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**Comments by Florida TaxWatch President and CEO, Dominic M. Calabro,
to Chair Joe Gruters and members of the Senate Regulated Industries Committee
on March 21, 2023, regarding SB 1432 – Communications Services Tax**

My name is Dominic M. Calabro and I am President and CEO of Florida TaxWatch, an independent, nonpartisan, nonprofit, taxpayer research institute & government watchdog which, for over 44 years, has worked hard to improve the effectiveness, efficiency, and accountability of Florida government and promote a fair and equitable system of taxation.

Florida TaxWatch has done considerable [research on the communications services tax](#) (CST) and has concluded that **Florida's CST rate is very high, relative to both other states and the sales tax on the purchase of other goods**. A reduction in the tax rate would provide several benefits for taxpayers and the state.

The local CST tax rate varies among jurisdictions in Florida, but **the combined state and local tax rate can currently exceed 15 percent. This is more than double the average state and local sales tax that applies to most other sales**. When comparing taxes on cell phone service, Florida's tax rate is the 12th highest among the 50 states. Since the CST applies to cell phones, cable and satellite television video and music streaming, landline phone service (partial exemption), and other services, some taxpayers pay it multiple times.

We commend your committee was taking up this legislation, which reduces the current state rate of 7.44 percent by 1.44 percent, bringing the CST in line with the state sales tax rate of 6.0 percent.

You would be hard pressed to find a more justifiable way to provide broad-based state tax relief than a reduction in the CST. There is no discernible public policy justification for what amounts to discriminatory taxes on Floridians' communications services. The average total tax rate paid on these services approximately doubles the state and local sales tax rate that applies to most other retail sales. The high tax rate relative to other states also raises economic development and competitiveness concerns.

As you know, Florida has a significant budget surplus, and we are confident the Legislature will give some of this back to taxpayers. Inflation is hitting families hard, and the federal tax (Universal Service Fund) that applies to wireless service was recently increased again. In addition, 22 cities, counties, and unincorporated areas raised their CST rate on January 1, 2023. **Reducing the regressive CST would benefit a wide range of Floridians, affecting virtually all individuals and businesses**.

We look forward to working with you and your colleagues on this and other issues this session. Thank you for your thoughtful consideration and, most of all, thank you for your selfless public service to our state's taxpayers.