bond, Series 2010	7,000,000	21-Jul-10			CST, Other
City of North Lauderdale	Capital Improvement Revenue Bonds	9,500,000				CST
City of Ocala	Capital Improvement Refunding Revenue Certificates, Series 2003	15,310,000	22-Jul-03			Local Option Sales Tax, Franchise Fees, CST
City of Oldsmar	Revenue Bonds, Series 2001	872,000	12-Dec-01			CST
City of Orlando	Covenant	23,335,000	27-Jun-05	18,410,000	45,566	General Fund Covenant Revenues (GF revs less property taxes and a few minor revenues) & CST-UST
City of Orlando	Covenant	24,495,000	28-Jun-05	20,630,000	45,931	General Fund Covenant Revenues (GF revs less property taxes and a few minor revenues) & CST-UST
City of Orlando	Covenant	5,010,000	28-Jun-05	2,500,000	41,000	General Fund Covenant Revenues (GF revs less property taxes and a few minor revenues) & CST-UST
City of Orlando	Covenant	4,780,000	29-Jun-05	4,780,000	42,461	General Fund Covenant Revenues (GF revs less property taxes and a few minor revenues) & CST-UST
City of Orlando	Covenant	58,905,000	29-Jun-05	55,885,000	50,314	General Fund Covenant Revenues (GF revs less property taxes and a few minor revenues) & CST-UST
City of Orlando	Covenant	16,340,000	29-Jun-05	15,568,000	44,105	General Fund Covenant Revenues (GF revs less property taxes and a few minor revenues) & CST-UST
City of Orlando	Covenant	14,510,000	30-Jun-05	6,250,000	41,730	General Fund Covenant Revenues (GF revs less property taxes and a few minor revenues) & CST-UST
City of Orlando	Covenant	9,175,000	30-Jun-05	4,560,000	41,548	General Fund Covenant Revenues (GF revs less property taxes and a few minor revenues) & CST-UST
City of Orlando	Covenant	15,965,000	1-Jul-05	15,965,000	47,392	General Fund Covenant Revenues (GF revs less property taxes and a few minor revenues) & CST-UST
City of Orlando	Covenant	11,950,000	1-Jul-05	11,950,000	44,835	General Fund Covenant Revenues (GF revs less property taxes and a few minor revenues) & CST-UST
City of Orlando	Covenant	40,000,000	1-Jul-05	40,000,000	51,044	General Fund Covenant Revenues (GF revs less property taxes and a few minor revenues) & CST-UST
City of Orlando	Covenant	9,160,000	2-Jul-05	9,160,000	42,461	General Fund Covenant Revenues (GF revs less property taxes and a few minor revenues) & CST-UST

Local Government Debt Secured by Communication Services Tax

Issuer	Name	Par Amount of Bonds Issued	Date of Issuance	Current Amt Remaining	Final Maturity Date	Revenue Sources Securing the Bonds
City of Orlando	Covenant	17,650,000	2-Jul-05	17,650,000	44,835	General Fund Covenant Revenues (GF revs less property taxes and a few minor revenues) & CST-UST
City of Orlando	Covenant	40,260,000	2-Jul-05	40,260,000	47,027	General Fund Covenant Revenues (GF revs less property taxes and a few minor revenues) & CST-UST
City of Orlando	Covenant	115,740,000	2-Jul-05	115,740,000	48,853	General Fund Covenant Revenues (GF revs less property taxes and a few minor revenues) & CST-UST
City of Orlando	Covenant	9,000,000	3-Jul-05	9,000,000	42,826	General Fund Covenant Revenues (GF revs less property taxes and a few minor revenues) & CST-UST
City of Orlando	Wastewater	46,970,000	24-Jun-05	24,830,000	41,913	Wastewater Gross Revenues; WW Impact Fee Revenues; CST-UST as a 2ndary Pledge
City of Orlando		26,450,000	25-Jun-05	3,650,000	40,817	Wastewater Gross Revenues; WW Impact Fee Revenues; CST-UST as a 2ndary Pledge
City of Orlando		18,240,000	28-Jun-05	12,630,000	41,913	Wastewater Gross Revenues; WW Impact Fee Revenues; CST-UST as a 2ndary Pledge
City of Orlando	Covenant	33,690,000	24-Jun-05	8,690,000	41,730	General Fund Covenant Revenues (GF revs less property taxes and a few minor revenues) & CST-UST
City of Palatka	FMLC	7,665,000	10-Aug-12	7,555,000	51,410	CST, Public Service Taxes, Half Cent Sales Tax
City of Palm Bay	Public Service Tax Revenue Bonds, Series 2010	5,485,000	2-Jul-05			Communication Services Tax
City of Panama City	Capital Improvement Revenue Refunding Bonds, Series 2005	7,285,000	2-Aug-05			Utility Tax, CST
City of Pembroke Pines	Taxable Communications Services Tax Revenue Bonds, Series 2003A	49,910,000	1-Apr-04	44,775,000	48,853	Communications Services Tax Revenues and Water Public Service Tax Revenues
City of Pembroke Pines	Taxable Communications Services Tax Revenue Bonds, Series 2003A	39,935,000	17-Oct-03	36,390,000	48,853	Communications Services Tax Revenues and Water Public Service Tax Revenues
City of Pembroke Pines	Taxable Communications Services Tax Revenue Bonds, Series 2003A	39,935,000	17-Oct-03			CST
City of Pembroke Pines	Taxable Communications Services Tax Revenue Bonds, Series 2004A	49,910,000	1-Apr-04			CST, PST
City of Pensacola		18,190,000	10-Aug-10	18,190,000	43,009	Infrastructure Sales Tax revenue and to the extent of any deficiency, CST revenue
City of Pensacola	Community Redevelopment Agency	3,271,866	23-Jul-04	429,414	41,365	covenant to budget and appropriate non-ad valorem revenues of the City.
City of Pensacola	Community Redevelopment Agency	45,640,000	21-Dec-09	45,640,000	51,044	covenant to budget and appropriate non-ad valorem revenues of the City.

Local Government Debt Secured by Communication Services Tax

Issuer	Name	Par Amount of Bonds Issued	Date of Issuance	Current Amt Remaining	Final Maturity Date	Revenue Sources Securing the Bonds
City of Port Orange	Capital Improvement Revenue Bonds, Series 2004	18,800,000	30-Jun-04			PST, CST
City of South Daytona	Capital Improvement Revenue Note, Series 2011	6,000,000	27-Sep-11			PST, CST
City of Springfield	Cable Television System Revenue Note, Series 1994	1,000,000	9-Nov-94			CST
City of Springfield	Cable Television System Revenue Note, Series 1998A	1,100,000	7-May-98			CST
City of St. Cloud	Public Service Taxes Revenue Note, Series 2004 (Lakefront Park Project)	5,600,000	10-Dec-04			PST, CST
City of Sunrise	Public Facilities Refunding Revenue Bonds, Series 1992	47,539,465	14-Jun-05			CST
City of Tampa	1991 Utilities Tax & Special Revenue Refunding Bonds	138,610,000	2-May-91	10,635,000	41,183	Tax Increment Revenues and Utility Taxes
City of Tampa	1996 Utilities Tax Improvements Bonds - Capital Apprec. Bd	23,649,380	2-Jul-96	95,200,000	44,835	Utility Taxes
City of Tampa	1997 Utilities Tax Improv. Bonds - Partial Capital Apprec. Bd.	28,913,962	8-Jan-98	26,835,000	43,739	Utility Taxes
City of Tampa	2001B Utilities Tax & Special Revenue Refunding Bonds	36,865,000	10-Jul-01	36,385,000	42,278	Tax Increment Revenues and Utility Taxes
City of Tampa	2002A Utilities Tax Refunding Revenue Bonds	15,680,000	29-Aug-02	14,215,000	44,470	Utility Taxes
City of Tampa	2006 Utilities Tax Refunding Revenue Bonds	38,300,000	12-Dec-06	31,030,000	43,739	Utility Taxes
City of Tampa	2010A Utilities Tax Revenue Bonds - BAB's	11,610,000	14-Dec-10	11,610,000	46,661	Utility Taxes
City of Tampa	2010B Utilities Tax Revenue Bonds - RZED	8,045,000	14-Dec-10	8,045,000	47,757	Utility Taxes
City of Titusville	Multipurpose Revenue Bonds, Series 1998B	2,500,000	28-Jan-99			CST
City of Umatilla		1,000,000	27-May-05	126,000	2,015	W&S and "All Excise, Franchise and Telecomm Taxes"
City of Umatilla		165,100	2-Jun-05	82,000	2,022	W&S and "All Excise, Franchise and Telecomm Taxes"
City of Weston	Promissory Note, Series 2008C	1,000,000	4-Mar-08			CST, Other

Local Government Debt Secured by Communication Services Tax

Issuer	Name	Par Amount of Bonds Issued	Date of Issuance	Current Amt Remaining	Final Maturity Date	Revenue Sources Securing the Bonds
City of Weston	Bank Qualified Loan	10,000,000	2-Jul-05			Communication Services Tax
City of Weston		10,000,000	23-Apr-07	7,749,400	44,682	CST
City of Weston		4,000,000	4-Mar-08	2,872,100	43,162	CST
City of Wilton Manors	Promissory Note	2,230,500	1-Dec-11			Communication Services Tax
City of Winter Haven	Public Improvement Refunding Revenue Bonds, Series 2007	23,100,000	22-Feb-07			PST, CST
City of Winter Springs	Improvement Refunding Revenue Bonds, Series 2003	8,870,000	9-Jul-03			PST, CST, Franchise Fees
Collier County	Special Obligation Series 2010	59,895,000	23-Jul-10	56,660,000	49,126	Covenant to Budget and Appropriate
Collier County	Special Obligation Series 2010B	24,620,000	30-Nov-10	22,045,000	44,470	Covenant to Budget and Appropriate
Collier County	Special Obligation Series 2011	92,295,000	9-Jan-12	92,295,000	47,392	Covenant to Budget and Appropriate
Jacksonville Port Authority	(interlocal agreement with City of Jacksonville)	90,000,000	30-Jun-05			CST
Manatee County	Series 2004 Revenue Improvement Bonds	47,620,000	8-Sep-04	38,420,000	47,392	Non-advalorem or other legally available funds
Manatee County	Series 2006 Revenue Improvement Bonds	59,585,000	13-Sep-06	43,995,000	44,470	Non-advalorem or other legally available funds
Manatee County	Series 2010 Revenue Refunding Bonds	13,740,000	28-May-10	11,425,000	43,009	Non-advalorem or other legally available funds
Manatee County	Series 2004 Transportation Revenue Refunding and Impr Bonds	50,760,000	1-Apr-04	28,940,000	44,105	Non-advalorem or other legally available funds
Osceola County	Capitol Improvement Revenue Bonds, Series 2009C	6,770,000	2-Oct-09			CST
Osceola County	Capitol Improvement Revenue Bonds, Series 2009A	42,430,000	2-Oct-09			CST
Osceola County	Capitol Improvement Revenue Bonds, Series 2009B	83,050,000	2-Oct-09			CST
Palm Beach County		233,620,000	1-Jul-90	37,915,000	42,156	Non-Ad Valorem Revenues

Local Government Debt Secured by Communication Services Tax

Issuer	Name	Par Amount of Bonds Issued	Date of Issuance	Current Amt Remaining	Final Maturity Date	Revenue Sources Securing the Bonds
Palm Beach County		32,775,000	21-Aug-97	32,655,000	41,426	Non-Ad Valorem Revenues
Palm Beach County		18,560,000	5-Sep-02	7,510,000	42,156	Non-Ad Valorem Revenues
Palm Beach County		94,300,000	28-Jan-04	64,250,000	45,139	Non-Ad Valorem Revenues
Palm Beach County		38,895,000	28-Oct-04	29,725,000	45,597	Non-Ad Valorem Revenues
Palm Beach County		24,427,515	28-Oct-04	9,771,004	41,944	Non-Ad Valorem Revenues
Palm Beach County		17,455,000	31-Mar-05	10,855,000	42,675	Non-Ad Valorem Revenues
Palm Beach County		13,485,000	7-Jul-05	9,885,000	43,070	Non-Ad Valorem Revenues
Palm Beach County		9,520,000	4-May-05	5,165,000	42,309	Non-Ad Valorem Revenues
Palm Beach County		133,935,000	24-May-05	105,920,000	45,809	Non-Ad Valorem Revenues
Palm Beach County		13,028,760	24-Aug-05	4,738,043	41,640	Non-Ad Valorem Revenues
Palm Beach County		14,685,000	6-Dec-06	12,645,000	46,357	Non-Ad Valorem Revenues
Palm Beach County		2,582,648	14-Nov-07	2,308,947	46,692	Non-Ad Valorem Revenues
Palm Beach County		5,180,949	14-Nov-07	4,703,988	46,692	Non-Ad Valorem Revenues
Palm Beach County		98,080,000	19-Dec-07	88,505,000	46,692	Non-Ad Valorem Revenues
Palm Beach County		176,585,000	28-Aug-08	168,165,000	50,526	Non-Ad Valorem Revenues
Palm Beach County		35,075,000	23-Jan-08	18,336,193	41,671	Non-Ad Valorem Revenues
Palm Beach County		11,697,676	6-Feb-08	9,943,024	46,966	Non-Ad Valorem Revenues
Palm Beach County		94,235,000	13-Nov-09	88,130,000	47,058	Non-Ad Valorem Revenues
Palm Beach County		29,476,000	23-Apr-08	18,970,000	44,166	Non-Ad Valorem Revenues
Palm Beach County		16,189,340	2-Apr-12	16,189,340	46,447	Non-Ad Valorem Revenues
Palm Beach County		11,598,107	28-Apr-10	10,796,691	45,597	Non-Ad Valorem Revenues
Palm Beach County		30,691,407	27-Jul-11	30,691,407	48,061	Non-Ad Valorem Revenues
Palm Beach County		62,775,000	13-Aug-11	62,775,000	47,788	Non-Ad Valorem Revenues
Palm Beach County		147,000,000	28-Jun-12	147,000,000	45,809	Non-Ad Valorem Revenues

Local Government Debt Secured by Communication Services Tax

Issuer	Name	Par Amount of Bonds Issued	Date of Issuance	Current Amt Remaining	Final Maturity Date	Revenue Sources Securing the Bonds
Sarasota County	Communications Services Tax Revenue Bonds, Series 2006	17,705,000	11-Aug-06			CST
Sarasota County	Communications Services Tax Revenue Bonds, Series 2010 (BABs)	18,760,000	16-Dec-10			CST
Sarasota County	Communications Services Tax Revenue Bonds, Series 2005A	15,885,000	20-Jun-05			CST
St. Lucie County	Public Improvement Refunding Revenue Bonds, Series 2004A (800 Mhz Emergency Radio System)	8,030,000	10-Nov-04			CST
The City of Polk City	Capitol Improvement Revenue Bonds, Series 2007	1,738,570	14-Dec-07			CST
Town of Dundee	Capital Improvement Refunding Revenue Note, Series 2007	1,800,000	23-Aug-07			CST, Utilities Tax
Town of Dundee	Capital Improvement Revenue Note, Series 2007A	2,800,000	14-Dec-07			CST, Utilities Tax
Town of Glen St. Mary	Water and Sewer Revenue Bonds, Series 2004A and 2004B	1,040,214	16-Dec-04			Local Option Sales Tax, CST
Town of Highland Beach	Promissory Note	3,828,668	8-Jun-05			
Town of Indian Shores	FMLC Revenue Bonds 2005A	5,930,000	15-Feb-05	5,140,000	49,341	Public Services Tax (10%) and 2.5% of the Communications Services Tax
Town of Palm Beach		57,035,000	25-Feb-10	55,075,000	51,136	Non ad Valorem Revenue
Town of Palm Beach		14,770,000	25-Feb-10	12,690,000	51,136	Special Assessments and non ad valorem revenue
Town of Windermere	Communication Services Tax Revenue Note, Series 2004	3,000,000	15-Sep-04			CST
Town of Zolfo Springs	Capital Improvement Revenue Bonds, Series 2007	32,200	29-Jun-05			Communication Services Tax
Village of Wellington		9,995,000	26-May-05	8,245,000	May 2019	Public Service Tax Revenues from Telecommunications and Cable



Communications Services Tax Survey Summary



The Florida Association of Counties and the Florida League of Cities, in coordination with the Florida Government Officers Association, conducted a survey of their memberships regarding the utilization of revenue from the communications services tax to secure debt proceeds.

Florida Association of Counties

A total of 50 responses were received.

Question:

- Does your county currently pledge or utilize Communication Services Tax revenue to secure any form of debt?

Results (breakdown of 50 respondents):

8 – Yes (specific pledge)	Charlotte, Citrus, Collier, Lee, Madison, Miami-Dade, Osceola, Palm Beach
7 – Maybe (non specific pledge)	Escambia, Indian River, Jackson, Manatee, Seminole, Sumter, Wakulla
35 – No	Alachua, Bradford, Broward, Clay, Columbia, DeSoto, Dixie, Flagler, Gadsden, Gilchrist, Hamilton, Hardee, Hernando, Hillsborough, Holmes, Jefferson, Lake, Leon, Liberty, Marion, Martin, Nassau, Okaloosa, Orange, Pasco, Pinellas, Polk, Putnam, St. Johns, St. Lucie, Santa Rosa, Taylor, Union, Volusia, Walton
17 – Non respondents	Baker, Bay, Brevard, Calhoun, Duval, Franklin, Glades, Gulf, Hendry, Highlands, Lafayette, Levy, Monroe, Okeechobee, Sarasota, Suwannee, Washington



Communications Services Tax Survey Summary



Florida League of Cities

1. Do you use any form of municipal securities that requires an annual appropriation to make lease payments, debt service payments, loan payments or any other required payments? (a) If so, is the CST a portion of those revenues that are budgeted to make such payments?

Results (breakdown of 99 respondents):

Question 1	Question 1 (a)
46 – Yes	39 – Yes (specific pledge of CST)
6 – Maybe (non specific pledge)	
47 – No	7– No (2 anticipate pledging the CST in the next year)

2. What percentage of your General Fund are revenues from the CST? (a) If you account for CST revenues in a different fund (i.e. Utility Tax Fund or Capital Improvement Fund), explain and provide percentage of the fund made up of revenues from the CST? (b) If not pledged or earmarked, how are your CST revenues used?

Results (breakdown of 95 respondents):

0-3.99%	22
4-6.99%	43
6- 9.99%	16
10 % and up	14

Agenda Item #6

**Residential Exemption from State Portion of
Communications Services Tax**



Estimate of the Potential Impact of Repeal of the Residential Exemption for Communications Services Tax

Communication Services Tax Working Group

July 25, 2012

Presented by Bob McKee

Chief Economist – Florida Department of Revenue



Residential Exemption

- **Exemption applies to only a portion of Communications Services Tax**
 - **Applies to the 6.65% State CST levy and .15% of the 2.52% Gross Receipts CST levy**
- **All other exemptions apply to all components of the CST**



Residential Exemption

- **Section 202.125(1), F.S., provides: The separately stated sales price of communications services sold to residential households is exempt from the tax imposed by s. [202.12](#) and s. [203.01\(1\)\(b\)3](#). This exemption does not apply to any residence that constitutes all or part of a transient public lodging establishment as defined in chapter 509, any mobile communications service, any video service, or any direct-to-home satellite service.**



Recent History

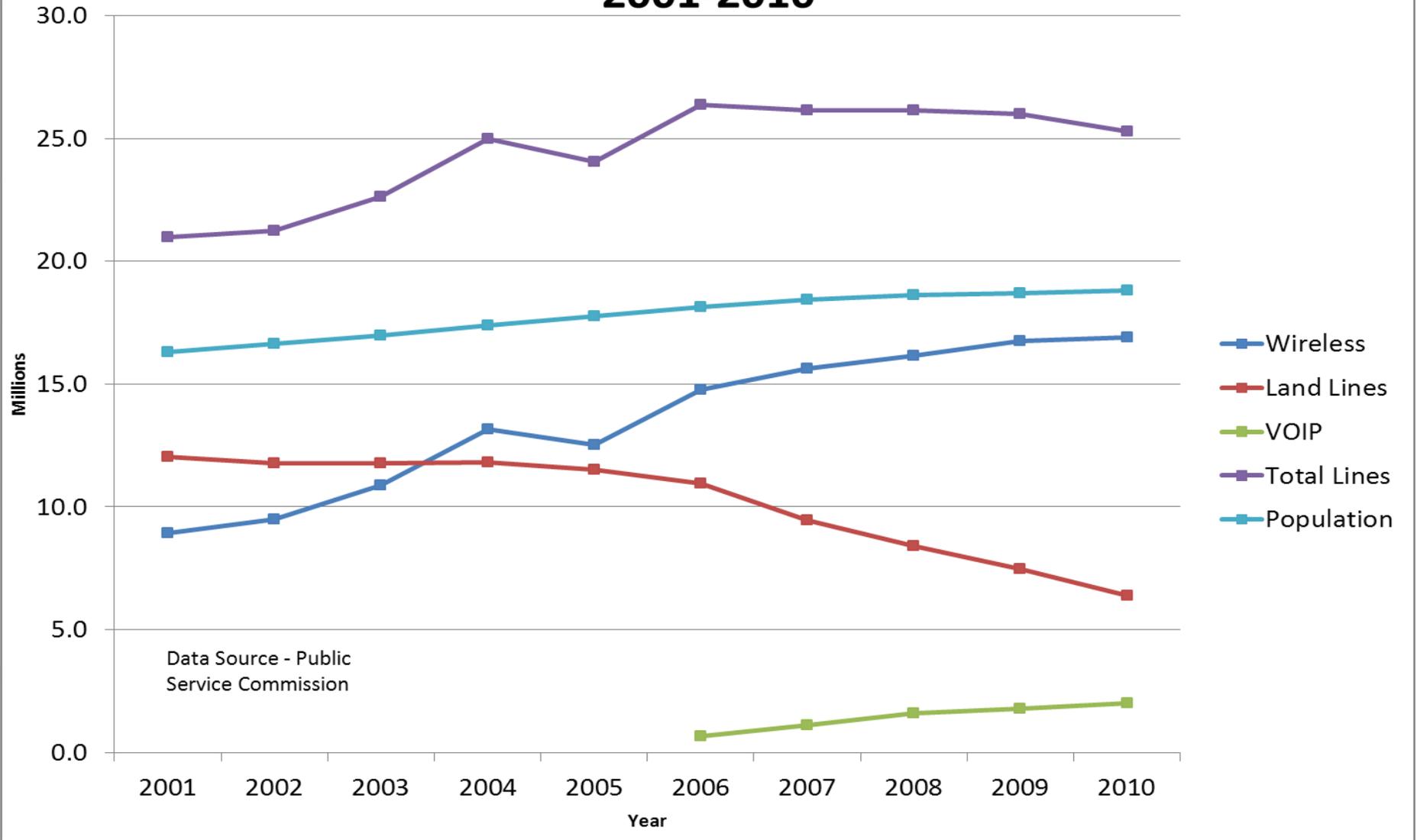
- **Residential exemption impact has been shrinking in recent years**
- **Measured in terms of ratio of State CST base to the Gross Receipts CST base for communication services.**
 - **74% in FY 2002-03**
 - **83% in FY 2005-06**
 - **86.5% in FY 2011-12**
 - **Higher percentage means lower impact of residential exemption**



Exemption Not Specific to Landline Service

- **The Residential Exemption is frequently described as an exemption on landline telecommunications services**
 - **While the exemption can apply to landline service, this service is not the only service to which the exemption might apply**
- **The statutes provide that the exemption applies to communication services sold to residential households that are not:**
 - **A transient public lodging facility, as defined in chapter 509**
 - **A mobile telecommunications service**
 - **A video service**
 - **A Direct-to-Home satellite service**
- **As new services emerge that do not fall into one of these four excluded categories, there is potential for the impact of the residential exemption to either diminish its rate of decline or increase.**

Comparison of Type of Phone Service and Population 2001-2010



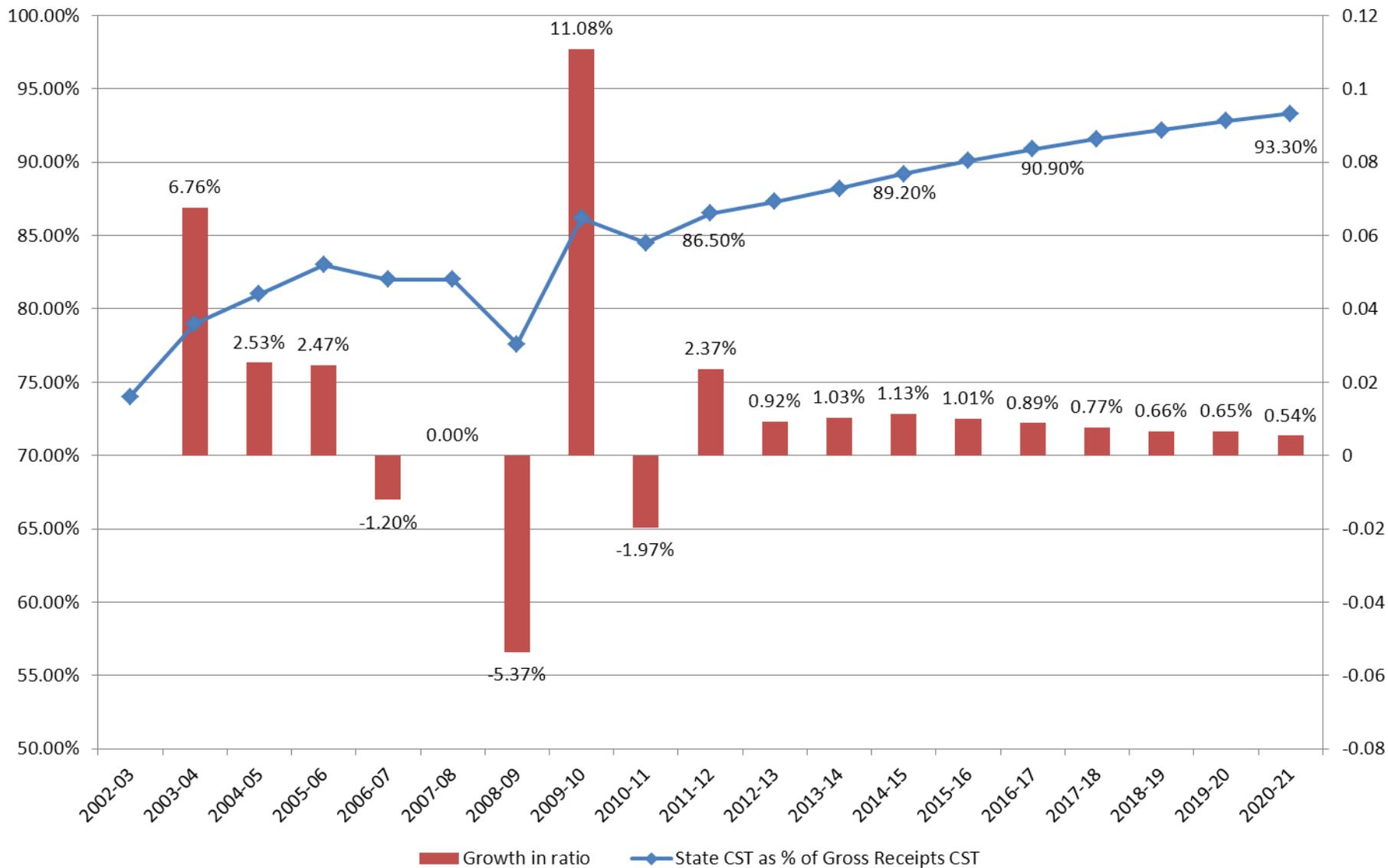


Current Forecast

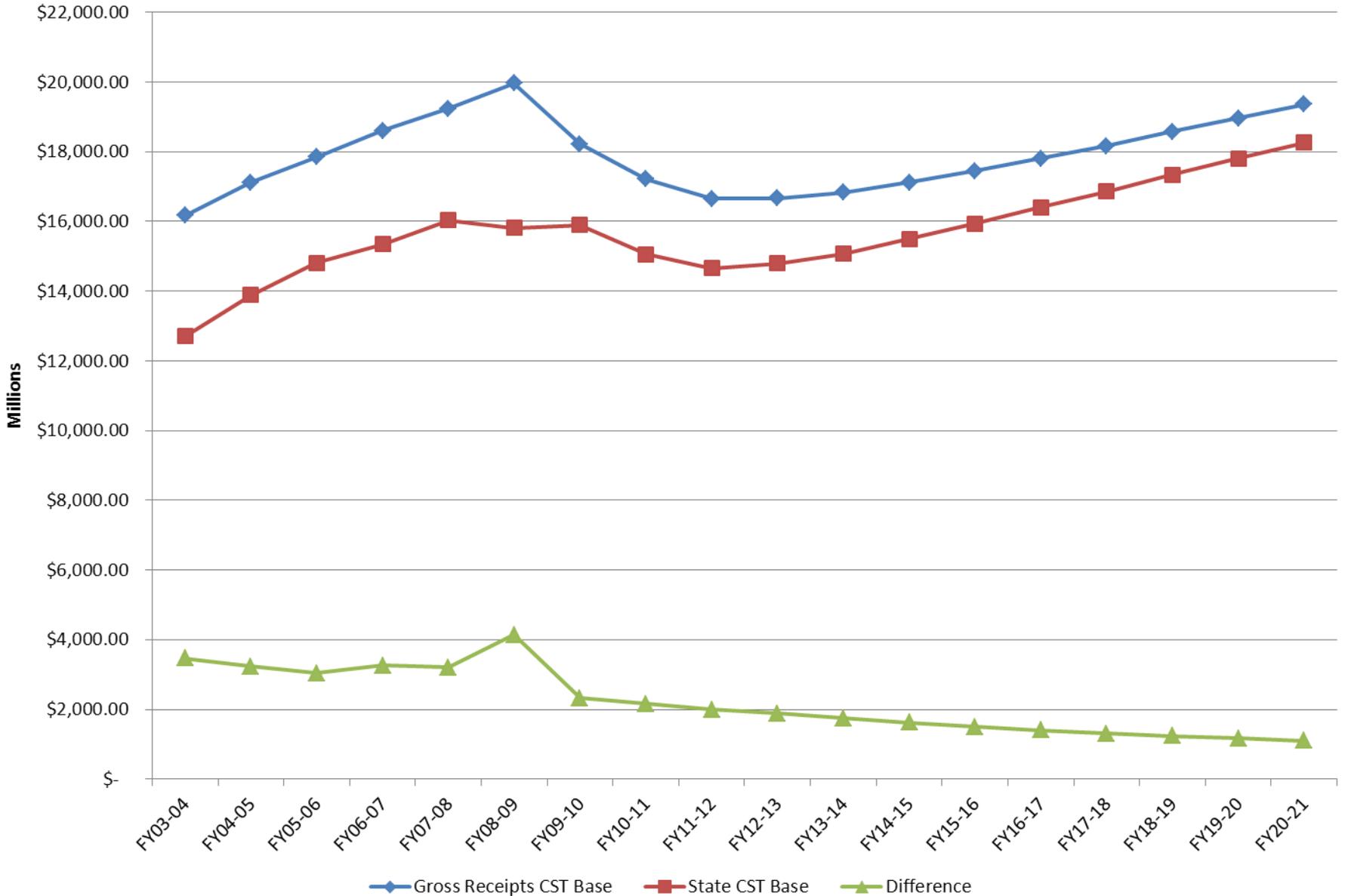
State CST Base as a Percent of Gross Receipts Base

State Fiscal Year	State CST Base as a % of Gross receipts CST base
2012-13	87.3%
2013-14	88.2%
2014-15	89.2%
2015-16	90.1%
2016-17	90.9%
2017-18	91.6%
2018-19	92.2%
2019-20	92.8%
2020-21	93.3%

Forecast of Relationship between State CST Base and Gross Receipts CST Base



Comparison of Gross Receipts CST and State CST Bases





Implied Revenue and Rate Impacts Historic Simulation

State Fiscal Year	Tax impact if Base Expanded and Rate Remained the Same (\$M)	State Rate without Residential Exemption to Generate Historic Revenue Amounts
2003-04	\$ 235.60	5.342%
2004-05	\$ 219.91	5.515%
2005-06	\$ 206.21	5.644%
2006-07	\$ 221.62	5.609%
2007-08	\$ 217.93	5.667%
2008-09	\$ 281.85	5.388%
2009-10	\$ 157.78	5.934%
2010-11	\$ 143.11	5.818%
2011-12	\$ 132.67	5.853%



Implied Revenue and Rate Impacts Forecast Period

State Fiscal Year	Tax Impact if Base Expanded and Rate Remained the Same (Millions)	State Rate without Residential Exemption to Generate Current Revenue Forecast
2012-13	\$ 124.86	5.901%
2013-14	\$ 116.48	5.958%
2014-15	\$ 107.95	6.019%
2015-16	\$ 100.09	6.076%
2016-17	\$ 92.99	6.128%
2017-18	\$ 87.26	6.170%
2018-19	\$ 82.06	6.208%
2019-20	\$ 77.32	6.242%
2020-21	\$ 73.01	6.273%



Challenges with Rate Reduction

State Fiscal Year	Impact at 6% Rate (Millions)	Impact at 6.3% Rate (Millions)
2013-14	\$7.1	\$57.6
2014-15	-\$3.3	\$48.0
2015-16	-\$13.3	\$39.0
2016-17	-\$22.7	\$30.7
2017-18	-\$30.8	\$23.7
2018-19	-\$38.6	\$17.1
2019-20	-\$46.0	\$10.9
2020-21	-\$52.8	\$5.3

- **Questions?**

Agenda Item 7

Prepaid Communication Services



State Taxation of “Prepaid” Communications

Presented by: French Brown, Deputy Director,
Technical Assistance and Dispute Resolution

July 25, 2012



Florida's Law

Paragraph 212.05(1)(e), F.S.

(l) “Prepaid calling arrangement” means the separately stated retail sale by advance payment of communications services that consist exclusively of telephone calls originated by using an access number, authorization code, or other means that may be manually, electronically, or otherwise entered and that are sold in predetermined units or dollars whose number declines with use in a known amount.



Florida's Law

(II) Sales of prepaid calling arrangements are treated as the sale of tangible personal property, are subject to the 6% sales tax plus applicable discretionary sales surtax, are collected at the time of sale, and are remitted by the selling dealer.

(III) If the sale or recharge of the prepaid calling arrangement does not take place at the dealer's place of business, it shall be deemed to take place at the customer's shipping address or, if no item is shipped, at the customer's address or the location associated with the customer's mobile telephone number.



Tax Information Publication

Certain prepaid communications plans or services are not "prepaid calling arrangements."

Examples of such plans that do not fall under this definition include, but are not limited to:

- **Service that includes text messaging, multimedia messaging, web, e-mail, etc.;**
- **Unlimited calling plans that do not decline with usage;**
- **Services or plans that are not sold in predetermined units or dollars; or**
- **Services or plans that are not originated using an access number or authorization code.**

T.I.P. # 12ADM-02 Issued: 3/27/12



Florida's Tax Information Publication

A sale of a prepaid card or prepaid arrangement that does not fall under the definition of a "prepaid calling arrangement" is not subject to SUT.

Instead, sales of such plans are subject to CST, because Florida's CST law generally applies to services that allow the transmission, conveyance, or routing of voice, data, audio, or video.

Other States

Initial Survey Responses

Twenty-five jurisdictions that imposed a tax on communications services answered the initial survey. These jurisdictions provided their statutory definitions of “prepaid.”

- Alabama
- Arkansas
- Connecticut
- D.C.
- Florida
- Georgia
- Hawaii
- Indiana
- Iowa
- Kentucky
- Louisiana
- Maryland
- Massachusetts
- Michigan
- Missouri
- Nebraska
- New Jersey
- New York
- South Carolina
- Texas
- Utah
- Virginia
- Washington
- West Virginia
- Wyoming



Streamline Sales and Use Tax

Section 315:

L. "Prepaid calling service" means the right to access exclusively telecommunications services, which must be paid for in advance and which enables the origination of calls using an access number or authorization code, whether manually or electronically dialed, and that is sold in predetermined units or dollars of which the number declines with use in a known amount.

SSUTA as amended 5/24/12



Streamline Sales and Use Tax

Section 315:

M. “Prepaid wireless calling service” means a telecommunications service that provides the right to utilize mobile wireless service as well as other non-telecommunications services, including the download of digital products delivered electronically, content and ancillary services, which must be paid for in advance that is sold in predetermined units or dollars of which the number declines with use in a known amount.

SSUTA as amended 5/24/12



SSUTA - Issue Paper 11004

Construction of Prepaid Definitions – Prepaid Wireless Units – Aug 2011

“The so called ‘unlimited’ plans are in fact limited in terms of other predetermined units of measure such as a month (and the customer is not entitled to further use of the service after that predetermined limitation has been met). To the extent the plans include a ‘predetermined unit’ limit even though it is longer than a minute the plans meet the definition of prepaid wireless calling service.”

Draft Document Not For Publication But For Discussion Purposes Only – Nothing contained herein represents a final position or opinion of the State and Local Advisory Council. Readers should neither rely on any information herein nor make any inferences about final interpretations of member states or the Governing Board from the statements contained herein as this is a draft only and may change in response to comments and input from the public or private sector.

Additional Questions

The twenty-five jurisdictions were asked which tax applied to the following services:

- Usage - local or long distance usage; minute denomination (e.g., 100 minutes)
- Usage - local or long distance usage; dollar denomination (e.g., \$100 of use, \$0.10 per min)
- Wireless - voice communications service, minute denomination
- Wireless - voice communications service, dollar denomination
- Wireless - access + voice communications service, "unlimited" for unit of time (day, week, month, year)
- Wireless - access + voice + *text*; minute or text denomination (e.g., 100 minutes and/or 100 text messages)
- Wireless - access + voice + *text*; dollar denomination (e.g., \$100 of use, \$0.10 per voice minute and/or \$0.05 per text message)
- Wireless - access + voice + *text*; "unlimited" for unit of time (day, week, month, year) (e.g., \$100 for "unlimited" voice or text messages)

Additional Questions

(continued)

- **Wireless - access + voice + text + *data***; minute or text denomination (e.g., 100 minutes and/or 100 text messages and/or 1000 kb of data)
- **Wireless - access + voice + text + *data***; dollar denomination (e.g., \$100 of use, \$0.10 per voice minute and/or \$0.05 per text message and/or \$0.05 per kb of data)
- **Wireless - access + voice + text + *data***; "unlimited" for unit of time (day, week, month, year) (e.g., \$100 for "unlimited" voice or text messages or data usage)
- **Wireless - *data only***; bandwidth denomination (e.g., \$100 for 5 gigabytes of use)
- **Wireless - *data only***; "unlimited" for unit of time (day, week, month, year) (e.g., \$5 for unlimited data usage for one day)

Also asked:

- Is there any difference in the application of tax between a) the sale of a card or b) the sale of a PIN over the phone or internet where no TPP is transferred?
- Is there any difference in the application of tax between an initial activation or recharge (aka "top-up")?



Additional Survey Responses

Currently, the following 13 jurisdictions have responded to the additional survey:

- Alabama
- Connecticut
- Florida
- Georgia
- Kentucky
- Nebraska
- New York
- South Carolina
- Texas
- Utah
- Washington D.C.
- West Virginia
- Wyoming

Findings



Findings

Of the 25 jurisdictions that answered the initial survey, 11 (44%) were full member states of the SSUTA and conformed to the Agreement's definition of prepaid.

Of the SSUTA member states that responded to the additional questions (4), one state (Georgia) did not follow IP11004.

Of the 25 jurisdictions that answered the initial survey, 21 (84%) have the same tax rate for their definition of "prepaid" as the state's general sales tax. This includes Florida.

Kentucky and Washington D.C. tax prepaid at a rate higher than their general sales tax. Louisiana taxes prepaid at a lower rate.

Findings

Currently, 13 jurisdictions have answered the additional, transaction specific survey.

Questions 1 & 2 asked about prepaid local or long distance calling cards (either minute or dollar denomination)

- **Prepaid: (10) *Florida, Alabama, Connecticut, Kentucky, Nebraska, New York, Texas, Utah, West Virginia, and Wyoming***
- **Prepaid, only if local exchange telephone: *Georgia***
- **Ways or Means (sales tax based on use): *South Carolina***
- **Gross Receipts: *Washington D.C.***

Findings

Questions 3, 4, & 5 asked about prepaid wireless voice communication (either minute, dollar, or unlimited denomination)

- Prepaid if minute or dollar, CST if unlimited: *Florida*
- Prepaid: (8) *Alabama, Connecticut, Kentucky, Nebraska, Texas, Utah, West Virginia, and Wyoming*
- Sales Tax and Mobile Telecommunications Tax: *New York*
- Prepaid if minute or dollar, Ways or Means (use based) if unlimited: *South Carolina*
- Gross Receipts: *Washington D.C.*
- Not Taxed: *Georgia*

Findings

Questions 6, 7, & 8 asked about wireless voice communication plus text messaging (either minute, dollar, or unlimited denomination)

- **Communications Services Tax: *Florida***
- **Prepaid: (8) *Alabama, Connecticut, Kentucky, Nebraska, Texas, Utah, West Virginia, and Wyoming***
- **Sales Tax and Mobile Telecommunications Tax: *New York***
- **Prepaid if minute or dollar, Ways or Means (use based) if unlimited: *South Carolina***
- **Gross Receipts: *Washington D.C.***
- **Not Taxed: *Georgia***



Findings

Questions 9, 10, & 11 asked about wireless voice communication, text messaging, and data (either minute, dollar, or unlimited denomination)

- **Communications Services Tax: *Florida***
- **Prepaid: (8) *Alabama, Connecticut, Kentucky, Nebraska, Texas, Utah, West Virginia, and Wyoming***
- **Sales Tax and Mobile Telecommunications Tax: *New York***
- **Prepaid if minute or dollar, Ways or Means (use based) if unlimited: *South Carolina***
- **Gross Receipts: *Washington D.C.***
- **Not Taxed: *Georgia***

Findings

Questions 12 & 13 asked about data only services (either bandwidth or unlimited denomination)

- **If Internet Access, then not taxed. If transmission of data, then Communications Services Tax: *Florida***
- **Prepaid: (2) *Texas, West Virginia***
- **Not Taxed: (5) *Alabama, Georgia, Nebraska, New York, and Utah***
- **Sales and Use / Telecom Tax: *Kentucky***
- **Prepaid if bandwidth, Ways or Means (use based) if unlimited: *South Carolina***
- **If a specified digital product, Sales Tax: *Wyoming***
- **Gross Receipts: *Washington D.C.***
- **No guidance: *Connecticut***

Findings

Is there a difference between the sale of a card or PIN? Is there a difference between initial activation or recharge?

- **No difference:** *Florida, Alabama, Connecticut, Georgia, Kentucky, Nebraska, New York, Texas, Washington D.C., West Virginia, and Wyoming*
- **Yes:** *South Carolina, Utah (the sale of the card is sourced to the place the card is purchased, the sales of a PIN over the phone or Internet is sourced to the customers home jurisdiction)*

Questions



Florida Communications Services Tax Working Group

State	Definition	SSUTA ¹ definition	SSUTA Full State	SSUTA IP11004 ²	State Prepaid Rate	Prepaid rate same as general items?
Florida	<p>(I) "Prepaid calling arrangement" means the separately stated retail sale by advance payment of communications services that consist exclusively of telephone calls originated by using an access number, authorization code, or other means that may be manually, electronically, or otherwise entered and that are sold in predetermined units or dollars whose number declines with use in a known amount.</p> <p>(II) If the sale or recharge of the prepaid calling arrangement does not take place at the dealer's place of business, it shall be deemed to take place at the customer's shipping address or, if no item is shipped, at the customer's address or the location associated with the customer's mobile telephone number.</p> <p>(III) The sale or recharge of a prepaid calling arrangement shall be treated as a sale of tangible personal property for purposes of this chapter, whether or not a tangible item evidencing such arrangement is furnished to the purchaser, and such sale within this state subjects the selling dealer to the jurisdiction of this state for purposes of this subsection. Section 212.05(1)(e.), F.S.</p>	No	No	No	6%	Yes
Alabama	<p>Code of Alabama 1975 Section 40-23-1(a)(13) defines prepaid calling cards as follows: PREPAID TELEPHONE CALLING CARD. A sale of a prepaid telephone calling card or a prepaid authorization number, or both, shall be deemed the sale of tangible personal property subject to the tax imposed on the sale of tangible personal property pursuant to this chapter.</p> <p>If a prepaid calling card or authorization code can be used for both taxable and nontaxable transactions, the sales tax may be charged on the entire sales price of the calling card or pin number if there is no method of distinguishing what portion is used for taxable versus nontaxable transactions. According to Judge Thompson in the case State vs. Mike Gray d/b/a The Peach Park, in the absence of records specifically distinguishing taxable and nontaxable sales, the taxpayer must pay sales tax on all sales. If the calling card or pin is designated exclusively for nontaxable transactions, such as access to the Internet, the card or pin may be sold exempt of sales tax.</p>	No	No	No	4%	Yes
Arkansas	<p>Arkansas Sales Tax Code Provisions 26-52-314. Prepaid calling service and prepaid wireless calling service. Statute text</p> <p>(a) Sales of a prepaid calling service or a prepaid wireless calling service and the recharge of a prepaid calling service or a prepaid wireless calling service shall be subject to the Arkansas gross receipts tax levied by this chapter and the compensating use tax levied by the Arkansas Compensating Tax Act of 1949, § 26-53-101 et seq.</p>	Yes	Yes		6%	Yes

Florida Communications Services Tax Working Group

State	Definition	SSUTA ¹ definition	SSUTA Full State	SSUTA IP11004 ²	State Prepaid Rate	Prepaid rate same as general items?
Arkansas (continued)	<p>(b) As used in this subchapter:</p> <p>(1) "Prepaid calling service" means the right to exclusively access a telecommunication service, which must be paid for in advance and which enables the origination of calls using an access number or authorization code, whether manually or electronically dialed and that is sold in predetermined units or dollars of which the number declines with use in a known amount;</p> <p>(2) "Prepaid telephone calling card" or "prepaid authorization number" mean the exclusive purchase of telephone or telecommunications services, paid for in advance, which enables the origination of calls using an access number or authorization code, whether manually or electronically dialed;</p> <p>(3) "Prepaid wireless calling service" means a telecommunication service that provides the right to utilize a mobile wireless service as well as other non-telecommunications services, including the download of a digital product delivered electronically and content and ancillary services, which must be paid for in advance and that is sold in predetermined units of dollars of which the number declines with use in a known amount; and</p> <p>(4) "Recharge" means the purchase of additional telephone or telecommunication services for a previously purchased prepaid calling service or prepaid wireless calling service.</p> <p>(c)(1) A sale of a prepaid calling service or a prepaid wireless calling service or the recharge of a prepaid calling service or a prepaid wireless calling service is subject to gross receipts tax at the point of sale by the retail vendor.</p> <p>(2) If the sale or recharge of a prepaid calling service or a prepaid wireless calling service does not take place at the retail vendor's place of business, it shall be sourced in accordance with § 26-52-521(b).</p> <p>(d) The gross receipts tax levied by this section on the sale of a prepaid calling service or a prepaid wireless calling service and the recharge of a prepaid calling service or a prepaid wireless calling service shall be due on all such sales occurring on or after July 1, 1999.</p>	Yes	Yes		6%	Yes
Connecticut	<p>Conn. Gen. Stat. § 12-407(a)(34) "Prepaid telephone calling service" means the right to exclusively purchase telecommunications service, that must be paid for in advance and that enables the origination of calls using an access number or authorization code, or both, whether manually or electronically dialed, provided the remaining amount of units of service that have been prepaid shall be known on a continuous basis.</p>	No	No	No	6.35%	Yes
Georgia	<p>Effective January 1, 2011, "prepaid calling service" means the right to access exclusively "telecommunications services," which must be paid for in advance and which enables the origination of calls using an access number or authorization code, whether manually or electronically dialed, and that is sold in predetermined units or dollars of which the number declines with use in a known amount. O.C.G.A. 48-8-2(22). Also, "Prepaid wireless calling service" means a "telecommunications service" that provides the right to utilize "mobile wireless service" as well as other non-telecommunications services including the download of digital products "delivered electronically," content, and "ancillary services," which must be paid for in advance that is sold in predetermined units or dollars of which the number declines with use in a known amount. O.C.G.A. 48-8-2(25).</p>	Yes	Yes	No	Not Taxed	Not taxed

Florida Communications Services Tax Working Group

State	Definition	SSUTA ¹ definition	SSUTA Full State	SSUTA IP11004 ²	State Prepaid Rate	Prepaid rate same as general items?
Hawaii	<p>Sales of telecommunications services through prepaid telephone calling service. (a) "Prepaid telephone calling service" means the right to exclusively purchase telecommunication services, paid for in advance, that enables the origination of calls using an access number or authorization code, whether manually or electronically dialed.</p> <p>(b) If the sale or recharge of a prepaid telephone calling service does not take place at the vendor's place of business, it shall be conclusively determined to take place at the customer's shipping address; or if there is no item shipped, then it shall be the customer's billing address.</p> <p>(c) When a person licensed under this chapter sells prepaid telephone calling services to a licensed retail merchant, jobber, or other licensed seller for purposes of resale, the person shall be taxed as a wholesaler selling tangible personal property. All other sales of prepaid telephone calling services shall be taxed as retail sales of tangible personal property.</p> <p>(d) For purposes of prepaid telephone calling services only, all such services shall be taxed under this section and shall be in lieu of taxation under PSC tax law.</p>	No	No		4% or 4.5% (GET)	Yes
Indiana	"Right to access exclusively telecommunications services, which must be paid for in advance and which enables the origination of calls using an access number or authorization code, whether manually or electronically dialed, and that is sold in predetermined units or dollars of which the number declines with use in a known amount.	Yes	Yes		7%	Yes
Iowa	Prepaid calling service means the right to access exclusively telecommunications services which must be paid for in advance and which enable the origination of calls using an access number or authorization code, whether manually or electronically dialed, and that are sold in predetermined units or dollars of which the number declines with use in a known amount. Iowa is a member of the Streamlined Sales Tax Agreement (SSUTA), and as such, Iowa communications services terms and definitions are based on SSUTA defined terms and definitions.	Yes	Yes		6%	Yes
Kentucky	"Prepaid calling service" means the right to access exclusively telecommunications services, which are paid for in advance and which enable the origination of calls using an access number or authorization code, whether manually or electronically dialed, and that is sold in predetermined units of dollars of which the number declines with use in a known amount. Prepaid wireless calling service is defined in KRS 139.195(24).	Yes	Yes	Yes	6%,1.3%	No (6%)
Louisiana	Prepaid calling services, such as long distance cards and prepaid phones are taxed by retailers at 3% at the points of sale.	No	No	No	3%	No (4%)
Maryland	Defined as "the right to use telecommunications services, paid for in advance, that enables the origination of calls using an access number or authorization code, whether manually or electronically dialed," and subject to the general sales tax.	No	No	No	6%	Yes
Mass.	"Prepaid calling arrangement," is defined in G.L. c. 64H, s. 1 as, "the right to exclusively purchase telecommunications services, that shall be paid for in advance and enables the origination of the calls using an access number or authorization code, whether manually or electronically dialed."	No	No	No	6.25%	Yes

Florida Communications Services Tax Working Group

State	Definition	SSUTA ¹ definition	SSUTA Full State	SSUTA IP11004 ²	State Prepaid Rate	Prepaid rate same as general items?
Michigan	Prepaid calling service is defined in MCL 205.93a - means the right to access exclusively telecommunications services that must be paid for in advance and that enables the origination of calls using an access number or authorization code, whether manually or electronically dialed, and that is sold in predetermined units or dollars that decline with use in a known amount. Prepaid mobile wireless calling service is defined in MCL 205.93b - means a telecommunications service that provides the right to utilize mobile wireless service as well as other nontelecommunications services, including the download of digital products delivered electronically, content, and ancillary services, which shall be paid for in advance and that is sold in predetermined units or dollars that decline with use in a known amount.	Yes	Yes		6%	Yes
Missouri	There are no statutory or regulation tax definitions.	No	No	No	4.225%	Yes
Nebraska	A prepaid calling service means the right to exclusively purchase telecommunications service that is paid for in advance that enables the origination of calls using an access number or authorization code, whether manually or electronically dialed, and whether delivered wireless or wireline, and that is sold in predetermined units or dollars of which the number declines with use in a known amount. Neb. Rev. Stat. §77-2703.04(7)(v) and Nebraska Sales and Use Tax Regulation 1-065	Yes	Yes	Yes	5.5%	Yes
New Jersey	"Prepaid calling service" means the right to access exclusively telecommunications services, which shall be paid for in advance and which enables the origination of calls using an access number or authorization code, whether manually or electronically dialed, and that is sold in predetermined units or dollars of which the number declines with use in a known amount. N.J.S.A. 54:32B-3.4d. "Prepaid wireless calling service" means a telecommunications service that provides the right to utilize mobile wireless service as well as other non-telecommunications services, including the download of digital products delivered electronically, content, and ancillary services, which must be paid for in advance and that is sold in predetermined units or dollars of which the number declines with use in a known amount. N.J.S.A. 54:32B-3.4d.	Yes	Yes		7%	Yes
New York	"Prepaid telephone calling service" means the right to exclusively purchase telecommunication services, that must be paid for in advance and enable the origination of one or more intrastate, interstate or international telephone calls using an access number (such as a toll free network access number) and/or authorization code, whether manually or electronically dialed, for which payment to a vendor must be made in advance, whether or not that right is represented by the transfer by the vendor to the purchaser of an item of tangible personal property. In no event shall a credit card constitute a prepaid telephone calling service. If the sale or recharge of a prepaid telephone calling service does not take place at the vendor's place of business, it shall be conclusively determined to take place at the purchaser's shipping address or, if there is no item shipped, at the purchaser's billing address or the location associated with the purchaser's mobile telephone number. See http://www.tax.ny.gov/pdf/stats/policy_special/telecommunications/2009/taxation_of_the_telecommunications_industry_in_ny_state_october_2009.pdf	No	No	No	4% to 6.5%	Yes, prepaid telephone calling service is subject to sales tax. Prepaid wireless service is not a "prepaid telephone calling service" and is subject to sales tax, excise tax, and utility tax (and others).

Florida Communications Services Tax Working Group

State	Definition	SSUTA ¹ definition	SSUTA Full State	SSUTA IP11004 ²	State Prepaid Rate	Prepaid rate same as general items?
South Carolina	<p>(a) "Prepaid wireless calling arrangements" means communication services that:</p> <p>(i) are used exclusively to purchase wireless telecommunications;</p> <p>(ii) are purchased in advance;</p> <p>(iii) allow the purchaser to originate telephone calls by using an access number, authorization code, or other means entered manually or electronically; and</p> <p>(iv) are sold in units or dollars which decline with use in a known amount.</p> <p>(b) All charges for prepaid wireless calling arrangements must be sourced to the:</p> <p>(i) location in this State where the over-the-counter sale took place;</p> <p>(ii) shipping address if the sale did not take place at the seller's location and an item is shipped; or</p> <p>(iii) either the billing address or location associated with the mobile telephone number if the sale did not take place at the seller's location and no item is shipped.</p>	No	No	No	6%	Yes
Texas	<p>Texas defines a "prepaid telecommunications service" as a "wireless or wire telecommunications service for which the provider requires a customer to prepay the full amount prior to provision of the service... A card, pin number, access code or similar device that allows a user to access only a specific network, or that is intended for use with a specific user account or device (e.g., to add more minutes to an existing account) is a prepaid telecommunications service and is taxed as the sale of a telecommunications service." Rule 3.344(a)(9).</p> <p>Texas defines a "telephone prepaid calling card" as a "card or other item, including an access code, that represents the right to access telecommunications services... through multiple devices, regardless of the network providing direct service to the device used, for which payment is made in incremental amounts and before the call or transmission is initiated. For example, a calling card that allows a user to access a long distance telecommunications network for the purpose of making international calls through a pay phone is a telephone prepaid calling card." These cards are taxed as tangible personal property, not as telecommunications services. Section 151.009.</p>	No	No	No	6.25%	Yes
Utah	A telecommunication service that allows a purchaser access to telecommunications service that is paid for in advance and enables the origination of a call using an access number or authorization code, that is dialed manually or electronically, and sold in predetermined units or dollars that decline by a known amount and with use.	No	No	No	4.70%	Yes
Virginia	"Prepaid calling service" means the right to access exclusively communications services, which must be paid for in advance and which enables the origination of calls using an access number or authorization code, whether manually or electronically dialed, and that is sold in predetermined units or dollars that decrease in number with use. New prepaid wireless and recharge of prepaid wireless plans are not subject to tax. Prepaid cards and prepaid wireless bundled with phone are subject to sales tax (only phone cards).	No	No	No	5%	Yes
Washington	Washington taxes prepaid calling services as telecommunications. See RCW 82.04.065 for definitions. Washington has three relevant definitions that include wireless prepaid and non-wireless prepaid. See RCW 82.04.065(20), (21) and (22). FN (4)	Yes	Yes		6.5%	Yes
Washington D.C.	Long distance phone cards.	No	No	No	10%	No (6%)

Florida Communications Services Tax Working Group

State	Definition	SSUTA ¹ definition	SSUTA Full State	SSUTA IP11004 ²	State Prepaid Rate	Prepaid rate same as general items?
West Virginia	West Virginia Code section 11-15-2(b)(13) states: "Prepaid wireless calling service" means a telecommunications service that provides the right to utilize mobile wireless service as well as other non telecommunications services, including the download of digital products delivered electronically, content and ancillary services, which must be paid for in advance that is sold in predetermined units or dollars of which the number decline with use in a known amount."	Yes	Yes		6%	Yes
Wyoming	Wyoming statute W.S. 39-15-101-(xxxix) under Telecommunications definitions states: (R) "Prepaid wireless calling service" means a telecommunications service that provides the right to utilize mobile wireless service as well as other nontelecommunications services including the download of digital products delivered electronically, content and ancillary services, which require advance payment that is sold in predetermined units of dollars of which the number declines with use in a known amount."	Yes	Yes	Yes	4%	Yes

Note 1) Streamline Sales and Use Tax Agreement

IP11004 generally provides that "unlimited" prepaid wireless plans meet the definition of prepaid wireless

Note 2) calling service because they are in fact limited in terms of other predetermined units of measure, such as a month.

Florida Communications Services Tax Working Group

<i>Which Tax Applies?</i>	Florida	Alabama	Connecticut	Georgia	Kentucky
Usage - local or long distance usage; minute denomination (e.g., 100 minutes)	Prepaid	Prepaid	Prepaid	Prepaid, to the extent it is local exchange telephone service	Prepaid
Usage - local or long distance usage; dollar denomination (e.g., \$100 of use, \$0.10 per minute)	Prepaid	Prepaid	Prepaid	Prepaid, to the extent it is local exchange telephone service	Prepaid
Wireless - voice communications service, minute denomination	Prepaid	Prepaid	Prepaid	None	Prepaid
Wireless - voice communications service, dollar denomination	Prepaid	Prepaid	Prepaid	None	Prepaid
Wireless - access + voice communications service, "unlimited" for unit of time (day, week, month, year)	CST	Prepaid	Prepaid	None	Prepaid
Wireless - access + voice + text; minute or text denomination (e.g., 100 minutes and/or 100 text messages)	CST	Prepaid	Prepaid	None	Prepaid
Wireless - access + voice + text; dollar denomination (e.g., \$100 of use, \$0.10 per voice minute and/or \$0.05 per text message)	CST	Prepaid	Prepaid	None	Prepaid
Wireless - access + voice + text; "unlimited" for unit of time (day, week, month, year) (e.g., \$100 for "unlimited" voice or text messages)	CST	Prepaid	Prepaid	None	Prepaid
Wireless - access + voice + text + data; minute or text denomination (e.g., 100 minutes and/or 100 text messages and/or 1000 kb of data)	CST	Prepaid	Prepaid	None	Prepaid
Wireless - access + voice + text + data; dollar denomination (e.g., \$100 of use, \$0.10 per voice minute and/or \$0.05 per text message and/or \$0.05 per kb of data)	CST	Prepaid	Prepaid	None	Prepaid
Wireless - access + voice + text + data; "unlimited" for unit of time (day, week, month, year) (e.g., \$100 for "unlimited" voice or text messages or data usage)	CST	Prepaid	Prepaid	None	Prepaid
Wireless - data only; bandwidth denomination (e.g., \$100 for 5 gigabytes of use)	If Internet Access, then Not Taxed. If transmission of data, then CST	None	No guidance	None	Sales and Use/ Telecom
Wireless - data only; "unlimited" for unit of time (day, week, month, year) (e.g., \$5 for unlimited data usage for one day)	If Internet Access, then Not Taxed. If transmission of data, then CST	None	No guidance	None	Sales and Use/ Telecom
Is there any difference in the application of tax between a) the sale of a card or b) the sale of a PIN over the phone or internet where no TPP is transferred?	No	No	No	No, Georgia does not impose sales tax on the a prepaid wireless card or PIN	No
Is there any difference in the application of tax between an initial activation or recharge (aka "top-up")?	No	No	No	No, Georgia does not impose sales tax on the a prepaid wireless card or PIN	No

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<i>Which Tax Applies?</i>	Nebraska	New York	South Carolina	Texas
Usage - local or long distance usage; minute denomination (e.g., 100 minutes)	Prepaid	Prepaid	Sales Tax/ways or means for transmission/taxed upon use	Prepaid
Usage - local or long distance usage; dollar denomination (e.g., \$100 of use, \$0.10 per minute)	Prepaid	Prepaid	Sales Tax/ways or means for transmission/taxed upon use	Prepaid
Wireless - voice communications service, minute denomination	Prepaid	Sales Tax/mobile telecom svcs	Prepaid	Prepaid
Wireless - voice communications service, dollar denomination	Prepaid	Sales Tax/mobile telecom svcs	Prepaid	Prepaid
Wireless - access + voice communications service, "unlimited" for unit of time (day, week, month, year)	Prepaid	Sales Tax/mobile telecom svcs	Sales Tax/ways or means for transmission/taxed upon use	Prepaid
Wireless - access + voice + text; minute or text denomination (e.g., 100 minutes and/or 100 text messages)	Prepaid	Sales Tax/mobile telecom svcs	Prepaid	Prepaid
Wireless - access + voice + text; dollar denomination (e.g., \$100 of use, \$0.10 per voice minute and/or \$0.05 per text message)	Prepaid	Sales Tax/mobile telecom svcs	Prepaid	Prepaid
Wireless - access + voice + text; "unlimited" for unit of time (day, week, month, year) (e.g., \$100 for "unlimited" voice or text messages)	Prepaid	Sales Tax/mobile telecom svcs	Sales Tax/ways or means for transmission/taxed upon use	Prepaid
Wireless - access + voice + text + data; minute or text denomination (e.g., 100 minutes and/or 100 text messages and/or 1000 kb of data)	Prepaid	Sales Tax/mobile telecom svcs	Prepaid	Prepaid
Wireless - access + voice + text + data; dollar denomination (e.g., \$100 of use, \$0.10 per voice minute and/or \$0.05 per text message and/or \$0.05 per kb of data)	Prepaid	Sales Tax/mobile telecom svcs	Prepaid	Prepaid
Wireless - access + voice + text + data; "unlimited" for unit of time (day, week, month, year) (e.g., \$100 for "unlimited" voice or text messages or data usage)	Prepaid	Sales Tax/mobile telecom svcs	Sales Tax/ways or means for transmission/taxed upon use	Prepaid
Wireless - data only; bandwidth denomination (e.g., \$100 for 5 gigabytes of use)	None	None	Prepaid	Prepaid
Wireless - data only; "unlimited" for unit of time (day, week, month, year) (e.g., \$5 for unlimited data usage for one day)	None	None	Sales Tax/ways or means for transmission/taxed upon use	Prepaid
Is there any difference in the application of tax between a) the sale of a card or b) the sale of a PIN over the phone or internet where no TPP is transferred?	No	No	Yes	No
Is there any difference in the application of tax between an initial activation or recharge (aka "top-up")?	No	No	Yes	No

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<i>Which Tax Applies?</i>	Utah	Washington DC	West Va.	Wyoming
Usage - local or long distance usage; minute denomination (e.g., 100 minutes)	Prepaid	Gross Receipts	Prepaid	Prepaid
Usage - local or long distance usage; dollar denomination (e.g., \$100 of use, \$0.10 per minute)	Prepaid	Gross Receipts	Prepaid	Prepaid
Wireless - voice communications service, minute denomination	Prepaid	Gross Receipts	Prepaid	Prepaid
Wireless - voice communications service, dollar denomination	Prepaid	Gross Receipts	Prepaid	Prepaid
Wireless - access + voice communications service, "unlimited" for unit of time (day, week, month, year)	Prepaid	Gross Receipts	Prepaid	Prepaid
Wireless - access + voice + text; minute or text denomination (e.g., 100 minutes and/or 100 text messages)	Prepaid	Gross Receipts	Prepaid	Prepaid
Wireless - access + voice + text; dollar denomination (e.g., \$100 of use, \$0.10 per voice minute and/or \$0.05 per text message)	Prepaid	Gross Receipts	Prepaid	Prepaid
Wireless - access + voice + text; "unlimited" for unit of time (day, week, month, year) (e.g., \$100 for "unlimited" voice or text messages)	Prepaid	Gross Receipts	Prepaid	Prepaid
Wireless - access + voice + text + data; minute or text denomination (e.g., 100 minutes and/or 100 text messages and/or 1000 kb of data)	Prepaid	Gross Receipts	Prepaid	Prepaid
Wireless - access + voice + text + data; dollar denomination (e.g., \$100 of use, \$0.10 per voice minute and/or \$0.05 per text message and/or \$0.05 per kb of data)	Prepaid	Gross Receipts	Prepaid	Prepaid
Wireless - access + voice + text + data; "unlimited" for unit of time (day, week, month, year) (e.g., \$100 for "unlimited" voice or text messages or data usage)	Prepaid	Gross Receipts	Prepaid	Prepaid
Wireless - data only; bandwidth denomination (e.g., \$100 for 5 gigabytes of use)	None	Gross Receipts	Prepaid	Sales Tax, if a specified digital product.
Wireless - data only; "unlimited" for unit of time (day, week, month, year) (e.g., \$5 for unlimited data usage for one day)	None	Gross Receipts	Prepaid	Sales Tax, if a specified digital product.
Is there any difference in the application of tax between a) the sale of a card or b) the sale of a PIN over the phone or internet where no TPP is transferred?	Yes, the sale of the card is sourced to the place the card is purchased, the sales of a PIN over the phone or Internet is sourced to the customers home jurisdiction.	No	No	No
Is there any difference in the application of tax between an initial activation or recharge (aka "top-up")?	Yes, the sale of the card is sourced to the place the card is purchased, the sales of a PIN over the phone or Internet is sourced to the customers home jurisdiction.	No	No	No

Prepaid Communications Services

This Tax Information Publication provides the history and background about prepaid communications services, and clarifies the application of Florida taxes to sales of certain prepaid communications plans and services.

Overview and History

In 2000, the Florida Legislature enacted the communications services tax, Chapter 202, Florida Statutes, effective October 1, 2001 (the “CST”). The new law simplified and restructured numerous state and local taxes and fees imposed on communications services into a single tax centrally administered by the Department of Revenue. Examples of communications services subject to tax include, but are not limited to, service for land line phones, service for wireless phones, VoIP, fax, cable television, and direct-to-home satellite television.

The revenue collected under the CST is distributed three ways: a portion goes to the General Revenue Fund; a portion goes to the Public Education Capital Outlay (PECO) fund used for improvements for public education; and a portion goes to local governments based upon statutory distributions and established local rates. The law requires sellers of communications services to apply the correct local government rate based on the service address or place of primary use of the customer or end user.

Special Treatment for “Prepaid Calling Arrangements”

At the time the CST was enacted, prepaid phone cards, a popular communications services product, were sold primarily by retailers such as convenience stores, gas stations, grocery stores and other retail establishments. Prepaid phone cards were defined to be “. . . the right to exclusively make telephone calls that must be paid for in advance and that enable the origination of calls using an access number, prepaid mobile account, or authorization code, whether manually or electronically dialed.” (Section 212.05(1)(e)1.a.(I). Florida Statutes (1999)) Prior to July 1, 2000, these cards were subject to the state sales tax at the rate of seven percent (7%).

When the CST was enacted in 2000, the reference to “prepaid phone cards” was eliminated from the sales tax statute and replaced by a very narrow exemption from CST for prepaid calling arrangements. The Legislature reduced the sales tax rate to six percent (6%) treating the sale of prepaid calling arrangements like the sale of tangible personal property under Chapter 212, F.S. (the “SUT”).

The term “prepaid calling arrangement” has a specific meaning under Florida law:

“Prepaid calling arrangement” means the separately stated retail sale by advance payment of communications services that consist exclusively of telephone calls originated by using an access number, authorization code, or other means that may be manually, electronically, or otherwise entered and that are sold in

predetermined units or dollars whose number declines with use in a known amount. (Section 212.05(1)(e)1.a.(I), Florida Statutes (2000))

The sale and recharge of a prepaid calling arrangement, as defined above, is subject to sales tax plus any applicable discretionary sales surtax. This is true even when a sale or recharge occurs over the Internet and the tangible item evidencing a transaction is not furnished to the purchaser. Anyone selling a “prepaid calling arrangement” must collect sales tax at the time of sale of the prepaid calling arrangement, just like the sale of any other taxable tangible personal property.

Other Prepaid Communications Plans and Services

Certain prepaid communications plans or services are **not** “prepaid calling arrangements.” Examples of such plans that do not fall under this definition include, but are not limited to:

- Service that includes text messaging, multimedia messaging, web, e-mail, etc.;
- Unlimited calling plans that do **not** decline with usage;
- Services or plans that are **not** sold in predetermined units or dollars; or
- Services or plans that are **not** originated using an access number or authorization code.

A sale of a prepaid card or prepaid arrangement that does not fall under the definition of a "prepaid calling arrangement" is not subject to SUT. Instead, sales of such plans are subject to CST, because Florida's CST law generally applies to services that allow the transmission, conveyance, or routing of voice, data, audio, or video.

Taxpayers (including communications service providers and retailers) who have not collected and remitted CST on sales of prepaid plans and services that do not fall within the “prepaid calling arrangement” definition are encouraged to contact the Department of Revenue under the [Voluntary Disclosure Program](http://dor.myflorida.com/dor/taxes/voluntary_disclosure.html) to take advantage of compromise authority prior to discovery on audit. You may contact the Voluntary Disclosure Program at 850-617-8552. More information regarding the Voluntary Disclosure Program may be found at the following links: http://dor.myflorida.com/dor/taxes/voluntary_disclosure.html and <http://dor.myflorida.com/dor/forms/2011/gt800053.pdf>

More information regarding Florida's Communications Services Tax may be found at the following links: <http://dor.myflorida.com/dor/forms/2010/gt800011.pdf> and <http://dor.myflorida.com/dor/taxes/cst.html>

References: Sections 202.11 and 212.05(1)(e), Florida Statutes

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Draft Streamlined Project Sales Tax Project Issue Paper (IP11004)

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August 2011 – Summary Paper
Telecommunications
Construction of Prepaid Definitions – Prepaid Wireless Units

Tax Base/Exemptions Terms

Construction of Prepaid Definitions - Prepaid Wireless Units

The Streamlined Sales Tax Project approved an Issue paper on telecommunications definitions in April 2005¹ that introduced a definition for “Prepaid Wireless Calling Service”. A new amendment to the rules: “A Motion by Oklahoma, Washington and Wisconsin to amend the rules Construing Prepaid Calling Service and Prepaid Wireless Calling Service Definitions”, is being proposed. This issue paper will describe the background and reason for the new proposed amendment to the rules.

The April 2005 definition, shown below was developed by industry and government participants and was adopted as an amendment to, the Appendix C Library of Definitions, the Telecommunications Sourcing Definitions in section 315 of the Agreement, and Rule 327.2 on April 16, 2005.

“Prepaid wireless calling service means a telecommunications service that provides the right to utilize mobile wireless service as well as other non-telecommunications services including the download of digital products delivered electronically, content and ancillary services, which must be paid for in advance that is sold in predetermined units or dollars of which the number declines with use in a known amount.”

An integral reason for the 2005 amendment was to retain the point-of-sale taxation of prepaid wireless products to encompass evolving prepaid products that allowed consumers to purchase more than just voice time. At the time prepaid wireless service was typically sold in terms of minutes (e.g., 100 minutes for \$50, etc.) or dollars. However, in defining prepaid services the definition retained the broader concept of “*predetermined units or dollars*” as part of the amendment. The broader concept of “units” provided a desired level of flexibility that has continued to cover new and evolving ways in which prepaid service, primarily wireless, is being marketed and packaged to consumers.

¹ Streamlined Sales Tax Project Issue Paper April 18, 2005 “Telecommunications and Related Definitions”

Since 2005 the continued rapid growth of prepaid wireless products has provided consumers with a wider range of options, including new offers that are expressed in units of time other than minutes. For example, offers have been advertised as “unlimited minutes” that expire over a prescribed unit of time such as weeks or months.

Questions have arisen in member states as to whether “unlimited” plans meet the streamlined definition. Because the term “unit” is broader than “minutes” such term must be given a meaning broader than just “minutes”. The so called “unlimited” plans are in fact limited in terms of other predetermined units of measure such as a month (and the customer is not entitled to further use of the service after that predetermined limitation has been met). To the extent the plans include a “predetermined unit” limit even though it is longer than a minute the plans meet the definition of prepaid wireless calling service.

Recommendation

A clarification to explain the intent of the term “predetermined units of dollars” is recommended. Examples of the measures and combinations of measures of units, including event driven that meet the criteria of prepaid wireless service for purposes of the telecommunications sourcing definitions in Section 315 and for the telecommunications definitions in the Library of Definitions, would be helpful in explaining the intent of the term.



Prepaid Wireless Service Estimation of Tax Base

Communication Services Tax Working Group

July 25, 2012

Presented by Bob McKee

Chief Economist – Florida Department of Revenue



Data Used

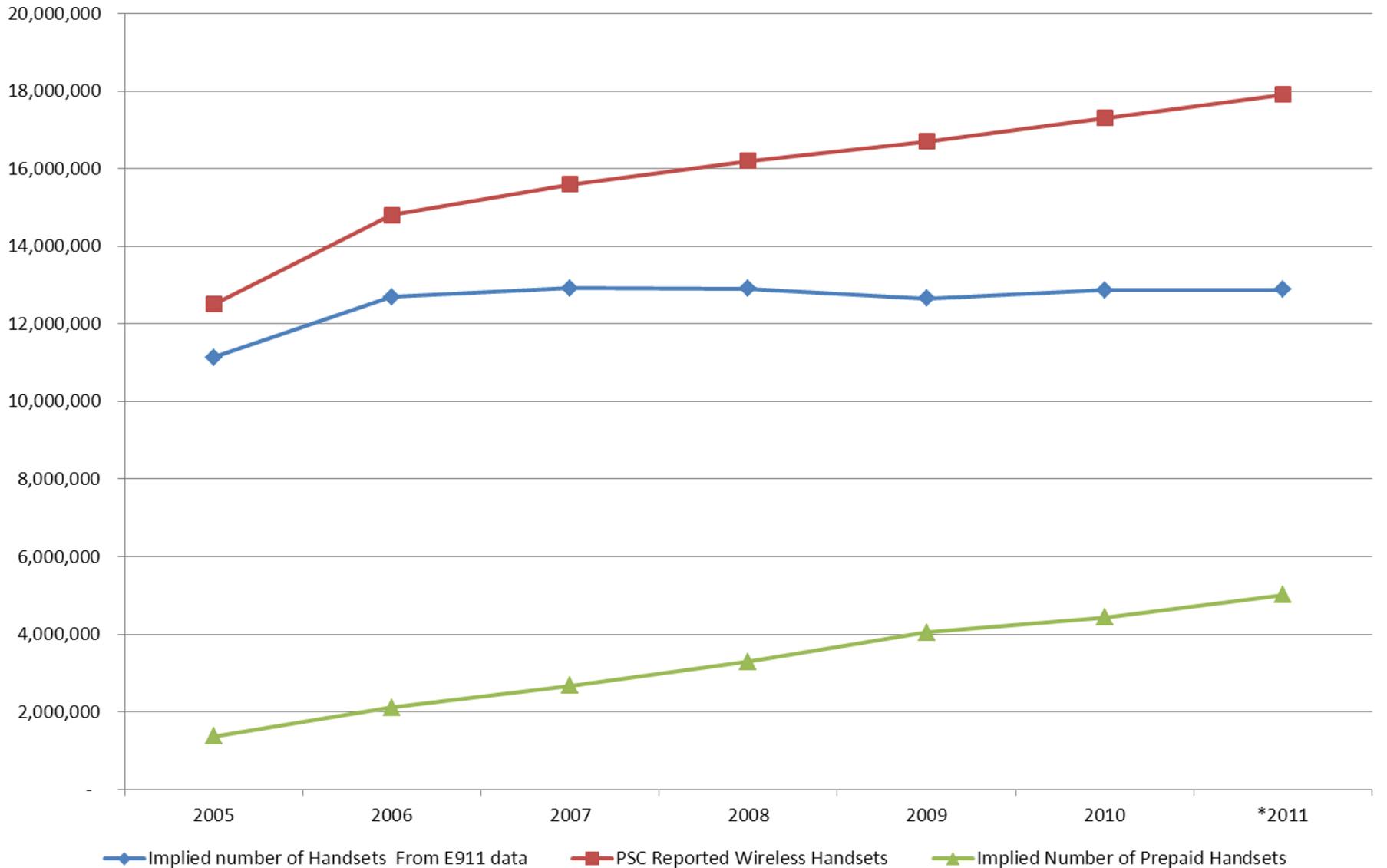
- **Public Service Commission**
 - **Report on Status of Competition in Telecommunications Industry**
- **Federal Communications Commission**
 - **Local Telephone Competition: Status as of June 30, 2011**
- **Florida E911 Board Annual Reports**
 - **2007-08 through 2011-12**



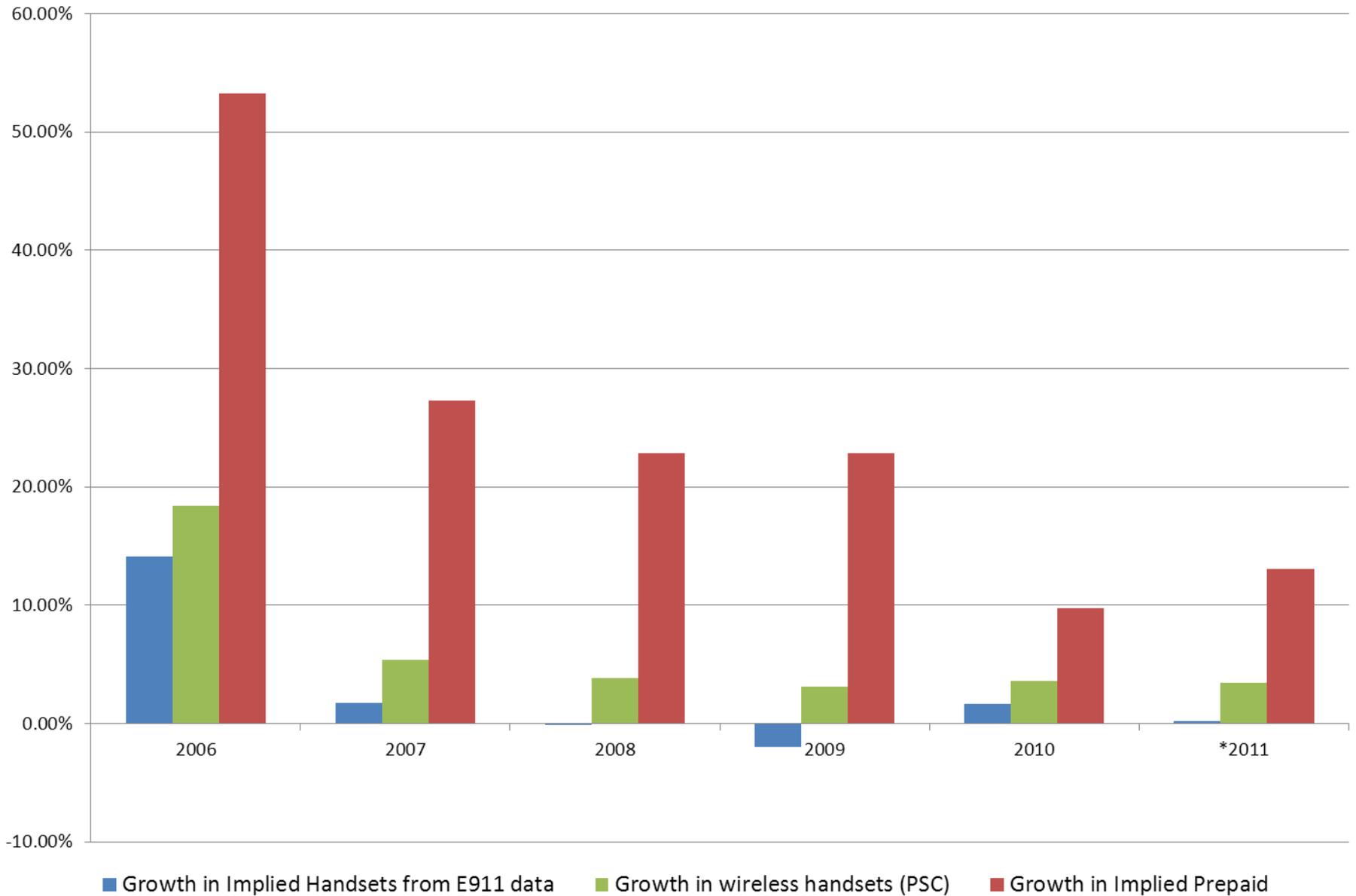
Historic Data

Calendar Year	Wireless 911 receipts	Implied Number of Handsets From E911 Data	PSC Reported Wireless Handsets	Implied Number of Prepaid Handsets
2005	66,760,806	11,126,801	12,500,000	1,373,199
2006	76,170,443	12,695,074	14,800,000	2,104,926
2007	77,524,657	12,920,776	15,600,000	2,679,224
2008	77,451,429	12,908,572	16,200,000	3,291,429
2009	75,932,488	12,655,415	16,700,000	4,044,585
2010	77,170,979	12,861,830	17,300,000	4,438,170
2011	77,299,279	12,883,213	17,900,000	5,016,787

Comparison of PSC Reported Wireless Handsets and Number of Wireless Handsets implied by Florida E911 Data



Comparison of Rates of Growth in Wireless Handsets





Base Estimate for Prepaid Wireless

- **Assumptions**

- **Difference between PSC reported Wireless Handsets and Implied E911 Handsets is the Number of Prepaid Handsets**
- **Future growth in Total Wireless Handsets – 3.5% through 2013-14, 1.5% beginning in 2014-15**
- **Future share for Prepaid Handsets of Total Wireless Handsets – Growth of 2.83% annually**
 - **Constrained to 41% of market by 2020-21**
- **Effective Local Rate of 5.04% continues across future periods**
 - **(Includes Discretionary Surtax Add-on)**
- **Low Estimate**
 - **Average of \$35 per month service**
- **Middle estimate**
 - **Average of \$45 per month service**
- **High Estimate**
 - **Average of \$55 per month service**



Forecast for Wireless Handsets and Prepaid Wireless

State Fiscal Year	Wireless Handsets Forecast	Assumed Market Share - Prepaid	Number of Prepaid Lines
2010-11	17,251,000	26%	4,438,170
2011-12	17,854,785	29%	5,098,797
2012-13	18,479,702	31%	5,744,791
2013-14	19,126,492	33%	6,372,379
2014-15	19,413,389	35%	6,842,643
2015-16	19,704,590	37%	7,266,468
2016-17	20,000,159	38%	7,641,467
2017-18	20,300,162	39%	7,965,181
2018-19	20,604,664	40%	8,235,072
2019-20	20,913,734	40%	8,448,528
2020-21	21,227,440	41%	8,602,851



Implied Total Prepaid Wireless Service Charges

State Fiscal Year	Implied Tax Base at \$35 Average Monthly Service (Low)	Implied Tax Base at \$45 Average Monthly Service (Middle)	Implied Tax Base at \$55 Average Monthly Service (High)
2010-11	\$1,864,031,470	\$2,396,611,890	\$2,929,192,310
2011-12	\$2,141,494,546	\$2,753,350,131	\$3,365,205,715
2012-13	\$2,412,812,174	\$3,102,187,080	\$3,791,561,987
2013-14	\$2,676,399,324	\$3,441,084,846	\$4,205,770,367
2014-15	\$2,873,910,249	\$3,695,027,463	\$4,516,144,677
2015-16	\$3,051,916,528	\$3,923,892,679	\$4,795,868,829
2016-17	\$3,209,416,165	\$4,126,392,212	\$5,043,368,259
2017-18	\$3,345,375,906	\$4,301,197,593	\$5,257,019,281
2018-19	\$3,458,730,444	\$4,446,939,142	\$5,435,147,841
2019-20	\$3,548,381,604	\$4,562,204,920	\$5,576,028,235
2020-21	\$3,613,197,511	\$4,645,539,656	\$5,677,881,802



Low Estimate – Current Rate Applied to Estimated Prepaid Base

State Fiscal Year	Implied Tax Base at \$35 Average Monthly Service (Low)	Additional Gross Receipts Revenues at Current Rate (2.52%)	Additional Local Revenues at Current Effective Rate (5.04%)	Additional State Revenues at Current Rate (6.65%) less 6% Sales Tax
2010-11	\$1,864,031,470	\$46,973,593	\$100,657,699	\$12,116,205
2011-12	\$2,141,494,546	\$53,965,663	\$115,640,705	\$13,919,715
2012-13	\$2,412,812,174	\$60,802,867	\$130,291,857	\$15,683,279
2013-14	\$2,676,399,324	\$67,445,263	\$144,525,564	\$17,396,596
2014-15	\$2,873,910,249	\$72,422,538	\$155,191,153	\$18,680,417
2015-16	\$3,051,916,528	\$76,908,297	\$164,803,493	\$19,837,457
2016-17	\$3,209,416,165	\$80,877,287	\$173,308,473	\$20,861,205
2017-18	\$3,345,375,906	\$84,303,473	\$180,650,299	\$21,744,943
2018-19	\$3,458,730,444	\$87,160,007	\$186,771,444	\$22,481,748
2019-20	\$3,548,381,604	\$89,419,216	\$191,612,607	\$23,064,480
2020-21	\$3,613,197,511	\$91,052,577	\$195,112,666	\$23,485,784



Low Estimate – Rate that Would Generate Current Forecast Revenues

Low Estimate - Rate Necessary to Generate Current Forecasted Revenues

State Fiscal Year	Gross Receipts	Local Effective Rate	State CST Rate
2010-11	2.27%	4.79%	6.58%
2011-12	2.23%	4.75%	6.57%
2012-13	2.19%	4.71%	6.56%
2013-14	2.17%	4.69%	6.55%
2014-15	2.15%	4.67%	6.55%
2015-16	2.14%	4.66%	6.55%
2016-17	2.13%	4.65%	6.54%
2017-18	2.12%	4.64%	6.54%
2018-19	2.12%	4.64%	6.54%
2019-20	2.12%	4.64%	6.54%
2020-21	2.12%	4.64%	6.54%



Middle Estimate – Current Rate Applied to Estimated Prepaid Base

State Fiscal Year	Implied Tax Base at \$45 Average Monthly Service (Middle)	Additional Gross Receipts Revenues at Current Rate (2.52%)	Additional Local Revenues at Current Effective Rate (5.04%)	Additional State Revenues at Current Rate (6.65%) less 6% Sales Tax
2010-11	\$2,396,611,890	\$60,394,620	\$129,417,042	\$15,577,977
2011-12	\$2,753,350,131	\$69,384,423	\$148,680,907	\$17,896,776
2012-13	\$3,102,187,080	\$78,175,114	\$167,518,102	\$20,164,216
2013-14	\$3,441,084,846	\$86,715,338	\$185,818,582	\$22,367,051
2014-15	\$3,695,027,463	\$93,114,692	\$199,531,483	\$24,017,679
2015-16	\$3,923,892,679	\$98,882,096	\$211,890,205	\$25,505,302
2016-17	\$4,126,392,212	\$103,985,084	\$222,825,179	\$26,821,549
2017-18	\$4,301,197,593	\$108,390,179	\$232,264,670	\$27,957,784
2018-19	\$4,446,939,142	\$112,062,866	\$240,134,714	\$28,905,104
2019-20	\$4,562,204,920	\$114,967,564	\$246,359,066	\$29,654,332
2020-21	\$4,645,539,656	\$117,067,599	\$250,859,141	\$30,196,008



Middle Estimate – Rate that Would Generate Current Forecast Revenues

Middle Estimate - Rate Necessary to Generate Current Forecasted Revenues

State Fiscal Year	Gross Receipts	Local Effective Rate	State CST Rate
2010-11	2.20%	4.72%	6.56%
2011-12	2.16%	4.68%	6.55%
2012-13	2.12%	4.64%	6.54%
2013-14	2.08%	4.60%	6.53%
2014-15	2.07%	4.59%	6.52%
2015-16	2.05%	4.57%	6.52%
2016-17	2.04%	4.56%	6.52%
2017-18	2.03%	4.55%	6.52%
2018-19	2.03%	4.55%	6.52%
2019-20	2.02%	4.54%	6.52%
2020-21	2.02%	4.54%	6.52%



High Estimate – Current Rate Applied to Estimated Prepaid Base

State Fiscal Year	Implied Tax Base at \$55 Average Monthly Service (High)	Additional Gross Receipts Revenues at Current Rate (2.52%)	Additional Local Revenues at Current Effective Rate (5.04%)	Additional State Revenues at Current Rate (6.65%) less 6% Sales Tax
2010-11	\$2,929,192,310	\$73,815,646	\$158,176,385	\$19,039,750
2011-12	\$3,365,205,715	\$84,803,184	\$181,721,109	\$21,873,837
2012-13	\$3,791,561,987	\$95,547,362	\$204,744,347	\$24,645,153
2013-14	\$4,205,770,367	\$105,985,413	\$227,111,600	\$27,337,507
2014-15	\$4,516,144,677	\$113,806,846	\$243,871,813	\$29,354,940
2015-16	\$4,795,868,829	\$120,855,895	\$258,976,917	\$31,173,147
2016-17	\$5,043,368,259	\$127,092,880	\$272,341,886	\$32,781,894
2017-18	\$5,257,019,281	\$132,476,886	\$283,879,041	\$34,170,625
2018-19	\$5,435,147,841	\$136,965,726	\$293,497,983	\$35,328,461
2019-20	\$5,576,028,235	\$140,515,912	\$301,105,525	\$36,244,184
2020-21	\$5,677,881,802	\$143,082,621	\$306,605,617	\$36,906,232



High Estimate – Rate that Would Generate Current Forecast Revenues

High Estimate - Rate Necessary to Generate Current Forecasted Revenues

State Fiscal Year	Gross Receipts	Local Effective Rate	State CST Rate
2010-11	2.15%	4.67%	6.54%
2011-12	2.09%	4.61%	6.53%
2012-13	2.05%	4.57%	6.52%
2013-14	2.01%	4.53%	6.51%
2014-15	1.99%	4.51%	6.50%
2015-16	1.97%	4.49%	6.50%
2016-17	1.96%	4.48%	6.50%
2017-18	1.95%	4.47%	6.50%
2018-19	1.94%	4.46%	6.49%
2019-20	1.94%	4.46%	6.49%
2020-21	1.94%	4.46%	6.50%



- **Questions**

Prepaid Communications

“31 Flavors” of Pay Go, Pay-as-you-Go, Pay in Advance, Pay and Go, Prepay....

Industry Presentation for the Florida Communications
Services Tax Working Group

July 25, 2012

Prepaid Communications

- Key Qualities that Distinguish “Prepaid” Wireless
- Prepaid Wireless Marketing & Distribution
- Prepaid Wireless Timeline
- Current Prepaid Market and Growth Projections
- Varieties of Prepaid Wireless Communications
- Prepaid Long Distance
- Prepaid Wireless Industry
- Prepaid Wireless Future
- MetroPCS Prepaid Offerings
- Verizon Prepaid Offerings
- References
- Contact Information

Prepaid Wireless – Key Qualities

- Paid in advance before usage can occur
 - Service typically expires after use and/or period of time until additional value added by consumer
 - No “billing” -- “Top-up”, “refill”, or “recharge” is the addition of value (units or dollars) to a prepaid phone or account
 - Federal law requires prepaid to allow 911 calls after expiration
- No credit extended, no credit checks, no overages
 - Reduced fraud and bad debt
 - Typically card or cash based
- No long term contracts
 - Service renewal solely at consumer’s discretion; no termination fees
 - Available to minors who can’t sign contracts
 - Higher churn (customer turnover)
- Higher retail selling price of handset (low or no subsidy)
- Varieties of Distribution

Prepaid Wireless Distribution

Channel	Example	Prepaid	Postpaid ¹
National Retail	Best Buy, Target, Radio Shack	✓	✓ ^{1,2}
C-Stores	7-Eleven, Circle K	✓	
Direct Remote	Company website or 800#	✓	✓
Indirect Remote	Unaffiliated website or 800# •includes websites of National Retail	✓	✓ ¹
Direct Retail	Company Store	✓	✓
Indirect Retail	Unaffiliated Retailers •Exclusive – sells single brand •Non-Exclusive – sells multiple brands of service	✓	✓ ¹

(1) Postpaid sales in National Retail or Indirect Remote/Retail are limited to initial phone sale and activation.

(2) Some national retail chains that sell prepaid phones and services do not sell postpaid phones and services (e.g. Walgreens)

Wireless Industry estimates the following percentage of prepaid sales in each channel³:

72% - 3rd Parties (National Retail, C-Stores, Indirect Remote, Indirect Retail)

11% - Direct Retail

17% - Direct Remote

(3) As of 3/31, based on approximately 90% of the prepaid market

Prepaid Wireless History

- 1993 – Banana Cellular launches prepaid mobile phone service in Phoenix, AZ and GTE launches “Pay Go”
- 1994 – Houston Cellular launches “CallTrack”
- 1994 – Rogers launches “Amigo” “phone in a box”
 - First month sold in retailers; Plans included phone “rental”
 - Required credit card for recharge and for phone security (if lost)
 - \$19.95 per month – free calls to emergency services; \$0.95/min other
 - \$29.95 per month – unlimited weekends; \$0.75/min other
 - \$39.95 per month – unlimited nights & weekends; other pay-per-min
- 1995 – More wireless carriers launch prepaid wireless plans to target credit-challenged and budget minded
 - Prepaid offered protection from over-the-limit bill shock
 - 44 million total postpaid/prepaid wireless subscribers in US---now there are >331 million connections and prepaid is estimated to be 20%-25%
 - Roaming minutes were \$0.60 - \$0.99 /min--now typically \$0.20 - \$0.25/min)

Prepaid Wireless History

- 1996 - Ameritech Prepaid allowed top-up via disposable card, credit card or cash at authorized retail center
- 1996 – Cellular One introduces “Cellular One-2-3” Card
 - Prepackaged with Motorola Phone & \$25 prepaid phone card *OR*
 - Bring your own handset and pay \$35 activation fee + phone card
- 1996 – Topp Telecom launches (now TracFone)
 - Proprietary Prepaid technology imbedded within handset (not the switch) for tracking usage
- 1999 – PowerTel (now T-Mobile)
 - Establishes “prepaid accounts”
 - Offers “prepaid vouchers” with PINs and expiration dates
 - Includes calling features and incoming SMS
 - Customer alerts for low balance and near expiration

Prepaid Wireless History

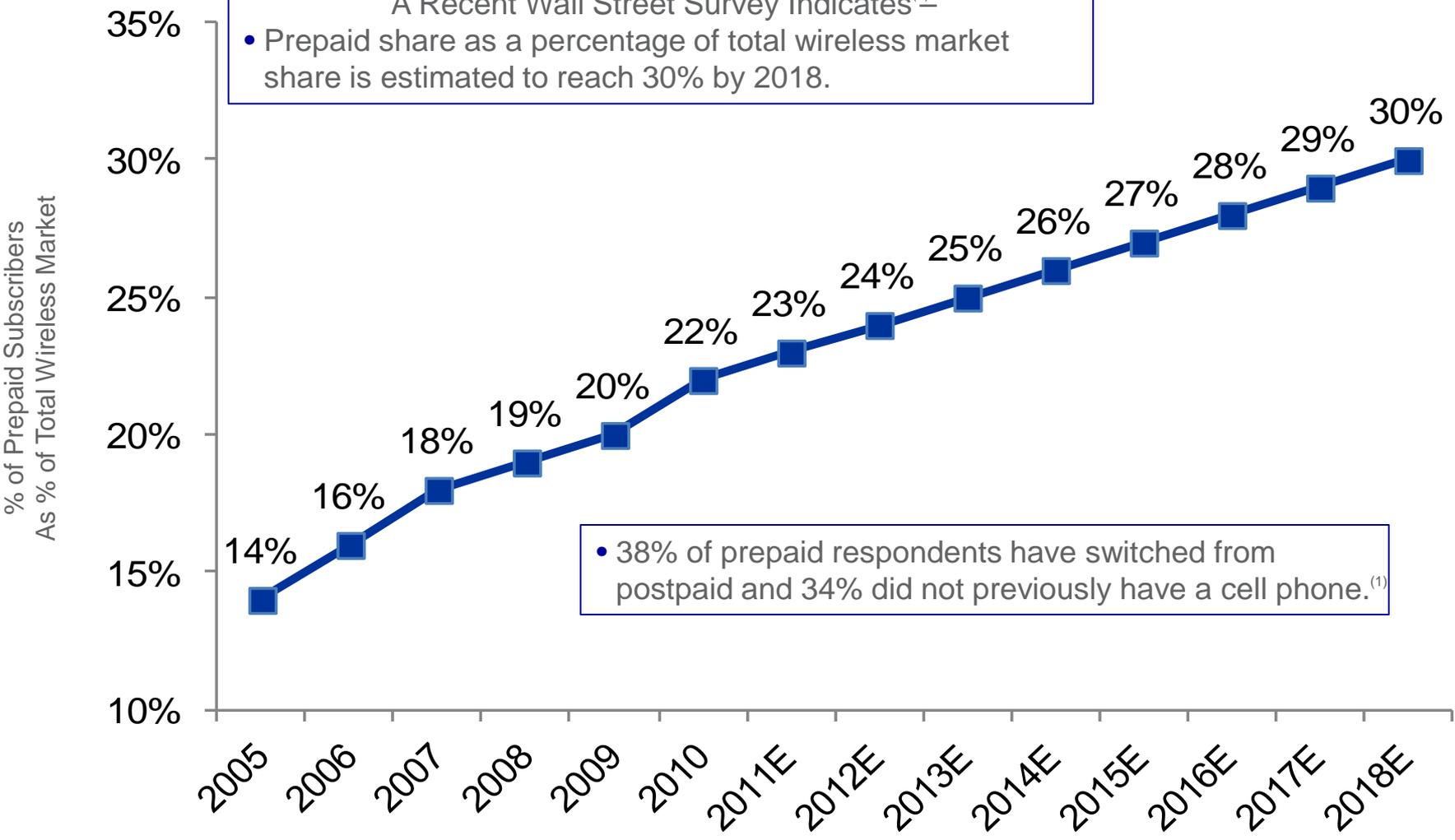
- 1999 – AT&T Wireless Launches National Prepaid
 - Phone sold preloaded with 15 minutes
 - Refill cards sold at AT&T stores and other retailers or refill using 800 number and credit card
- 1999 – Leap/Cricket launches “unlimited local” prepaid
 - \$29.95 per month; long distance with separate calling card
 - No roaming; offered as alternative to local wireline service
- 2002 – MetroPCS launches “unlimited local” prepaid
 - \$35 per month; long distance \$0.05/minute through prepaid account purchased in increments of \$10, \$20, or \$30
- 2002 – Virgin Mobile launches MVNO model “grab-and-go” with recharge through phone or website
- 2002 – Nextel launches Boost Mobile “pay-as-you-go”
- 2003 – AT&T launches GoPhone
 - \$19.99 - \$49.99 per month; sold through AT&T stores and retailers
 - Automatic replenishment through debit/credit or bank account

Prepaid Wireless: Fastest Growing Sector of U.S. Wireless Market



A Recent Wall Street Survey Indicates⁽¹⁾

- Prepaid share as a percentage of total wireless market share is estimated to reach 30% by 2018.

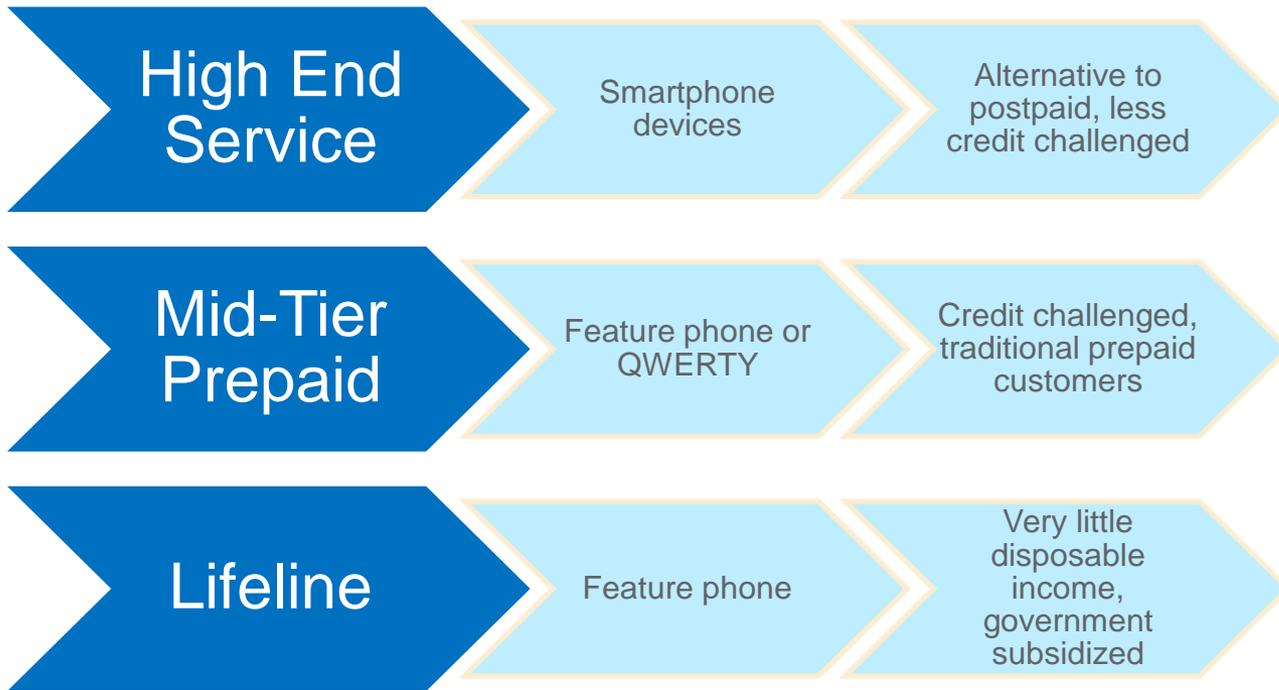


- 38% of prepaid respondents have switched from postpaid and 34% did not previously have a cell phone.⁽¹⁾

(1) Statistics taken from Morgan Stanley slide presentation on September 26, 2011.



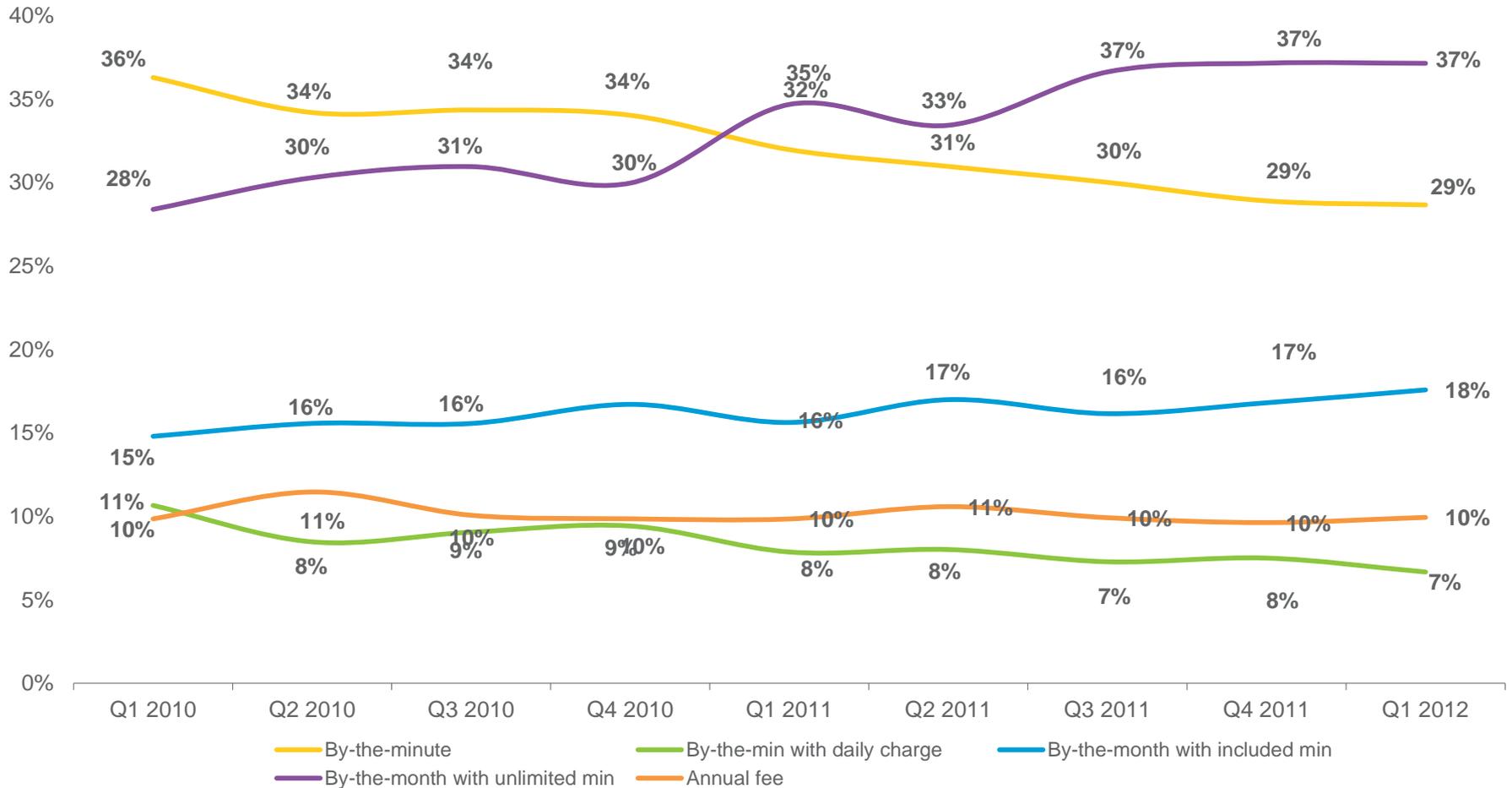
3 Tiers of Prepaid: monthly plan/unlimited, top up cards & lifeline



Mid-tier prepaid service is threatened by high-end service (smartphones and/or unlimited plans) at higher price points and government assisted lifeline service

By the month plans have gained in popularity at the expense of by the minute plans

Trended Prepaid Plan Type



Prepaid Wireless Examples

- Handset bundled with usage
 - typically minimum # of minutes are included
- Handset without usage
 - Prepay for separate plan in dollar or unit* denominations
- Dollar or Unit* Denominations
 - \$30 for 300 minutes
 - \$50 for one month (30 consecutive days)
 - \$14 for one week (7 consecutive days)
 - \$2 for one day

*Prepaid units are minutes, days, weeks, months or even years

Prepaid Wireless Options

Service	Options
Voice	None (e.g., tablet), Limited, Unlimited or Pay-per-use Anytime, Nights, Weekends Incoming v. Outgoing Mobile-2-Mobile
Texting (SMS or MMS)	None (e.g., tablet), Limited, Unlimited or Pay-per-use Incoming v. Outgoing
Data	None, Limited, Unlimited or Pay-per-use
Features/Voicemail	Included
Coverage	Local only, Regional or National
Roaming	None, Unlimited or Pay-Per-use
Daily Fee	None or on Days With Use
Expiration	30/60/90/120/150/180/365/Never

Prepaid Wireless Industry

- The following companies offer prepaid wireless services (not all encompassing, alpha order):
 - Mobile Network Operators (MNO)
 - AT&T (GoPhone)
 - Leap Wireless (Cricket)
 - MetroPCS
 - Sprint (Boost Mobile, Virgin Mobile, Common Cents)
 - T-Mobile
 - US Cellular
 - Verizon Wireless
 - Mobile Virtual Network Operators (MVNO)
 - Firefly
 - Leap Wireless (operates as MVNO in some markets)
 - PagePlus
 - Tracfone (StraightTalk, NET10)

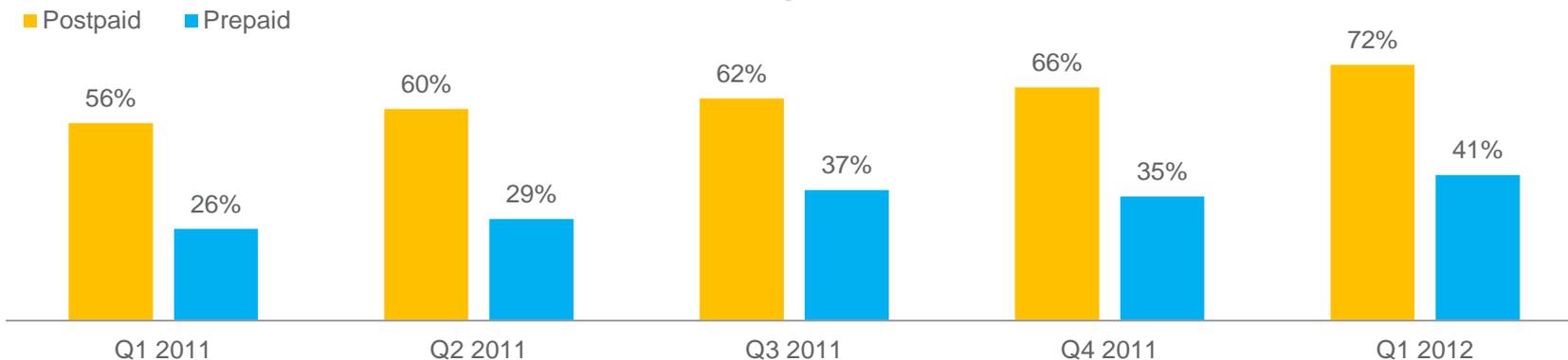
Prepaid Future?

- Continued migration to Smartphones—more data usage
- Over-the-Top applications
 - Skype or Google Talk using mobile data connection (including WIFI)
- Subscriber Information Module (SIM) cards
 - Europe is primarily “prepaid” for mobile communications
 - SIMs transferable among unlocked handsets
- “Freemium” services like FreedomPop
 - First 500 MB of data for free, \$0.01 MB thereafter or \$10 GB
 - Users can earn additional data through social networking and subscribing to premium services, such as VOIP

The prepaid market is also shifting towards Smartphones

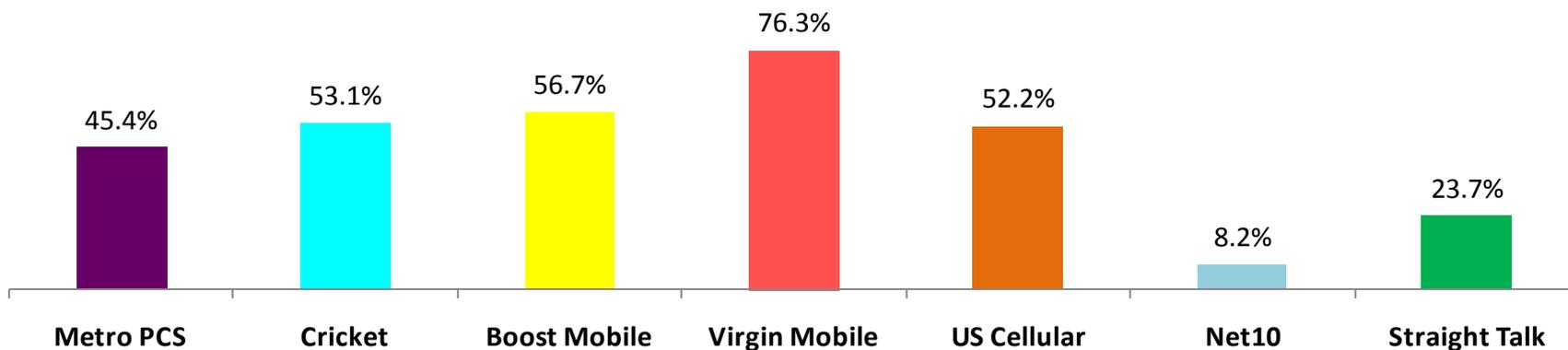
Recent Acquirer Smartphone Penetration – Prepaid vs. Postpaid

Nielsen Mobile Insights Q1 '11 - Q1 '12



Smartphone Penetration by Carrier – Recent Device Acquirers

Subs with Current Device < 6 Months, National, Q1 2012



Sample Size: Metro PCS (n=437), Cricket (n=220), Boost Mobile (n=237), Virgin Mobile (n=286), US Cellular (N= 213), Net10 (n=128), Straight Talk (n=269)

Prepaid Long Distance Examples

- Long Distance Calling Cards
 - Usage only – requires separate access through
 - Wireline (traditional local exchange)
 - Pay phone
 - Wireless
 - Broadband (for VOIP)
 - Dollar or Unit Limited (e.g. \$10 at \$0.10 per minute *or* 100 minutes)
 - Connection fees may be deducted (e.g. pay phones)
 - Monthly fees may apply
 - Rates may vary for Domestic (Local, Intrastate, Interstate) or International



MetroPCS Wireless Prepaid Wireless Services

metroPCS.
Wireless for All.

Providing a Post-Pay Experience for Pay-in-Advance Customers



Extensive Handset Line-up



Valuable Services

Unlimited minutes to more than 100 countries.
International calling to over 1,000 destinations worldwide.

Minutos ilimitados a más de 100 países.
Llamadas internacionales a más de 1,000 destinos en todo mundo.

metroPCS
Wireless for All.

4G LTE is here!
Unlimited talk, text, web, email and video on a 4G^{TE} network.

metroPCS
Wireless for All.

No annual contract.

Rhapsody Unlimited Music
Plug into 12 million songs with Rhapsody Unlimited Music.

FREE
for up to 90 days!

Check it out

30 ROCK **the office** **TOP GEAR**

MetroStudio Video On Demand

metro Total Protection
Protect Your Mobile Life.
LOCATE • LOCK • REPLACE • RESTORE

ENROLL TODAY!

metroPCS
Wireless for All.

TravelTalk®

MetroSTUDIO

Connect to an amazing world of mobile entertainment.

metroPCS
Wireless for All.

Visual Voice Mail
Visual Voice Mail
Visual Voice Mail
Visual Voice Mail

National Coverage, Smartphones, Unlimited Talk, Text and Web



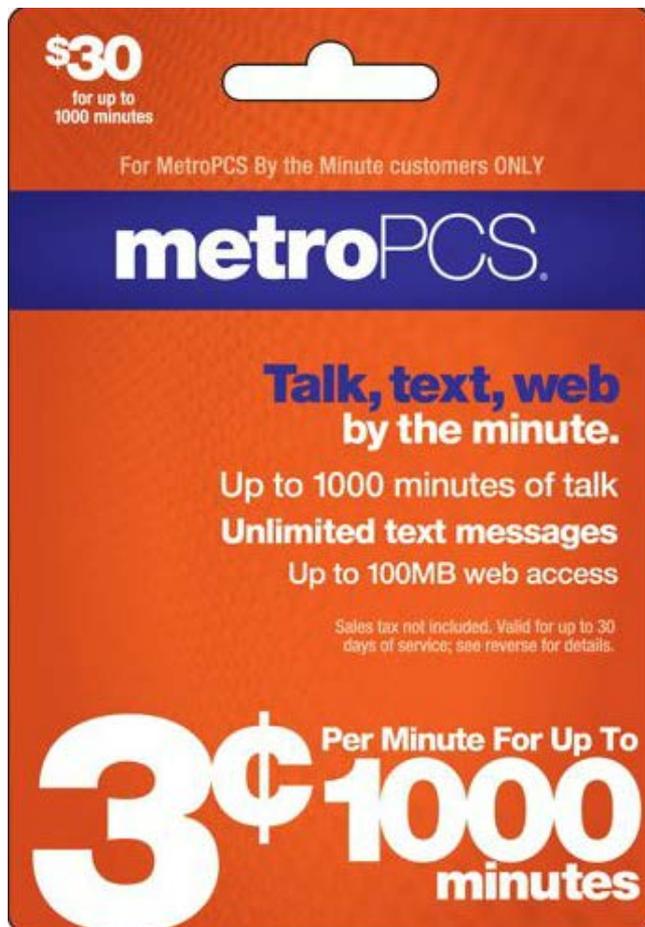
MetroPCS – Prepaid Plan Options



Plan Features	By-The-Minute	By-The-Week	By-The-Month
Price	\$10, \$20 or \$30	\$14	\$40 to \$70
Multi-Line Discount	No	No	\$5 per line
Service Period	Up to 30 consecutive days	7 consecutive days	30 consecutive days
Payment Methods	Card purchased at Retailer	<ul style="list-style-type: none"> •Cash, Check, Money Order, or Debit/Credit Card •Card purchased at Retailer 	<ul style="list-style-type: none"> •Cash, Check, Money Order, or Debit/Credit Card •Recurring Debit/Credit Card •Card purchased at Retailer
Local & Long Distance Calling	Depends on plan: \$10 - Up to 200 min @ \$0.05/min \$20 – Up to 500 min @ \$0.04/min \$30 – Up to 1000 min @\$0.03/min	Unlimited	Unlimited
Features (e.g., Caller ID and Voicemail)	✓	✓	✓
TextTalk® and PictureTalk®	Unlimited	Unlimited	Unlimited
MetroWEB®	Depends on plan: \$10 – up to 10MB @ \$0.05/100kb \$20 – up to 50MB @ \$0.04/100kb \$30 – up to 100MB @ \$0.03/100kb	Unlimited	Unlimited
4G LTE Data	Not available	Not available	Depends on plan
Other Features	Not available	Not available	Depends on plan
MetroConnect® Account	✓	✓	✓



MetroPCS – By The Minute



No Value Until Activated At Register

- This card may only be used to refill your MetroPCS By the Minute account for talk, text, and web services.
- Your most recent refill determines the terms of your service. See www.metropcs.com for Terms and Conditions of Service.
- Refueling this card provides you with the following services on your By the Minute account:
 - Up to 1,000 minutes of talk:
 - \$0.03 per minute in MetroPCS Home Area
 - \$0.06 per minute in MetroPCS Extended Home Area
 - Unlimited Text Messaging
 - Up to 100MB of web access (1.03/100KB)
- You must have a positive (non-zero) balance to keep your services active.
- Calls are billed in one-minute increments and rounded up to the nearest whole minute. Web and data services are billed in full kilobyte (KB) increments and rounded to the next full 100KB increment.
- In addition to the above By the Minute charges, charges may be incurred for E911, voice mail access, checking your balance, MyMetro usage, handset software updates and certain other automated web or data services.
- Download fees for applications and content (e.g., ringtones) are not included and will be charged against your MetroConnect account.
- This card is valid for up to 30-days of MetroPCS By the Minute service.
- To keep your service active, you will need to refill your account at least once every 30 days.
- If you do not refill within 30 days, you will lose any remaining balance.
- Your account will be disconnected, and you will lose your phone number if you do not refill at least once every 60 days.
- This card and By the Minute service only available on select handsets.
- For details on MetroPCS By the Minute service, additional options, terms and conditions, visit www.metropcs.com/bytheminute.
- MetroPCS Unlimited plan customers who convert to MetroPCS By the Minute will lose any unlimited usage days left in their bill cycle.
- MetroPCS does not accept returns or provide refunds for By the Minute cards. Please check with your retailer for its returned policy.
- MetroPCS By the Minute funds may not be used for talk, text, data or other services outside of MetroPCS Home or Extended Home coverage areas and other charges may apply. See metropcs.com/products/tvotalk for more details.

- Call 1.800.680.5969 and follow the instructions (do not call 611)
- When asked, enter your 10-digit MetroPCS phone number and the following PIN (scratch gray box).
- When asked, select to add card value to monthly service or to MetroConnect account.
- Please remain on the line to receive confirmation (after confirmation, please hang up).

Pin Area (this can move up or down but must maintain size .210" x 1.75")

Fastcard® is a registered trademark of InComm® U.S. Patent No. 7,578,428.
1000611



MetroPCS – By The Week



\$14
good for 7 days

For existing and active MetroPCS customers ONLY

metroPCS.

Unlimited
Talk, text, web.

\$14 good for 7 days.

\$2 per day

Powered by
Fastcard

No Value Until Activated At Register

This card is for use only to add value to a MetroPCS service account or MetroConnect account. By redeeming this card you agree to the MetroPCS Terms and Conditions of Service. Once you follow the instructions below, the entire value of this card will be applied to the service account or MetroConnect account associated with the 10-digit MetroPCS phone number designated during the activation process. This card is for one-time use and is for 7 consecutive calendar days of service. This card and the weekly service is only available for use with select handsets. There is no refund or return once this card's value is applied to the designated service account. MetroPCS does not provide refunds or accept returns of this card. Please review the retailer's official return policy for this card. Any positive value in your MetroPCS service account or MetroConnect account at the time of your service termination will not be refunded. Rates and coverage area depend on your service plan. Please go to www.metropcs.com for more details.

1. Call 800.880.5862 and follow the instructions (do not call 611).
2. When asked, enter your 10-digit MetroPCS phone number and the following PIN (scratch gray box).
3. When asked, select to add card value to weekly service or to MetroConnect account.
4. Please remain on the line to receive confirmation (after confirmation, please hang up; it may take up to two hours for payment to post to your account).

Fastcard® is a registered trademark of InComm,® U.S. Patent No. 7,578,433.

Pin Area (this can move up or down but must maintain size .312" x 1.75")

100001



MetroPCS – By the Month



\$40 \$45
\$50 \$60

For existing and active MetroPCS customers ONLY
UNICAMENTE para clientes actuales y activos de MetroPCS

metroPCS.

Pay your bill
and more.

Paga tu factura y más.

Get music, ringtones, apps,
games and more with your
MetroConnect® account

Obtén música, tonos de timbre, aplicaciones,
juegos y más con tu cuenta de MetroConnect®



Musica
Música



Ringtones
Timbres



Apps
Aplicaciones

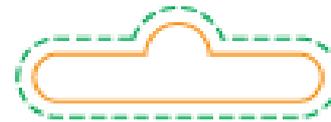


Games
Juegos



More
Más

\$40 \$45
\$50 \$60



7 99366 74444 3

No Value Until Activated At Register

This card is for use only to add value to a MetroPCS service account or MetroConnect account. By redeeming this card you agree to the MetroPCS Terms and Conditions of Service and that MetroPCS service is only for personal use. Once you follow the activation process in the instructions below, the entire value of this card will be applied to the service account or MetroConnect account associated with the 10-digit MetroPCS phone number designated during the activation process. This card is for one-time use. There is no refund or return once this card's value is applied to the designated service account. MetroPCS does not provide refunds or accept returns of this card. Please review the retailer's official return policy for this card. Any positive value in your MetroPCS service account or MetroConnect account at the time of your service termination will not be refunded. Rates, Services and Features are subject to change. Coverage and Services not available everywhere. Please go to www.metropcs.com for more details.

1. Call 800.680.5962 and follow the instructions (do not call 611).
2. When asked, enter your 10-digit MetroPCS phone number and the PIN revealed in the gray box (scratch gray box).
3. When asked, select to add card value to monthly service or to MetroConnect account.
4. Please remain on the line to receive confirmation (after confirmation, please hang up; it may take up to two hours for payment to post to your account).

Fastcard® is a registered trademark of InComm,® U.S. Patent No. 7,578,403.

Pin Area

(this can move up or down but
must remain in size .312" x 1.75")

000001



MetroPCS 3G By The Month Plans



Plan Features	\$40 per month 3G	\$45 per month 3G	\$50 per month 3G	\$60 per month 3G Blackberry	\$60 per month 3G w/ Rhapsody
Unlimited Local Calling	✓	✓	✓	✓	✓
Unlimited Nationwide Long Distance	✓	✓	✓	✓	✓
Features (3-Way Calling, Caller ID, Call Waiting and Voicemail)	✓	✓	✓	✓	✓
Unlimited TextTalk® & PictureTalk®	✓	✓	✓	✓	✓
Unlimited MetroWEB®	✓	✓	✓	✓	✓
Unlimited Metro411 Premium Directory Assistance		✓	✓	✓	✓
Unlimited Short Codes & Alerts		✓	✓	✓	✓
Unlimited Screen-it®		✓	✓	✓	✓
Unlimited TextTalk Global®		✓	✓	✓	✓
Visual Voicemail			✓	✓	✓
Unlimited MetroNavigator®				✓	
Unlimited Mobile Instant Messaging				✓	
Unlimited Pocket Express & Loopt				✓	
Rhapsody Unlimited Music					✓



MetroPCS 4G LTE By The Month Plans



Plan Features	\$40 per month 4GLTE	\$50 per month 4GLTE	\$60 per month 4GLTE w/ Rhapsody	\$70 per month 4GLTE w/ MetroStudio
Unlimited Local Calling	✓	✓	✓	✓
Unlimited Nationwide Long Distance	✓	✓	✓	✓
Features (3-Way Calling, Caller ID, Call Waiting and Voicemail)	✓	✓	✓	✓
Unlimited TextTalk®	✓	✓	✓	✓
Unlimited PictureTalk®	✓	✓	✓	✓
Unlimited MetroWEB®	✓	✓	✓	✓
4G LTE Speed	250MB	2.5GB	5GB	Unlimited
Unlimited Short Codes & Alerts		✓	✓	✓
Unlimited Screen-it ®		✓	✓	✓
Unlimited TextTalk Global®		✓	✓	✓
Visual Voicemail		✓	✓	✓
Unlimited Metro411 Premium Directory Assistance			✓	✓
Rhapsody Unlimited Music			✓	✓
MetroStudio® Video on Demand				✓



MetroPCS – Typical Customer



- Customer purchases a handset from Corporate Store, Authorized Dealer or National Retail.¹
- Customer selects a rate plan and prepays for first service period, typically at the same time as the handset purchase.
- For a By-The-Month customer, MetroPCS will send a text message to the customer 8 days and 1 day prior to the end of the 30 day service period.
 - For example: “Please dial *99 to pay \$40.00 by 08/05/12 for Acct 000000000 to avoid service interruption. Terms & Conditions apply.”
- Customer utilizes one of the payment options provided to continue service.
 - If Customer does not pay by their anniversary date, their service is “suspended” (cannot use services, except for 911)
 - If Customer does not make a payment for another 30 days, service is “cancelled” and the phone number is lost

(1) Customer may also bring a compatible handset from another service provider.



MetroPCS – Payment Options



- MetroPCS has numerous payment options for customers to prepay for each weekly or monthly service period:
 - One-time or recurring (auto-pay¹) debit/credit card
 - Online at metropcs.com
 - 888-8metro8 for Customer Service
 - *99 through phone
 - MyMetro Application
 - Check (mailed, kiosk or drop box)
 - Card purchased at retail outlet
 - Cash at retail store or authorized dealer
- *~70% of customers pay in cash every month at one of over 6,000 retail locations!!!²*



(1) Auto-pay is not available for By-The-Week customers.

(2) MetroPCS has 162 corporate retail stores in our footprint as of December 31, 2011.



Verizon Wireless Prepaid Wireless Services



Verizon Wireless Pay As You Go Plans

	Daily Plans		Per Minute
Access	\$1.99	99¢	0¢
Mobile to Mobile Calling* (with Verizon Wireless customers)	UNLIMITED	UNLIMITED	25¢
Anytime Minutes*	UNLIMITED	10¢	25¢
Text/Picture Messaging*	2¢ / 25¢	10¢ / 25¢	20¢ / 25¢
Mobile Web	99¢ / day	99¢ / day	99¢ / day

Prepaid \$50 Unlimited	
Access	\$50
Mobile to Mobile Calling (with Verizon Wireless customers)	UNLIMITED
Anytime Minutes	UNLIMITED
Text / Picture Messaging	UNLIMITED
Mobile Web	UNLIMITED



CHOOSE YOUR PLAN / ELIGE TU PLAN

ACCESS / acceso	MONTHLY PLAN / PLAN MENSUAL	DAILY PLANS / PLANES DIARIOS		MINUTE PLAN / PLAN POR MINUTOS
Mobile to Mobile to Verizon Wireless customers Llamadas de Móvil a Móvil con cobertura de Verizon Wireless	UNLIMITED ILIMITADO(S)	\$1.99	99¢	0¢
Anytime Minutes Minutos a cualquier hora	UNLIMITED ILIMITADO(S)	UNLIMITED	UNLIMITED	25¢
Text/Picture Rate Tarifa de mensajes y fotos	UNLIMITED ILIMITADO(S)	2¢/25¢	10¢/25¢	20¢/25¢
Mobile Web Servicio de Internet en el Móvil Web	UNLIMITED ILIMITADO(S)	99¢/day		99¢/day

For domestic calls only; excludes 411. Mobile Web does not provide full web browsing. Messaging rates are per message sent (for receipt) or received.

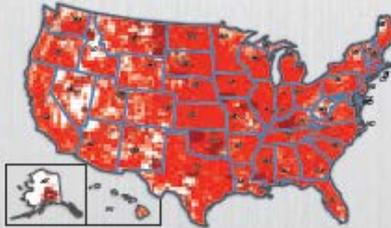
UNLIMITED MESSAGING TO CANADA, MEXICO & PUERTO RICO
on \$50 Monthly Plan
Mensajería ilimitada a Canadá, México y Puerto Rico en un plan mensual de \$50

OPTIONAL SERVICES
(Additional charges apply)
SERVICIOS OPCIONALES
(Aplican cargos adicionales)
• 411
• Mobile Email
• VZ Navigator®
• Games
• International Calling & Text Messaging

AMERICA'S LARGEST AND MOST RELIABLE HIGH SPEED WIRELESS NETWORK

EASY OPEN BACK
Tapa posterior fácil de abrir

PREPAID RATE & COVERAGE AREA
Área de cobertura con tarifas de Servicio Prepagado



MAP KEY / Clave del mapa

- PREPAID VOICE & DATA RATE & NO COVERAGE AREA (SERVICIO PREPAGADO DE VOZ Y DATOS SIN ÁREA DE COBERTURA)
- PREPAID VOICE & DATA RATE & NO COVERAGE AREA (SERVICIO PREPAGADO DE VOZ Y DATOS SIN ÁREA DE COBERTURA)
- NO COVERAGE AREA (SIN COBERTURA)

Important Information:
This map is not a guarantee of coverage and may not include areas with no service. See site for map information.
Información importante:
El mapa no es una garantía de cobertura y puede no incluir áreas sin servicio. Consulte el sitio web para obtener información importante del mapa.

LOOK INSIDE
Mira adentro



PHONE FEATURES: FUNCIONES DEL TELÉFONO:
• Large 2.2" TFT Display
• 1.3 Megapixel Camera
• QWERTY Keyboard

- PACKAGE CONTAINS:**
- Prep and Patch Capset™ Phone
 - Standard Lithium Ion Battery
 - Wall Charger
 - Prep and Brochures

Important information on the prep and patch capset and phone. For more information on the prep and patch capset and phone, visit www.verizon.com/prepandpatch. Equipment is sold as-is and is not covered by a warranty. Equipment is sold as-is and is not covered by a warranty. Equipment is sold as-is and is not covered by a warranty.

See www.verizon.com/prepandpatch for details on usage restrictions.

Product may be used for FCC Radio Frequency Exposure Guidelines.

FCC Equipment Authorization ID: ALC5811110

A lithium-ion battery with a recall notice is included.

Preparation and patching of the phone may be required. For more information on the prep and patch capset and phone, visit www.verizon.com/prepandpatch.

GET STARTED *Para comenzar*

1 INSTALL

the battery and turn on the phone.

INSTALA la batería y enciende el teléfono.

2 PRESS SEND

from your wireless phone and listen for instructions.

OPRIME SEND (Enviar) desde tu teléfono móvil y escucha las instrucciones.

3 ENTER

your ZIP code and select a plan when prompted.

INGRESA tu código postal y elige un plan cuando se te indique.



MAKE A PAYMENT

FROM YOUR PHONE

1. Go to MyVerizon on icon on your wireless phone.
2. Dial *611 from your wireless phone.
3. Send a text message with your Refill Card PIN number to "VZRRV" (827.29).

ONLINE

verizonwireless.com/myverizon

IN PERSON

1. Make a payment at a Verizon Wireless store or kiosk.
2. Refill Cards available at participating retail locations nationwide.

HAZ UN PAGO

DESDE TU TELÉFONO

1. Ve al ícono de MyVerizon en tu teléfono móvil.
2. Marca *611 desde tu teléfono móvil.
3. Envía un mensaje de texto con el número de identificación personal (PIN) de tu tarjeta de recarga a "VZRRV" (827.29).

EN INTERNET

verizonwireless.com/myverizon

EN PERSONA

1. Haz un pago en una tienda o kiosco de Verizon Wireless.
2. Tarjetas de recarga están disponibles en tiendas minoristas por todo el país.

REFILL CARDS TARJETAS DE RECARGA

QUICK BOLD
SEMI-RATELY
LAST-MINUTE
BEYOND
POST-PAID

\$20 \$50 \$100

Make a payment using Visa®, MasterCard®, Discover®, American Express® or with Verizon Wireless Refill cards.



- NO credit check
- NO annual contract
- NO deposits

TV's comparable. Activation and use of this phone are subject to the Verizon Wireless Terms and Conditions of Service and are described in the related brochures. Full details available at www.verizon.com/termsandconditions and www.verizon.com/prepandpatch. Up to \$35 activation fee for charges on credit on new activations. Refund expires in 30 days depending on service purchased, unless otherwise indicated on the order. Payment to purchase this device through the Verizon Wireless website is subject to the terms and conditions of the website.

©2011 Verizon Wireless. All rights reserved. Verizon Wireless is a trademark of Verizon Wireless Services, LLC. Prepaid is a registered trademark of Prepaid Co., LLC. Prepaid is a service mark of Prepaid Co., LLC. Other terms required. See our terms and conditions of sale.

READ THIS FIRST

START HERE TO ACTIVATE SERVICE

1. Install the battery, turn on the phone and select your language.
2. Press **SEND** and listen for instructions.
3. Enter your zip code and pick your plan when prompted.
4. Write down the phone number and Account Security Code you selected.

5. Make a call and listen for instructions.
6. Register for My Verizon, go to verizonwireless.com/myverizon.

PICK THE PLAN THAT'S RIGHT FOR YOU

	MONTHLY PLAN	DAILY PLANS		MINUTE PLAN
ACCESS	#50	#1.99	99¢	0¢
Mobile to Mobile to Verizon Wireless customers	UNLIMITED	UNLIMITED	UNLIMITED	25¢
Anytime Minutes	UNLIMITED	UNLIMITED	10¢	25¢
Text/Picture Rate	UNLIMITED	2¢/25¢	10¢/25¢	20¢/25¢
Mobile Web	UNLIMITED	99¢/day		99¢/day

For domestic calls only; excludes 401. Mobile Web does not provide full web browsing. Messaging rates are per message sent (picture/text) or received.

HOW IT WORKS

Choose the \$50 Unlimited plan and enjoy the benefits of Unlimited Talk, Text & Web!

Can't make a payment of \$50? Don't worry, you can still talk, text & surf the web at these rates: 25¢ per minute, 20¢ per text, 25¢ per picture or video message and 99¢ a day for mobile web.

OR

Pay only on the days you use your phone by selecting one of our Daily plans!

NEVER GET LOCKED INTO A PLAN

We offer the flexibility and choice to change your plan at any time to suit your lifestyle!

GO TO MY VERIZON

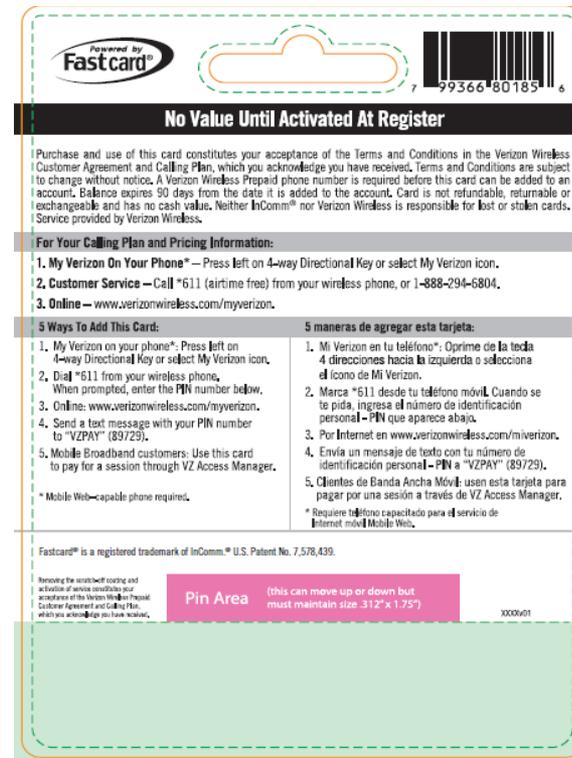
ON YOUR PHONE Press left directional key
Select My Verizon icon

OR

ONLINE verizonwireless.com/myverizon

MAKING A PAYMENT IS EASY

- Pay by credit/debit card
- Add a Refill Card
- Check your balance, usage and expiration



Purchase and use of this card constitutes your acceptance of the Terms and Conditions in the Verizon Wireless Customer Agreement and Calling Plan, which you acknowledge you have received. Terms and Conditions are subject to change without notice. A Verizon Wireless Prepaid phone number is required before this card can be added to an account. Balance expires 90 days from the date it is added to the account. Card is not refundable, returnable or exchangeable and has no cash value. Neither InComm® nor Verizon Wireless is responsible for lost or stolen cards. Service provided by Verizon Wireless.

- Unlimited Talk, Text & 1GB Data Plan includes unlimited domestic calls only, texting* to anyone on any network in the U.S. and participating carriers in Canada, Mexico, and Puerto Rico and 1GB Data.
- **If you have a sufficient balance for your monthly access, enjoy the benefits of your calling plan. If you don't have enough funds to cover the monthly access, you will be charged 25¢ per minute, 20¢ per text, 25¢ per picture or video messaging sent (per recipient) and received and 5¢ per MB.**
- V CAST Music – 99¢ / song via PC; \$1.99/song via phone; 99¢ download fee**
- Ringback Tones – 99¢ per month & \$1.99 per Ringback Tone/Year.
- Domestic Long Distance Included (airtime charges apply)
- Domestic Roaming Rate is 20¢ Per Minute

Prepaid \$80 Unlimited	
Access	\$80
Mobile Broadband	1G
Mobile to Mobile Calling (with Verizon Wireless customers)	UNLIMITED
Anytime Minutes	UNLIMITED
Text / Picture Messaging	UNLIMITED
Mobile Web	UNLIMITED

\$80 Smartphone Front Panel



AMERICA'S LARGEST AND MOST RELIABLE HIGH SPEED WIRELESS NETWORK

PREPAID RATE & COVERAGE AREA
Área de cobertura con tarifas de Servicio Prepagado

MAPA DE COBERTURA DEL SERVICIO PREPAGADO

	ÁREA DE COBERTURA CON TARIFAS PREPAGADAS
	ÁREA DE COBERTURA CON TARIFAS PREPAGADAS
	ÁREA SIN COBERTURA

Important information:
This map is not a guarantee of coverage and may change without notice. See side for more information.
Información importante:
Este mapa no es garantía de cobertura y puede cambiar sin previo aviso. Consulte el back en el momento de comprar el equipo.

UNLIMITED MESSAGING TO CANADA, MEXICO & PUERTO RICO
Mensajería ilimitada a Canadá, México y Puerto Rico.

Backup Assistant™
Never lose your contacts
Nunca pierdas tus contactos
vzw.com/backupassistant.

EASY OPENBACK
Tapa posterior fácil de abrir

WITH OVER 400,000 APPS AVAILABLE, IF YOU CAN IMAGINE IT, YOU CAN FIND IT IN ANDROID MARKET™.

LOOK INSIDE
Mira adentro

Rated ★★★★★
by Verizon Wireless customers
vzw.com

**PHONE FEATURES:
FUNCIONES DEL TELEFONO:**

- 3.5" Touch Screen
- Android 2.3 (Gingerbread)
- 3G & Wi-Fi Compatible
- 3.0 Megapixel Camera

\$80
PREPAID

\$80

REFILL CARD

PAY FOR ALL YOUR VERIZON PREPAID SERVICES:
**SMARTPHONE
 TALK, TEXT & DATA**

Apps • Games • Tones • Email

Mobile Broadband

For existing customers with active prepaid service.
 No value until activated at register.

Powered By
Fastcard

7 99366 75834

No Value Until Activated At Register

Purchase and use of this card constitutes your acceptance of the Terms and Conditions in the Verizon Wireless Customer Agreement and Calling Plan, which you acknowledge you have received. Terms and Conditions are subject to change without notice. A Verizon Wireless Prepaid phone number is required before this card can be added to an account. Balance expires 180 days from the date it is added to the account. Card is not refundable, returnable or interchangeable and has no cash value. Neither InComm® nor Verizon Wireless is responsible for lost or stolen cards. Service provided by Verizon Wireless.

For Your Calling Plan and Pricing Information:

- 1. My Verizon On Your Phone*** — Press left on 4-way Directional Key or select My Verizon icon.
- 2. Customer Service** — Call *611 (airtime free) from your wireless phone, or 1-888-294-6804.
- 3. Online** — www.verizonwireless.com/myverizon.

5 Ways To Add This Card:	5 maneras de agregar esta tarjeta:
1. My Verizon on your phone*. Press left on 4-way Directional Key or select My Verizon icon.	1. Mi Verizon en tu teléfono*. Oprime de la tecla 4 direcciones hacia la izquierda o selecciona el icono de Mi Verizon.
2. Dial *611 from your wireless phone. When prompted, enter the PIN number below.	2. Marca *611 desde tu teléfono móvil. Cuando se te pida, ingresa el número de identificación personal — PIN que aparece abajo.
3. Online: www.verizonwireless.com/myverizon .	3. Por Internet en www.verizonwireless.com/myverizon .
4. Send a text message with your PIN number to "VZPAY" (89729).	4. Envía un mensaje de texto con tu número de identificación personal — PIN a "VZPAY" (89729).
5. Mobile Broadband customers: Use this card to pay for a session through VZ Access Manager.	5. Clientes de Banda Ancha Móvil: usen esta tarjeta para pagar por una sesión a través de VZ Access Manager.

* Mobile Web-capable phone required. * Requiere teléfono capacitado para el servicio de Internet móvil Mobile Web.

Fastcard® is a registered trademark of InComm.® U.S. Patent No. 7,578,439.

Pin Area (this can move up or down but must maintain size .312" x 1.75")

XXXXXX

Purchase and use of this card constitutes your acceptance of the Terms and Conditions in the Verizon Wireless Customer Agreement and Calling Plan, which you acknowledge you have received. Terms and Conditions are subject to change without notice. A Verizon Wireless Prepaid phone number is required before this card can be added to an account. Balance expires 180 days from the date it is added to the account. Card is not refundable, returnable or interchangeable and has no cash value. Neither InComm® nor Verizon Wireless is responsible for lost or stolen cards. Service provided by Verizon Wireless.

PREPAID

**\$15, \$30, \$50,
\$75, or \$100**

RECHARGEABLE CARD

PAY FOR ALL YOUR VERIZON PREPAID SERVICES:

Talk • Text • Web
Apps • Games • Tones • Email
Mobile Broadband

For existing customers with active prepaid service.
No value until activated as register.

Rechargeable Card

No Value Until Activated At Register

Purchase and use of this card constitutes your acceptance of the Terms and Conditions in the Verizon Wireless Customer Agreement and Calling Plan, which you acknowledge you have received. Terms and Conditions are subject to change without notice. A Verizon Wireless Prepaid phone number is required before this card can be added to an account. Balance expires 90 days from the date it is added to the account. Card is not refundable, returnable or exchangeable and has no cash value. Neither InComm® nor Verizon Wireless is responsible for lost or stolen cards. Service provided by Verizon Wireless.

For Your Calling Plan and Pricing Information:

- 1. My Verizon On Your Phone*** - Press left on 4-way Directional Key or select My Verizon icon.
- 2. Customer Service** - Call *611 (airtime free) from your wireless phone, or 1-888-294-6804.
- 3. Online** - www.verizonwireless.com/myverizon.

5 Ways To Add This Card:

- 1. My Verizon on your phone*** - Press left on 4-way Directional Key or select My Verizon icon. When prompted, enter the PIN number below.
- 2. Dial *611** from your wireless phone.
- 3. Online** - www.verizonwireless.com/myverizon.
- 4. Send a text message** with your PIN number to "VZPW" (89729).
- 5. Mobile Broadband customers** - use this card to pay for a session through VZ Access Manager.

* Mobile Web capable phone required.

5 maneras de agregar esta tarjeta:

- 1. Mi Verizon en tu teléfono*** - Oprime de la tecla 4 direcciones hacia la izquierda o selecciona el icono de Mi Verizon.
- 2. Marca *611** desde tu teléfono móvil. Cuando se te pida, ingresa el número de identificación personal - PIN que aparece abajo.
- 3. Por Internet** es www.verizonwireless.com/myverizon.
- 4. Envía un mensaje de texto** con tu número de identificación personal - PIN a "VZPW" (89729).
- 5. Clientes de Banda Ancha Móvil:** usen esta tarjeta para pagar por una sesión a través de VZ Access Manager.

* Requiere teléfono capacitado para el servicio de Internet móvil Móvil Web.

Scratching the scratch-off coating and activation of services constitutes your acceptance of the Verizon Wireless Prepaid Card Agreement and Calling Plan, which you acknowledge you have received.

Pin Area (this can move up or down but must maintain size .812" x 1.76")

0020401

Refill Rates and Expiration
(once applied to the account)

\$15-\$29.99	30 days
\$30-\$74.99	90 days
\$75-\$99.99	180 days
\$100 and above	365 days



Purchase and use of this card constitutes your acceptance of the Terms and Conditions in the Verizon Wireless Customer Agreement and Calling Plan, which you acknowledge you have received. Terms and Conditions are subject to change without notice. A Verizon Wireless Prepaid phone number is required before this card can be added to an account. Balance expires 90 days from the date it is added to the account. Card is not refundable, returnable or exchangeable and has no cash value. Neither InComm® nor Verizon Wireless is responsible for lost or stolen cards. Service provided by Verizon Wireless.

READ THIS FIRST

START HERE TO ACTIVATE SERVICE

1. Install the battery, turn on the phone and select your language.
2. Press **ACTIVATE** and listen for instructions.
3. Enter your zip code and confirm your plan when prompted.
4. Write down the phone number and Account Security Code you selected.

5. Make a Payment to begin using your device.
6. Follow the Setup Wizard to customize your device.
7. Register for My Verizon, go to verizonwireless.com/myverizon

YOUR PLAN

\$80 MONTHLY **UNLIMITED TALK, TEXT, & 1GB DATA**
(5¢/MB average)

HOW IT WORKS

Enjoy Unlimited Talk, Text and 1GB of data for \$80 a month. Can't make a payment of \$80? Don't worry, you can still talk, text & surf the web at these rates: 25¢ per minute, 20¢ per text, 25¢ per picture or video message and 5¢ per MB.

ANDROID MARKET



With over 400,000 apps available, if you can imagine it, you can find it in the Android Market.



GO TO MY VERIZON

ON YOUR PHONE From the Apps Menu Select the My Verizon icon



OR

ONLINE verizonwireless.com/myverizon

MAKING A PAYMENT IS EASY

NEW! Sign up for Auto Pay today and get a \$5 monthly bonus*

- Pay by credit/debit card
- Add a Refill Card
- Check your balance, usage and expiration

*Limited time offer. Recurring automatic monthly payment of \$80 or more required.

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- *Special Thanks to The Nielsen Company and representatives from Tracfone for their contributions to this presentation*

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Agenda Items #8 and #9

No Materials
