

Committee Substitute for
Committee Substitute for Senate Bill No. 1322

An act relating to regulation of communications; creating the Committee on Public Service Commission Oversight as a standing joint committee of the Legislature; providing for its membership, powers, and duties; amending s. 350.001, F.S.; requiring that the commission perform its duties independently; amending s. 350.031, F.S.; authorizing the Florida Public Service Commission Nominating Council to make expenditures to advertise a vacancy on the council or the commission; requiring that the Committee on Public Service Commission Oversight provide nominees for recommendation to the Governor for appointment to the Public Service Commission; providing procedures; amending s. 350.041, F.S.; clarifying the prohibition against accepting gifts with respect to its application to commissioners attending conferences; requiring that a penalty be imposed against a person who gives a commissioner a prohibited gift; requiring that commissioners avoid impropriety and act in a manner that promotes confidence in the commission; prohibiting a commissioner from soliciting any thing of value, either directly or indirectly, from any public utility, its affiliate, or any party; amending s. 350.042, F.S.; requiring that a penalty be imposed against a person involved in a prohibited ex parte communication with a commissioner; amending s. 350.061, F.S.; requiring that the Committee on Public Service Commission Oversight rather than the Joint Legislative Auditing Committee appoint the Public Counsel; providing for biennial reconfirmation rather than annual; requiring that the Public Counsel perform his or her duties independently; amending s. 350.0614, F.S.; requiring that the Committee on Public Service Commission Oversight rather than the Joint Legislative Auditing Committee oversee expenditures of the Public Counsel; providing definitions; providing for notice of public hearings to consider whether the local government will provide a communications service; requiring a governmental entity to take certain action before a communications service is provided; providing certain restrictions on revenue bonds to finance provisioning of communications services; requiring a local government to make available a written business plan; providing criteria for the business plan; setting pricing standards; providing for accounting and books and records; requiring the governmental entity to establish an enterprise fund; requiring the governmental entity to maintain separate operating and capital budgets; limiting the use of eminent-domain powers; requiring a governmental entity to hold a public hearing to consider certain factors if the business plan goals are not met; requiring compliance with certain federal and state laws; requiring local government to treat itself the same as it treats other providers of similar communications services; exempting certain governmental entities from specified provisions of the act; requiring a local government provider of communications services to follow the same prohibitions as other providers of the

same services; providing an exemption for airports under certain conditions; recognizing preemption of a charter, code, or other governmental authority; providing for severability; repealing s. 364.502, F.S., which provides for regulation of video programming; amending s. 202.19, F.S.; clarifying a characterization of the local communications services tax as including certain fees and being in lieu of such fees; authorizing municipalities or counties to use certain revenues distributed to a local government for certain purposes; amending s. 364.01, F.S.; specifying the exclusive jurisdiction of the Florida Public Service Commission to regulate telecommunications companies; providing that state laws governing business and consumer protection be applied to communications activities that are not regulated by the commission; revising provisions governing the exclusive jurisdiction of the commission; creating s. 364.011, F.S.; specifying certain services that are exempt from oversight by the commission; creating s. 364.012, F.S.; requiring the commission to coordinate with federal agencies; providing that ch. 364, F.S., does not limit or modify certain duties of a local exchange carrier; creating s. 364.013, F.S.; requiring that broadband service remain free of state and local regulation; requiring that voice-over-Internet protocol remain free of regulation, except as specifically provided in ch. 364, F.S., or by federal law; amending s. 364.02, F.S.; defining the terms “broadband service” and “VoIP”; redefining the term “service”; amending s. 364.0361, F.S.; prohibiting a local government from regulating voice-over-Internet protocol regardless of the platform or provider; amending s. 364.10, F.S.; transferring applicability from telecommunications companies serving as carriers of last resort to eligible telecommunications carriers; defining the term “eligible telecommunications carrier”; providing requirements for eligible telecommunications carriers; requiring the Public Service Commission to establish procedures for notification and termination of the Lifeline Assistance credit; providing criteria for connection, reconnection, and discontinuation of basic local telecommunications service for Lifeline Assistance subscribers; providing criteria for blocking access to long-distance service; adding the Department of Education and the Office of Public Counsel to those agencies that are directed to cooperate in developing procedures for promoting Lifeline participation; requiring the commission to adopt rules; repealing s. 364.502, F.S., relating to video programming services; amending s. 364.335, F.S.; increasing to \$500 from \$250 the maximum allowable filing fee for certification of telecommunications carriers; amending s. 364.336, F.S.; authorizing the Public Service Commission to establish a minimum fee of up to \$1,000; authorizing different fees for different types of services provided by telecommunications companies; amending ss. 196.012, 199.183, 212.08, 290.007, 350.0605, 364.602, and 489.103, F.S.; conforming cross-references; providing clarification of rights of local governments and duties of cable service providers to comply with certain laws and regulations; amending s. 364.051, F.S.; providing that damage to the equipment and facilities of a local exchange telecommunications as a result of a named tropical system constitutes a compelling showing of

changed circumstances to justify a rate increase; allowing such companies to petition for recovery of such costs and expenses; requiring the Public Service Commission to verify the intrastate costs and expenses for repairing, restoring, or replacing damaged lines, plants, or facilities; requiring the commission to determine whether the intrastate costs and expenses are reasonable; requiring a company to exhaust any storm-reserve funds prior to recovery from customers; providing that the commission may authorize adding an equal line-item charge per access line for certain customers; providing for a rate cap and providing the maximum number of months the rate may be imposed; providing a 12-month limit for the application; allowing recovery for more than one storm within the limit; providing for severability; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Committee on Public Service Commission Oversight; creation; membership; powers and duties.—

(1) There is created a standing joint committee of the Legislature, designated the Committee on Public Service Commission Oversight, and composed of twelve members appointed as follows: six members of the Senate appointed by the President of the Senate, two of whom must be members of the minority party; and six members of the House of Representatives appointed by the Speaker of the House of Representatives, two of whom must be members of the minority party. The terms of members shall be for 2 years and shall run from the organization of one Legislature to the organization of the next Legislature. The President shall appoint the chair of the committee in even-numbered years and the vice chair in odd-numbered years, and the Speaker of the House of Representatives shall appoint the chair of the committee in odd-numbered years and the vice chair in even-numbered years, from among the committee membership. Vacancies shall be filled in the same manner as the original appointment. Members shall serve without additional compensation, but shall be reimbursed for expenses.

(2) The committee shall be governed by joint rules of the Senate and the House of Representatives which shall remain in effect until repealed or amended by concurrent resolution.

(3) The committee shall:

(a) Recommend to the Governor nominees to fill a vacancy on the Public Service Commission, as provided by general law; and

(b) Appoint a Public Counsel as provided by general law.

(4) The committee is authorized to file a complaint with the Commission on Ethics alleging a violation of chapter 350, Florida Statutes, by a commissioner, former commissioner, former commission employee, or member of the Public Service Commission Nominating Council.

(5) The committee will not have a permanent staff, but the President of the Senate and the Speaker of the House of Representatives shall select staff members from among existing legislative staff, when and as needed.

Section 2. Section 350.001, Florida Statutes, is amended to read:

350.001 Legislative intent.—The Florida Public Service Commission has been and shall continue to be an arm of the legislative branch of government. The Public Service Commission shall perform its duties independently. It is the desire of the Legislature that the Governor participate in the appointment process of commissioners to the Public Service Commission. The Legislature accordingly delegates to the Governor a limited authority with respect to the Public Service Commission by authorizing him or her to participate in the selection of members only ~~from the list provided by the Florida Public Service Commission Nominating Council~~ in the manner prescribed by s. 350.031.

Section 3. Section 350.031, Florida Statutes, is amended to read:

350.031 Florida Public Service Commission Nominating Council.—

(1) There is created a Florida Public Service Commission Nominating Council consisting of nine members. At least one member of the council must be 60 years of age or older. Three members, including one member of the House of Representatives, shall be appointed by and serve at the pleasure of the Speaker of the House of Representatives; three members, including one member of the Senate, shall be appointed by and serve at the pleasure of the President of the Senate; and three members shall be selected and appointed by a majority vote of the other six members of the council. All terms shall be for 4 years except those members of the House and Senate, who shall serve 2-year terms concurrent with the 2-year elected terms of House members. Vacancies on the council shall be filled for the unexpired portion of the term in the same manner as original appointments to the council. A member may not be reappointed to the council, except for a member of the House of Representatives or the Senate who may be appointed to two 2-year terms or a person who is appointed to fill the remaining portion of an unexpired term.

(2)(a) No member or spouse shall be the holder of the stocks or bonds of any company, other than through ownership of shares in a mutual fund, regulated by the commission, or any affiliated company of any company regulated by the commission, or be an agent or employee of, or have any interest in, any company regulated by the commission or any affiliated company of any company regulated by the commission, or in any firm which represents in any capacity either companies which are regulated by the commission or affiliates of companies regulated by the commission. As a condition of appointment to the council, each appointee shall affirm to the Speaker and the President his or her qualification by the following certification: “I hereby certify that I am not a stockholder, other than through ownership of shares in a mutual fund, in any company regulated by the commission or in any affiliate of a company regulated by the commission, nor in any way, directly or indirectly, in the employment of, or engaged in the management of any company regulated by the commission or any affiliate of a company regulated by the commission, or in any firm which represents in any capacity either companies which are regulated by the commission or affiliates of companies regulated by the commission.”

This certification is made as condition to appointment to the Florida Public Service Commission Nominating Council.

(b) A member of the council may be removed by the Speaker of the House of Representatives and the President of the Senate upon a finding by the Speaker and the President that the council member has violated any provision of this subsection or for other good cause.

(c) If a member of the council does not meet the requirements of this subsection, the President of the Senate or the Speaker of the House of Representatives, as appropriate, shall appoint a legislative replacement.

(3) A majority of the membership of the council may conduct any business before the council. All meetings and proceedings of the council shall be staffed by the Office of Legislative Services and shall be subject to the provisions of ss. 119.07 and 286.011. Members of the council are entitled to receive per diem and travel expenses as provided in s. 112.061, which shall be funded by the Florida Public Service Regulatory Trust Fund. Applicants invited for interviews before the council may, in the discretion of the council, receive per diem and travel expenses as provided in s. 112.061, which shall be funded by the Florida Public Service Regulatory Trust Fund. The council shall establish policies and procedures to govern the process by which applicants are nominated.

(4) The council may spend a nominal amount, not to exceed \$10,000, to advertise a vacancy on the council, which shall be funded by the Florida Public Service Regulatory Trust Fund.

(5)(4) A person may not be nominated to the Committee on Public Service Commission Oversight ~~Governor~~ until the council has determined that the person is competent and knowledgeable in one or more fields, which shall include, but not be limited to: public affairs, law, economics, accounting, engineering, finance, natural resource conservation, energy, or another field substantially related to the duties and functions of the commission. The commission shall fairly represent the above-stated fields. Recommendations of the council shall be nonpartisan.

(6)(5) It is the responsibility of the council to nominate to the Committee on Public Service Commission Oversight ~~Governor~~ ~~not fewer than six~~ three persons for each vacancy occurring on the Public Service Commission. The council shall submit the recommendations to the committee ~~Governor~~ by August 1 ~~October 1~~ of those years in which the terms are to begin the following January, or within 60 days after a vacancy occurs for any reason other than the expiration of the term.

(7)(6) The Committee on Public Service Commission Oversight ~~Governor~~ shall select from the list of nominees provided by the nominating council three nominees for recommendation to the Governor for appointment to the commission. The recommendations must be provided to the Governor within 45 days after receipt of the list of nominees. The Governor shall fill a vacancy occurring on the Public Service Commission by appointment of one of the applicants nominated by the committee ~~council~~ only after a background

investigation of such applicant has been conducted by the Florida Department of Law Enforcement. If the Governor has not made an appointment within 30 days after the receipt of the recommendation by December 1 to fill a vacancy for a term to begin the following January, then the committee council, by majority vote, shall appoint, within 30 days after the expiration of the Governor's time to make an appointment, by December 31 one person from the applicants previously nominated to the Governor to fill the vacancy. ~~If the Governor has not made the appointment to fill a vacancy occurring for any reason other than the expiration of the term by the 60th day following receipt of the nominations of the council, the council by majority vote shall appoint within 30 days thereafter one person from the applicants previously nominated to the Governor to fill the vacancy.~~

~~(8)(7)~~ Each appointment to the Public Service Commission shall be subject to confirmation by the Senate during the next regular session after the vacancy occurs. If the Senate refuses to confirm or rejects the Governor's appointment, the council shall initiate, in accordance with this section, the nominating process within 30 days.

Section 4. Subsection (2) of section 350.041, Florida Statutes, is amended to read:

350.041 Commissioners; standards of conduct.—

(2) STANDARDS OF CONDUCT.—

(a) A commissioner may not accept anything from any business entity which, either directly or indirectly, owns or controls any public utility regulated by the commission, from any public utility regulated by the commission, or from any business entity which, either directly or indirectly, is an affiliate or subsidiary of any public utility regulated by the commission. A commissioner may attend conferences and associated meals and events that are generally available to all conference participants without payment of any fees in addition to the conference fee. Additionally, while attending a conference, a commissioner may attend meetings, meals, or events that are not sponsored, in whole or in part, by any representative of any public utility regulated by the commission and that are limited to commissioners only, committee members, or speakers if the commissioner is a member of a committee of the association of regulatory agencies that organized the conference or is a speaker at the conference. It is not a violation of this paragraph for a commissioner to attend a conference for which conference participants who are employed by a utility regulated by the commission have paid a higher conference registration fee than the commissioner, or to attend a meal or event that is generally available to all conference participants without payment of any fees in addition to the conference fee and that is sponsored, in whole or in part, by a utility regulated by the commission. If, during the course of an investigation by the Commission on Ethics into an alleged violation of this paragraph, allegations are made as to the identity of the person giving or providing the prohibited gift, that person must be given notice and an opportunity to participate in the investigation and relevant proceedings to present a defense. If the Commission on Ethics determines that the person gave or provided a prohibited gift, the person may not appear

before the commission or otherwise represent anyone before the commission for a period of 2 years.

(b) A commissioner may not accept any form of employment with or engage in any business activity with any business entity which, either directly or indirectly, owns or controls any public utility regulated by the commission, any public utility regulated by the commission, or any business entity which, either directly or indirectly, is an affiliate or subsidiary of any public utility regulated by the commission.

(c) A commissioner may not have any financial interest, other than shares in a mutual fund, in any public utility regulated by the commission, in any business entity which, either directly or indirectly, owns or controls any public utility regulated by the commission, or in any business entity which, either directly or indirectly, is an affiliate or subsidiary of any public utility regulated by the commission. If a commissioner acquires any financial interest prohibited by this section during his or her term of office as a result of events or actions beyond the commissioner's control, he or she shall immediately sell such financial interest or place such financial interest in a blind trust at a financial institution. A commissioner may not attempt to influence, or exercise any control over, decisions regarding the blind trust.

(d) A commissioner may not accept anything from a party in a proceeding currently pending before the commission. If, during the course of an investigation by the Commission on Ethics into an alleged violation of this paragraph, allegations are made as to the identity of the person giving or providing the prohibited gift, that person must be given notice and an opportunity to participate in the investigation and relevant proceedings to present a defense. If the Commission on Ethics determines that the person gave or provided a prohibited gift, the person may not appear before the commission or otherwise represent anyone before the commission for a period of 2 years.

(e) A commissioner may not serve as the representative of any political party or on any executive committee or other governing body of a political party; serve as an executive officer or employee of any political party, committee, organization, or association; receive remuneration for activities on behalf of any candidate for public office; engage on behalf of any candidate for public office in the solicitation of votes or other activities on behalf of such candidacy; or become a candidate for election to any public office without first resigning from office.

(f) A commissioner, during his or her term of office, may not make any public comment regarding the merits of any proceeding under ss. 120.569 and 120.57 currently pending before the commission.

(g) A commissioner may not conduct himself or herself in an unprofessional manner at any time during the performance of his or her official duties.

(h) A commissioner must avoid impropriety in all of his or her activities and must act at all times in a manner that promotes public confidence in the integrity and impartiality of the commission.

(i) A commissioner may not directly or indirectly, through staff or other means, solicit any thing of value from any public utility regulated by the commission, or from any business entity that, whether directly or indirectly, is an affiliate or subsidiary of any public utility regulated by the commission, or from any party appearing in a proceeding considered by the commission in the last 2 years.

Section 5. Subsection (7) of section 350.042, Florida Statutes, is amended to read:

350.042 Ex parte communications.—

(7)(a) It shall be the duty of the Commission on Ethics to receive and investigate sworn complaints of violations of this section pursuant to the procedures contained in ss. 112.322-112.3241.

(b) If the Commission on Ethics finds that there has been a violation of this section by a public service commissioner, it shall provide the Governor and the Florida Public Service Commission Nominating Council with a report of its findings and recommendations. The Governor is authorized to enforce the findings and recommendations of the Commission on Ethics, pursuant to part III of chapter 112.

(c) If a commissioner fails or refuses to pay the Commission on Ethics any civil penalties assessed pursuant to the provisions of this section, the Commission on Ethics may bring an action in any circuit court to enforce such penalty.

(d) If, during the course of an investigation by the Commission on Ethics into an alleged violation of this section, allegations are made as to the identity of the person who participated in the ex parte communication, that person must be given notice and an opportunity to participate in the investigation and relevant proceedings to present a defense. If the Commission on Ethics determines that the person participated in the ex parte communication, the person may not appear before the commission or otherwise represent anyone before the commission for a period of 2 years.

Section 6. Subsection (1) of section 350.061, Florida Statutes, is amended to read:

350.061 Public Counsel; appointment; oath; restrictions on Public Counsel and his or her employees.—

(1) ~~The Committee on Public Service Commission Oversight Joint Legislative Auditing Committee~~ shall appoint a Public Counsel by majority vote of the members of the committee to represent the general public of Florida before the Florida Public Service Commission. The Public Counsel shall be an attorney admitted to practice before the Florida Supreme Court and shall serve at the pleasure of the ~~Joint Legislative Auditing Committee on Public Service Commission Oversight~~, subject to ~~biennial~~ annual reconfirmation by the committee. The Public Counsel shall perform his or her duties independently. Vacancies in the office shall be filled in the same manner as the original appointment.

Section 7. Subsection (2) of section 350.0614, Florida Statutes, is amended to read:

350.0614 Public Counsel; compensation and expenses.—

(2) The Legislature hereby declares and determines that the Public Counsel is under the legislative branch of government within the intention of the legislation as expressed in chapter 216, and no power shall be in the Executive Office of the Governor or its successor to release or withhold funds appropriated to it, but the same shall be available for expenditure as provided by law and the rules or decisions of the ~~Joint Auditing Committee on~~ Public Service Commission Oversight.

Section 8. Communications services offered by governmental entities.—

(1) As used in this section, the term:

(a) “Advanced service” means high-speed-Internet-access-service capability in excess of 200 kilobits per second in the upstream or the downstream direction, including any service application provided over the high-speed-access service or any information service as defined in 47 U.S.C. s. 153(20).

(b) “Cable service” has the same meaning as in 47 U.S.C. s. 522(6).

(c) “Communications services” includes any “advanced service,” “cable service,” or “telecommunications service” and shall be construed in the broadest sense.

(d) “Enterprise fund” means a separate fund to account for the operation of communications services by a local government, established and maintained in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

(e) “Governmental entity” means any political subdivision as defined in section 1.01, Florida Statutes, including any county, municipality, special district, school district, utility authority or other authority or any instrumentality, agency, unit or department thereof. The term does not include an independent special district created before 1970 which has been granted express legislative authority to provide a communications service and which does not sell a communications service outside its district boundaries.

(f) “Provide,” “providing,” “provision,” or “provisioning” means offering or supplying a communications service for a fee or other consideration to a person, including any portion of the public or private provider, but does not include service by an entity to itself or to any other governmental entity.

(g) “Subscriber” means a person who receives a communications service.

(h) “Telecommunications services” means the transmission of signs, signals, writing, images, sounds, messages, data, or other information of the user’s choosing, by wire, radio, light waves, or other electromagnetic means, without change in the form or content of the information as sent and received by the user and regardless of the facilities used, including, without limitation, wireless facilities.

(2)(a) A governmental entity that proposes to provide a communications service shall hold no less than two public hearings, which shall be held not less than 30 days apart. At least 30 days before the first of the two public hearings, the governmental entity must give notice of the hearing in the predominant newspaper of general circulation in the area considered for service. At least 40 days before the first public hearing, the governmental entity must electronically provide notice to the Department of Revenue and the Public Service Commission, which shall post the notice on the department's and the commission's website to be available to the public. The Department of Revenue shall also send the notice by United States Postal Service to the known addresses for all dealers of communications services registered with the department under chapter 202, Florida Statutes, or provide an electronic notification, if the means are available, within 10 days after receiving the notice. The notice must include the time and place of the hearings and must state that the purpose of the hearings is to consider whether the governmental entity will provide communications services. The notice must include, at a minimum, the geographic areas proposed to be served by the governmental entity and the services, if any, which the governmental entity believes are not currently being adequately provided. The notice must also state that any dealer who wishes to do so may appear and be heard at the public hearings.

(b) At a public hearing required by this subsection, a governmental entity must, at a minimum, consider:

1. Whether the service that is proposed to be provided is currently being offered in the community and, if so, whether the service is generally available throughout the community.

2. Whether a similar service is currently being offered in the community and, if so, whether the service is generally available throughout the community.

3. If the same or similar service is not currently offered, whether any other service provider proposes to offer the same or a similar service and, if so, what assurances that service provider is willing or able to offer regarding the same or similar service.

4. The capital investment required by the government entity to provide the communications service, the estimated realistic cost of operation and maintenance and, using a full cost-accounting method, the estimated realistic revenues and expenses of providing the service and the proposed method of financing.

5. The private and public costs and benefits of providing the service by a private entity or a governmental entity, including the affect on existing and future jobs, actual economic development prospects, tax-base growth, education, and public health.

(c) At one or more of the public hearings under this subsection, the governmental entity must make available to the public a written business plan for the proposed communications service venture containing, at a minimum:

1. The projected number of subscribers to be served by the venture.
2. The geographic area to be served by the venture.
3. The types of communications services to be provided.
4. A plan to ensure that revenues exceed operating expenses and payment of principal and interest on debt within 4 years.
5. Estimated capital and operational costs and revenues for the first 4 years.
6. Projected network modernization and technological upgrade plans, including estimated costs.

(d) After making specific findings regarding the factors in paragraphs (b) and (c), the governmental entity may authorize providing a communications service by a majority recorded vote and by resolution, ordinance, or other formal means of adoption.

(e) The governing body of a governmental entity may issue one or more bonds to finance the capital costs for facilities to provide a communications service. However:

1. A governmental entity may only pledge revenues in support of the issuance of any bond to finance providing a communications service:

- a. Within the county in which the governmental entity is located;
- b. Within an area in which the governmental entity provides electric service outside its home county under an electric service territorial agreement approved by the Public Service Commission before the effective date of this act; or

c. If the governmental entity is a municipality or special district, within its corporate limits or in an area in which the municipality or special district provides water, wastewater, electric, or natural gas service, or within an urban service area designated in a comprehensive plan, whichever is larger, unless the municipality or special district obtains the consent by formal action of the governmental entity within the boundaries of which the municipality or special district proposes to provide service. For consent to be effective, any governmental entity from which consent is sought shall be located within the county in which the governmental entity is located or that county.

2. Revenue bonds issued in order to finance providing a communications service are not subject to the approval of the electors if the revenue bonds mature within 15 years. Revenue bonds issued to finance providing a communications service that does not mature within 15 years must be approved by the electors. The election must be conducted as specified in chapter 100, Florida Statutes.

(f) A governmental entity providing a communications service may not price any service below the cost of providing the service by subsidizing the

communications service with moneys from rates paid by subscribers of a noncommunications services utility or from any other revenues. The cost standard for determining cross-subsidization is whether the total revenue from the service is less than the total long-run incremental cost of the service. Total long-run incremental cost means service-specific volume and nonvolume-sensitive costs.

(g) A governmental entity providing a communications service must comply with the requirements of section 218.32, Florida Statutes, and shall keep separate and accurate books and records, maintained in accordance with generally accepted accounting principles, of a governmental entity's communication service, and they shall be made available for any audits of the books and records conducted under applicable law. To facilitate equitable distribution of indirect costs, a local government shall develop and follow a cost-allocation plan, which is a procedure for allocating direct and indirect costs and which is generally developed in accordance with OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Government, published by the United States Office of Management and Budget.

(h) The governmental entity shall establish an enterprise fund to account for its operation of communications services.

(i) The governmental entity shall adopt separate operating and capital budgets for its communications services.

(j) A governmental entity may not use its powers of eminent domain under chapter 73, Florida Statutes, solely or primarily for the purpose of providing a communications service.

(k) The governmental entity shall conduct an annual review at a formal public meeting to consider the progress the governmental entity is making toward reaching its business plan goals and objectives for providing communication services. At the public meeting the governmental entity shall review the related revenues, operating expenses, and payment of interest on debt.

(l) If, after 4 years following the initiation of the provision of communications services by a governmental entity or 4 years after the effective date of this act, whichever is later, revenues do not exceed operating expenses and payment of principal and interest on the debt for a governmental entity's provision of communications services, no later than 60 days following the end of the 4-year period a governmental entity shall hold a public hearing at which the governmental entity shall do at least one of the following:

1. Approve a plan to cease providing communications services;
2. Approve a plan to dispose of the system the governmental entity is using to provide communications services and, accordingly, to cease providing communications services;
3. Approve a plan to create a partnership with a private entity in order to achieve operations in which revenues exceed operating expenses and payment of principal and interest on debt; or

4. Approve the continuing provision of communications services by a majority vote of the governing body of the governing authority.

(3)(a) A governmental entity that provides a cable service shall comply with the Cable Communications Policy Act of 1984, 47 U.S.C. 521, et seq., the regulations issued by the Federal Communications Commission under the Cable Communications Policy Act of 1984, 47 U.S.C. 521, et seq., and all applicable state and federal rules and regulations, including, but not limited to, section 166.046, Florida Statutes, and those provisions of chapters 202, 212, and 337, Florida Statutes, which apply to a provider of the services.

(b) A governmental entity that provides a telecommunications service or advanced service must comply, if applicable, with chapter 364, Florida Statutes, and rules adopted by the Public Service Commission; chapter 166, Florida Statutes; and all applicable state and federal rules and regulations, including, but not limited to, those provisions of chapters 202, 212, and 337, Florida Statutes, which apply to a provider of the services.

(c) A governmental entity may not exercise its power or authority in any area, including zoning or land use regulation, to require any person, including residents of a particular development, to use or subscribe to any communication service of a governmental entity.

(d) A governmental entity shall apply its ordinances, rules, and policies, and exercise any authority under state or federal laws, including, but not limited to, those relating to the following subjects and without discrimination as to itself when providing a communications service or to any private provider of communications services:

1. Access to public rights-of-way; and

2. Permitting, access to, use of, and payment for use of governmental entity-owned poles. The governmental entity is subject to the same terms, conditions, and fees, if any, for access to government-owned poles which the governmental entity applies to a private provider for access.

(4)(a) If a governmental entity was providing, as of April 1, 2005, advanced services, cable services, or telecommunications services, then it is not required to comply with paragraph (2)(a), paragraph (2)(b), paragraph (2)(c), paragraph (2)(d), sub-subparagraph (2)(e)1.c., paragraph (2)(f), or paragraph (2)(k) in order to continue to provide advanced services, cable services, or telecommunications services, respectively, but it must comply with and be subject to all other provisions of this section.

(b) If a governmental entity, as of April 1, 2005, had issued debt pledging revenues from an advanced service, cable service, or telecommunications service, then it is not required to comply with paragraph (2)(a), paragraph (2)(b), paragraph (2)(c), paragraph (2)(d), sub-subparagraph (2)(e)1.c., paragraph (2)(f), or paragraph (2)(k) in order to provide advanced services, cable services, or telecommunications services, respectively, but it must comply with and be subject to all other provisions of this section.

(c) If a governmental entity, as of April 1, 2005, has purchased equipment specifically for the provisioning of advanced service, cable service, or

telecommunication service, and, as of May 6, 2005, has a population of less than 7500, and has authorized by formal action the providing of an advanced service, cable service, or telecommunication service, then it is not required to comply with paragraph (2)(a), paragraph (2)(b), paragraph (2)(c), paragraph (2)(d), sub-subparagraph (2)(e)1.c., paragraph (2)(f), or paragraph (2)(k) in order to provide advanced service, cable service, or telecommunication service, respectively, but it must comply with and be subject to all other provisions of this section.

This subsection does not relieve a governmental entity from complying with subsection (5).

(5) Notwithstanding section 542.235, Florida Statutes, or any other law, a governmental entity that provides a communications service is subject to the same prohibitions applicable to private providers under sections 542.18 and 542.19, Florida Statutes, as it relates to providing a communications service. This section does not limit the availability to any party of any remedy or defense under state or federal anti-trust laws.

(6) To ensure the safe and secure transportation of passengers and freight through an airport facility, as defined in section 159.27(17), Florida Statutes, an airport authority or other governmental entity that provides or is proposing to provide communications services only within the boundaries of its airport layout plan, as defined in section 333.01(6), Florida Statutes, to subscribers which are integral and essential to the safe and secure transportation of passengers and freight through the airport facility, is exempt from this section. An airport authority or other governmental entity that provides or is proposing to provide shared-tenant service under section 364.339, Florida Statutes, but not dial tone enabling subscribers to complete calls outside the airport layout plan, to one or more subscribers within its airport layout plan which are not integral and essential to the safe and secure transportation of passengers and freight through the airport facility is exempt from this section. An airport authority or other governmental entity that provides or is proposing to provide communications services to one or more subscribers within its airport layout plan which are not integral and essential to the safe and secure transportation of passengers and freight through the airport facility, or to one or more subscribers outside its airport layout plan, is not exempt from this section. By way of example and not limitation, the integral, essential subscribers may include airlines and emergency service entities, and the nonintegral, nonessential subscribers may include retail shops, restaurants, hotels, or rental car companies.

(7) This section does not alter or affect any provision in the charter, code, or other governing authority of a governmental entity that impose additional or different requirements on provision of communications service by a governmental entity. Any such provisions shall apply in addition to the applicable provisions in this section.

Section 9. Paragraph (a) of subsection (3) and subsection (9) of section 202.19, Florida Statutes, are amended to read:

202.19 Authorization to impose local communications services tax.—

(3)(a) The tax authorized under this section includes and is in lieu of any fee or other consideration, including, but not limited to, application fees, transfer fees, renewal fees, or claims for related costs, to which the municipality or county is otherwise entitled for granting permission to dealers of communications services, including, but not limited to, providers of cable television services, as authorized in 47 U.S.C. s. 542, to use or occupy its roads or rights-of-way for the placement, construction, and maintenance of poles, wires, and other fixtures used in the provision of communications services.

(9) The revenues raised by any tax imposed under subsection (1) or s. 202.20(1), or distributed to a local government pursuant to s. 202.18, may be used by a municipality or county for any public purpose, including, but not limited to, pledging such revenues for the repayment of current or future bonded indebtedness. Revenues raised by a tax imposed under subsection (5) shall be used for the same purposes as the underlying discretionary sales surtax imposed by the county or school board under s. 212.055.

Section 10. Section 364.01, Florida Statutes, is amended to read:

364.01 Powers of commission, legislative intent.—

(1) The Florida Public Service Commission shall exercise over and in relation to telecommunications companies the powers conferred by this chapter.

(2) It is the legislative intent to give exclusive jurisdiction in all matters set forth in this chapter to the Florida Public Service Commission in regulating telecommunications companies, and such preemption shall supersede any local or special act or municipal charter where any conflict of authority may exist. However, the provisions of this chapter shall not affect the authority and powers granted in s. 166.231(9) or s. 337.401.

(3) Communications activities that are not regulated by the Florida Public Service Commission, including, but not limited to, VoIP, wireless, and broadband, are subject to this state's generally applicable business regulation and deceptive trade practices and consumer protection laws, as enforced by the appropriate state authority or through actions in the judicial system. ~~This chapter does not limit the availability to any party of any remedy or defense under state or federal antitrust laws.~~ The Legislature finds that the competitive provision of telecommunications services, including local exchange telecommunications service, is in the public interest and will provide customers with freedom of choice, encourage the introduction of new telecommunications service, encourage technological innovation, and encourage investment in telecommunications infrastructure. The Legislature further finds that the transition from the monopoly provision of local exchange service to the competitive provision thereof will require appropriate regulatory oversight to protect consumers and provide for the development of fair and effective competition, but nothing in this chapter shall limit the availability to any party of any remedy under state or federal antitrust laws. The Legislature further finds that changes in regulations allowing increased competition in telecommunications services could provide the occasion for increases in the telecommunications workforce; therefore, it is in the public

interest that competition in telecommunications services lead to a situation that enhances the high-technological skills and the economic status of the telecommunications workforce. The Legislature further finds that the provision of voice-over-Internet protocol (VOIP) free of unnecessary regulation, regardless of the provider, is in the public interest.

(4) The commission shall exercise its exclusive jurisdiction in order to:

(a) Protect the public health, safety, and welfare by ensuring that basic local telecommunications services are available to all consumers in the state at reasonable and affordable prices.

(b) Encourage competition through flexible regulatory treatment among providers of telecommunications services in order to ensure the availability of the widest possible range of consumer choice in the provision of all telecommunications services.

(c) Protect the public health, safety, and welfare by ensuring that monopoly services provided by telecommunications companies continue to be subject to effective price, rate, and service regulation.

(d) Promote competition by encouraging innovation and investment in new entrants into telecommunications markets and by allowing a transitional period in which new and emerging technologies entrants are subject to a reduced lesser level of regulatory oversight than local exchange telecommunications companies.

(e) Encourage all providers of telecommunications services to introduce new or experimental telecommunications services free of unnecessary regulatory restraints.

(f) Eliminate any rules or and/or regulations which will delay or impair the transition to competition.

(g) Ensure that all providers of telecommunications services are treated fairly, by preventing anticompetitive behavior and eliminating unnecessary regulatory restraint.

(h) Recognize the continuing emergence of a competitive telecommunications environment through the flexible regulatory treatment of competitive telecommunications services, where appropriate, if doing so does not reduce the availability of adequate basic local telecommunications service to all citizens of the state at reasonable and affordable prices, if competitive telecommunications services are not subsidized by monopoly telecommunications services, and if all monopoly services are available to all competitors on a nondiscriminatory basis.

(i) Continue its historical role as a surrogate for competition for monopoly services provided by local exchange telecommunications companies.

Section 11. Section 364.011, Florida Statutes, is created to read:

364.011 Exemptions from commission jurisdiction.—The following services are exempt from oversight by the commission, except to the extent delineated in this chapter or specifically authorized by federal law:

- (1) Intrastate interexchange telecommunications services.
- (2) Broadband services, regardless of the provider, platform, or protocol.
- (3) VoIP.
- (4) Wireless telecommunications, including commercial mobile radio service providers.

Section 12. Section 364.012, Florida Statutes, is created to read:

364.012 Consistency with federal law.—

(1) In order to promote commission coordination with federal policy-makers and regulatory agencies, the commission shall maintain continuous liaisons with appropriate federal agencies whose policy decisions and rule-making authority affect those telecommunications companies over which the commission has jurisdiction. The commission is encouraged to participate in the proceedings of federal agencies in cases in which the state's consumers may be affected and to convey the commission's policy positions and information requirements in order to achieve greater efficiency in regulation.

(2) This chapter does not limit or modify the duties of a local exchange carrier to provide unbundled access to network elements or the commission's authority to arbitrate and enforce interconnection agreements to the extent that those elements are required under 47 U.S.C. ss. 251 and 252, and under any regulations issued by the Federal Communications Commission at rates determined in accordance with the standards established by the Federal Communications Commission pursuant to 47 C.F.R. ss. 51.503-51.513, inclusive of any successor regulation or successor forbearance of regulation.

Section 13. Section 364.013, Florida Statutes, is created to read:

364.013 Emerging and advanced services.—Broadband service and the provision of voice-over-Internet-protocol (VoIP) shall be free of state regulation, except as delineated in this chapter or as specifically authorized by federal law, regardless of the provider, platform, or protocol.

Section 14. Section 364.02, Florida Statutes, is amended to read:

364.02 Definitions.—As used in this chapter:

(1) "Basic local telecommunications service" means voice-grade, flat-rate residential, and flat-rate single-line business local exchange services which provide dial tone, local usage necessary to place unlimited calls within a local exchange area, dual tone multifrequency dialing, and access to the following: emergency services such as "911," all locally available interexchange companies, directory assistance, operator services, relay services, and an alphabetical directory listing. For a local exchange telecommunications company, ~~the such~~ term shall include any extended area service routes, and extended calling service in existence or ordered by the commission on or before July 1, 1995.

(2) “Broadband service” means any service that consists of or includes the offering of the capability to transmit or receive information at a rate that is not less than 200 kilobits per second and either:

(a) Is used to provide access to the Internet; or

(b) Provides computer processing, information storage, information content, or protocol conversion in combination with the service.

The definition of broadband service does not include any intrastate telecommunications services that have been tariffed with the commission on or before January 1, 2005.

(3)(2) “Commercial mobile radio service provider” means a commercial mobile radio service provider as defined by and pursuant to 47 U.S.C. ss. 153(n) and 332(d).

(4)(3) “Commission” means the Florida Public Service Commission.

(5)(4) “Competitive local exchange telecommunications company” means any company certificated by the commission to provide local exchange telecommunications services in this state on or after July 1, 1995.

(6)(5) “Corporation” includes a corporation, company, association, or joint stock association.

(7)(6) “Intrastate interexchange telecommunications company” means any entity that provides intrastate interexchange telecommunications services.

(8)(7) “Local exchange telecommunications company” means any company certificated by the commission to provide local exchange telecommunications service in this state on or before June 30, 1995.

(9)(8) “Monopoly service” means a telecommunications service for which there is no effective competition, either in fact or by operation of law.

(10)(9) “Nonbasic service” means any telecommunications service provided by a local exchange telecommunications company other than a basic local telecommunications service, a local interconnection arrangement described in s. 364.16, or a network access service described in s. 364.163.

(11)(10) “Operator service” includes, but is not limited to, billing or completion of third-party, person-to-person, collect, or calling card or credit card calls through the use of a live operator or automated equipment.

(12)(11) “Operator service provider” means a person who furnishes operator service through a call aggregator.

(13)(12) “Service” is to be construed in its broadest and most inclusive sense. The term “service” does not include broadband service or voice-over-Internet protocol service for purposes of regulation by the commission. Nothing herein shall affect the rights and obligations of any entity related to the

payment of switched network access rates or other intercarrier compensation, if any, related to voice-over-Internet protocol service. Notwithstanding s. 364.013, and the exemption of services pursuant to this subsection, the commission may arbitrate, enforce, or approve interconnection agreements, and resolve disputes as provided by 47 U.S.C. ss. 251 and 252, or any other applicable federal law or regulation. With respect to the services exempted in this subsection, regardless of the technology, the duties of a local exchange telecommunications company are only those that the company is obligated to extend or provide under applicable federal law and regulations.

~~(14)~~(13) “Telecommunications company” includes every corporation, partnership, and person and their lessees, trustees, or receivers appointed by any court whatsoever, and every political subdivision in the state, offering two-way telecommunications service to the public for hire within this state by the use of a telecommunications facility. The term “telecommunications company” does not include:

(a) An entity which provides a telecommunications facility exclusively to a certificated telecommunications company;

(b) An entity which provides a telecommunications facility exclusively to a company which is excluded from the definition of a telecommunications company under this subsection;

(c) A commercial mobile radio service provider;

(d) A facsimile transmission service;

(e) A private computer data network company not offering service to the public for hire;

(f) A cable television company providing cable service as defined in 47 U.S.C. s. 522; or

(g) An intrastate interexchange telecommunications company.

However, each commercial mobile radio service provider and each intrastate interexchange telecommunications company shall continue to be liable for any taxes imposed under pursuant to chapters 202, 203, and 212 and any fees assessed under pursuant to ss. 364.025 and 364.336. Each intrastate interexchange telecommunications company shall continue to be subject to ss. 364.04, 364.10(3)(a) and (d), 364.163, 364.285, 364.501, 364.603, and 364.604, shall provide the commission with such current information as the commission deems necessary to contact and communicate with the company, shall continue to pay intrastate switched network access rates or other intercarrier compensation to the local exchange telecommunications company or the competitive local exchange telecommunications company for the origination and termination of interexchange telecommunications service, and shall reduce its intrastate long distance toll rates in accordance with s. 364.163(2).

~~(15)~~(14) “Telecommunications facility” includes real estate, easements, apparatus, property, and routes used and operated to provide two-way telecommunications service to the public for hire within this state.

(16) “VoIP” means the voice-over-Internet protocol as that term is defined in federal law.

Section 15. Section 364.0361, Florida Statutes, is amended to read:

364.0361 Local government authority; nondiscriminatory exercise.—A local government shall treat each telecommunications company in a nondiscriminatory manner when exercising its authority to grant franchises to a telecommunications company or to otherwise establish conditions or compensation for the use of rights-of-way or other public property by a telecommunications company. A local government may not directly or indirectly regulate the terms and conditions, including, but not limited to, the operating systems, qualifications, services, service quality, service territory, and prices, applicable to or in connection with the provision of any voice-over-Internet protocol, regardless of the platform, provider, or protocol, broadband or information service. This section does not relieve a provider from any obligations under s. 166.046 or s. 337.401.

Section 16. Section 364.10, Florida Statutes, is amended to read:

364.10 Undue advantage to person or locality prohibited; Lifeline service.—

(1) A telecommunications company may not make or give any undue or unreasonable preference or advantage to any person or locality or subject any particular person or locality to any undue or unreasonable prejudice or disadvantage in any respect whatsoever.

(2)(a) The prohibitions of subsection (1) notwithstanding, an eligible telecommunications carrier shall provide a Lifeline Assistance Plan to qualified residential subscribers, as defined in a commission-approved tariff or price list, and a preferential rate to eligible facilities as provided for in part II. For the purposes of this section, the term “eligible telecommunications carrier” means a telecommunications company, as defined by s. 364.02, which is designated as an eligible telecommunications carrier by the commission pursuant to 47 C.F.R. s. 54.201.

(b) An eligible telecommunications carrier shall offer a consumer who applies for or receives Lifeline service the option of blocking all toll calls or, if technically capable, placing a limit on the number of toll calls a consumer can make. The eligible telecommunications carrier may not charge the consumer an administrative charge or other additional fee for blocking the service.

(c) An eligible telecommunications carrier may not collect a service deposit in order to initiate Lifeline service if the qualifying low-income consumer voluntarily elects toll blocking or toll limitation. If the qualifying low-income consumer elects not to place toll blocking on the line, an eligible telecommunications carrier may charge a service deposit.

(d) An eligible telecommunications carrier may not charge Lifeline subscribers a monthly number-portability charge.

(e)1. An eligible telecommunications carrier must notify a Lifeline subscriber of impending termination of Lifeline service if the company has a reasonable basis for believing that the subscriber no longer qualifies. Notification of pending termination must be in the form of a letter that is separate from the subscriber's bill.

2. An eligible telecommunications carrier shall allow a subscriber 60 days following the date of the pending termination letter to demonstrate continued eligibility. The subscriber must present proof of continued eligibility. An eligible telecommunications carrier may transfer a subscriber off of Lifeline service, pursuant to its tariff, if the subscriber fails to demonstrate continued eligibility.

3. The commission shall establish procedures for such notification and termination.

(f) An eligible telecommunications carrier shall timely credit a consumer's bill with the Lifeline Assistance credit as soon as practicable, but no later than 60 days following receipt of notice of eligibility from the Office of Public Counsel or proof of eligibility from the consumer.

(3)(a) Effective September 1, 2003, any local exchange telecommunications company authorized by the commission to reduce its switched network access rate pursuant to s. 364.164 shall have tariffed and shall provide Lifeline service to any otherwise eligible customer or potential customer who meets an income eligibility test at 135 ~~125~~ percent or less of the federal poverty income guidelines for Lifeline customers. Such a test for eligibility must augment, rather than replace, the eligibility standards established by federal law and based on participation in certain low-income assistance programs. Each intrastate interexchange telecommunications company shall, effective September 1, 2003, file a tariff providing at a minimum the intrastate interexchange telecommunications carrier's current Lifeline benefits and exemptions to Lifeline customers who meet the income eligibility test set forth in this subsection. The Office of Public Counsel shall certify and maintain claims submitted by a customer for eligibility under the income test authorized by this subsection.

(b) ~~Each eligible telecommunications carrier local exchange telecommunications company~~ Each eligible telecommunications carrier subject to this subsection shall provide to each state and federal agency providing benefits to persons eligible for Lifeline service applications, brochures, pamphlets, or other materials that inform ~~the~~ such persons of their eligibility for Lifeline, and each state agency providing ~~the~~ such benefits shall furnish the materials to affected persons at the time they apply for benefits.

(c) Any local exchange telecommunications company customer receiving Lifeline benefits shall not be subject to any residential basic local telecommunications service rate increases authorized by s. 364.164 until the local exchange telecommunications company reaches parity as defined in s. 364.164(5) or until the customer no longer qualifies for the Lifeline benefits established by this section or s. 364.105, or unless otherwise determined by the commission upon petition by a local exchange telecommunications company.

(d) An eligible telecommunications carrier may not discontinue basic local exchange telephone service to a subscriber who receives Lifeline service because of nonpayment by the subscriber of charges for nonbasic services billed by the telecommunications company, including long-distance service. A subscriber who receives Lifeline service shall be required to pay all applicable basic local exchange service fees, including the subscriber line charge, E-911, telephone relay system charges, and applicable state and federal taxes.

(e) An eligible telecommunications carrier may not refuse to connect, reconnect, or provide Lifeline service because of unpaid toll charges or non-basic charges other than basic local exchange service.

(f) An eligible telecommunications carrier may require that payment arrangements be made for outstanding debt associated with basic local exchange service, subscriber line charges, E-911, telephone relay system charges, and applicable state and federal taxes.

(g) An eligible telecommunications carrier may block a Lifeline service subscriber's access to all long-distance service, except for toll-free numbers, and may block the ability to accept collect calls when the subscriber owes an outstanding amount for long-distance service or amounts resulting from collect calls. However, the eligible telecommunications carrier may not impose a charge for blocking long-distance service. The eligible telecommunications carrier shall remove the block at the request of the subscriber without additional cost to the subscriber upon payment of the outstanding amount. An eligible telecommunications carrier may charge a service deposit before removing the block.

(h)(d) By December 31, 2003, each state agency that provides benefits to persons eligible for Lifeline service shall undertake, in cooperation with the Department of Children and Family Services, the Department of Education, the commission, the Office of Public Counsel, and telecommunications companies providing Lifeline services, the development of procedures to promote Lifeline participation.

(i)(e) The commission shall report to the Governor, the President of the Senate, and the Speaker of the House of Representatives by December 31 each year on the number of customers who are subscribing to Lifeline service and the effectiveness of any procedures to promote participation.

(j) The commission shall adopt rules to administer this section.

Section 17. Section 364.502, Florida Statutes, is repealed.

Section 18. Subsection (1) of section 364.335, Florida Statutes, is amended to read:

364.335 Application for certificate.—

(1) Each applicant for a certificate shall:

(a) Provide all information required by rule or order of the commission, which may include a detailed inquiry into the ability of the applicant to

provide service, a detailed inquiry into the territory and facilities involved, and a detailed inquiry into the existence of service from other sources within geographical proximity to the territory applied for.

(b) File with the commission schedules showing all rates for service of every kind furnished by it and all rules and contracts relating to such service.

(c) File the application fee required by the commission in an amount not to exceed ~~\$500~~ \$250. Such fees shall be deposited in accordance with s. 350.113.

(d) Submit an affidavit that the applicant has caused notice of its application to be given to such persons and in such manner as may be prescribed by commission rule.

Section 19. Section 364.336, Florida Statutes, is amended to read:

364.336 Regulatory assessment fees.—Notwithstanding any provisions of law to the contrary, each telecommunications company licensed or operating under this chapter, for any part of the preceding 6-month period, shall pay to the commission, within 30 days following the end of each 6-month period, a fee that may not exceed 0.25 percent annually of its gross operating revenues derived from intrastate business, except, for purposes of this section and the fee specified in s. 350.113(3), any amount paid to another telecommunications company for the use of any telecommunications network shall be deducted from the gross operating revenue for purposes of computing the fee due. The commission shall by rule assess a minimum fee in an amount up to \$1,000. The minimum amount may vary depending on the type of service provided by the telecommunications company, and shall, to the extent practicable, be related to the cost of regulating such type of company. Differences, if any, between the amount paid in any 6-month period and the amount actually determined by the commission to be due shall, upon motion by the commission, be immediately paid or refunded. Fees under this section may not be less than \$50 annually. Such fees shall be deposited in accordance with s. 350.113. The commission may by rule establish criteria for payment of the regulatory assessment fee on an annual basis rather than on a semiannual basis.

Section 20. Subsection (6) of section 196.012, Florida Statutes, is amended to read:

196.012 Definitions.—For the purpose of this chapter, the following terms are defined as follows, except where the context clearly indicates otherwise:

(6) Governmental, municipal, or public purpose or function shall be deemed to be served or performed when the lessee under any leasehold interest created in property of the United States, the state or any of its political subdivisions, or any municipality, agency, special district, authority, or other public body corporate of the state is demonstrated to perform a function or serve a governmental purpose which could properly be performed or served by an appropriate governmental unit or which is demon-

strated to perform a function or serve a purpose which would otherwise be a valid subject for the allocation of public funds. For purposes of the preceding sentence, an activity undertaken by a lessee which is permitted under the terms of its lease of real property designated as an aviation area on an airport layout plan which has been approved by the Federal Aviation Administration and which real property is used for the administration, operation, business offices and activities related specifically thereto in connection with the conduct of an aircraft full service fixed base operation which provides goods and services to the general aviation public in the promotion of air commerce shall be deemed an activity which serves a governmental, municipal, or public purpose or function. Any activity undertaken by a lessee which is permitted under the terms of its lease of real property designated as a public airport as defined in s. 332.004(14) by municipalities, agencies, special districts, authorities, or other public bodies corporate and public bodies politic of the state, a spaceport as defined in s. 331.303(19), or which is located in a deepwater port identified in s. 403.021(9)(b) and owned by one of the foregoing governmental units, subject to a leasehold or other possessory interest of a nongovernmental lessee that is deemed to perform an aviation, airport, aerospace, maritime, or port purpose or operation shall be deemed an activity that serves a governmental, municipal, or public purpose. The use by a lessee, licensee, or management company of real property or a portion thereof as a convention center, visitor center, sports facility with permanent seating, concert hall, arena, stadium, park, or beach is deemed a use that serves a governmental, municipal, or public purpose or function when access to the property is open to the general public with or without a charge for admission. If property deeded to a municipality by the United States is subject to a requirement that the Federal Government, through a schedule established by the Secretary of the Interior, determine that the property is being maintained for public historic preservation, park, or recreational purposes and if those conditions are not met the property will revert back to the Federal Government, then such property shall be deemed to serve a municipal or public purpose. The term "governmental purpose" also includes a direct use of property on federal lands in connection with the Federal Government's Space Exploration Program or spaceport activities as defined in s. 212.02(22). Real property and tangible personal property owned by the Federal Government or the Florida Space Authority and used for defense and space exploration purposes or which is put to a use in support thereof shall be deemed to perform an essential national governmental purpose and shall be exempt. "Owned by the lessee" as used in this chapter does not include personal property, buildings, or other real property improvements used for the administration, operation, business offices and activities related specifically thereto in connection with the conduct of an aircraft full service fixed based operation which provides goods and services to the general aviation public in the promotion of air commerce provided that the real property is designated as an aviation area on an airport layout plan approved by the Federal Aviation Administration. For purposes of determination of "ownership," buildings and other real property improvements which will revert to the airport authority or other governmental unit upon expiration of the term of the lease shall be deemed "owned" by the governmental unit and not the lessee. Providing two-way telecommunications services to the public for hire by the use of a telecommunications

facility, as defined in s. 364.02(15) ~~s.364.02(14)~~, and for which a certificate is required under chapter 364 does not constitute an exempt use for purposes of s. 196.199, unless the telecommunications services are provided by the operator of a public-use airport, as defined in s. 332.004, for the operator's provision of telecommunications services for the airport or its tenants, concessionaires, or licensees, or unless the telecommunications services are provided by a public hospital. However, property that is being used to provide such telecommunications services on or before October 1, 1997, shall remain exempt, but such exemption expires October 1, 2004.

Section 21. Paragraph (b) of subsection (1) of section 199.183, Florida Statutes, is amended to read:

199.183 Taxpayers exempt from annual and nonrecurring taxes.—

(1) Intangible personal property owned by this state or any of its political subdivisions or municipalities shall be exempt from taxation under this chapter. This exemption does not apply to:

(b) Property related to the provision of two-way telecommunications services to the public for hire by the use of a telecommunications facility, as defined in s. 364.02(15) ~~s. 364.02(14)~~, and for which a certificate is required under chapter 364, when ~~the~~ such service is provided by any county, municipality, or other political subdivision of the state. Any immunity of any political subdivision of the state or other entity of local government from taxation of the property used to provide telecommunication services that is taxed as a result of this paragraph is hereby waived. However, intangible personal property related to the provision of ~~such~~ telecommunications services provided by the operator of a public-use airport, as defined in s. 332.004, for the operator's provision of telecommunications services for the airport or its tenants, concessionaires, or licensees, and intangible personal property related to the provision of ~~such~~ telecommunications services provided by a public hospital, are exempt from taxation under this chapter.

Section 22. Subsection (6) of section 212.08, Florida Statutes, is amended to read:

212.08 Sales, rental, use, consumption, distribution, and storage tax; specified exemptions.—The sale at retail, the rental, the use, the consumption, the distribution, and the storage to be used or consumed in this state of the following are hereby specifically exempt from the tax imposed by this chapter.

(6) EXEMPTIONS; POLITICAL SUBDIVISIONS.—There are also exempt from the tax imposed by this chapter sales made to the United States Government, a state, or any county, municipality, or political subdivision of a state when payment is made directly to the dealer by the governmental entity. This exemption shall not inure to any transaction otherwise taxable under this chapter when payment is made by a government employee by any means, including, but not limited to, cash, check, or credit card when that employee is subsequently reimbursed by the governmental entity. This exemption does not include sales of tangible personal property made to contractors employed either directly or as agents of any such government or

political subdivision thereof when such tangible personal property goes into or becomes a part of public works owned by such government or political subdivision. A determination whether a particular transaction is properly characterized as an exempt sale to a government entity or a taxable sale to a contractor shall be based on the substance of the transaction rather than the form in which the transaction is cast. The department shall adopt rules that give special consideration to factors that govern the status of the tangible personal property before its affixation to real property. In developing these rules, assumption of the risk of damage or loss is of paramount consideration in the determination. This exemption does not include sales, rental, use, consumption, or storage for use in any political subdivision or municipality in this state of machines and equipment and parts and accessories therefor used in the generation, transmission, or distribution of electrical energy by systems owned and operated by a political subdivision in this state for transmission or distribution expansion. Likewise exempt are charges for services rendered by radio and television stations, including line charges, talent fees, or license fees and charges for films, videotapes, and transcriptions used in producing radio or television broadcasts. The exemption provided in this subsection does not include sales, rental, use, consumption, or storage for use in any political subdivision or municipality in this state of machines and equipment and parts and accessories therefor used in providing two-way telecommunications services to the public for hire by the use of a telecommunications facility, as defined in s. 364.02(15) ~~s. 364.02(14)~~, and for which a certificate is required under chapter 364, which facility is owned and operated by any county, municipality, or other political subdivision of the state. Any immunity of any political subdivision of the state or other entity of local government from taxation of the property used to provide telecommunication services that is taxed as a result of this section is hereby waived. However, the exemption provided in this subsection includes transactions taxable under this chapter which are for use by the operator of a public-use airport, as defined in s. 332.004, in providing such telecommunications services for the airport or its tenants, concessionaires, or licensees, or which are for use by a public hospital for the provision of such telecommunications services.

Section 23. Subsection (8) of section 290.007, Florida Statutes, is amended to read:

290.007 State incentives available in enterprise zones.—The following incentives are provided by the state to encourage the revitalization of enterprise zones:

(8) Notwithstanding any law to the contrary, the Public Service Commission may allow public utilities and telecommunications companies to grant discounts of up to 50 percent on tariffed rates for services to small businesses located in an enterprise zone designated pursuant to s. 290.0065. Such discounts may be granted for a period not to exceed 5 years. For purposes of this subsection, the term “public utility” has the same meaning as in s. 366.02(1) and the term “telecommunications company” has the same meaning as in s. 364.02(14) ~~s. 364.02(13)~~.

Section 24. Subsection (3) of section 350.0605, Florida Statutes, is amended to read:

350.0605 Former commissioners and employees; representation of clients before commission.—

(3) For a period of 2 years following termination of service on the commission, a former member may not accept employment by or compensation from a business entity which, directly or indirectly, owns or controls a public utility regulated by the commission, from a public utility regulated by the commission, from a business entity which, directly or indirectly, is an affiliate or subsidiary of a public utility regulated by the commission or is an actual business competitor of a local exchange company or public utility regulated by the commission and is otherwise exempt from regulation by the commission under ss. ~~364.02(14)~~ ~~364.02(13)~~ and 366.02(1), or from a business entity or trade association that has been a party to a commission proceeding within the 2 years preceding the member's termination of service on the commission. This subsection applies only to members of the Florida Public Service Commission who are appointed or reappointed after May 10, 1993.

Section 25. Subsection (4) of section 364.602, Florida Statutes, is amended to read:

364.602 Definitions.—For purposes of this part:

(4) “Originating party” means any person, firm, corporation, or other entity, including a telecommunications company or a billing clearinghouse, that provides any telecommunications service or information service to a customer or bills a customer through a billing party, except the term “originating party” does not include any entity specifically exempted from the definition of “telecommunications company” as provided in s. 364.02(14) ~~s. 364.02(13)~~.

Section 26. Subsection (5) of section 489.103, Florida Statutes, is amended to read:

489.103 Exemptions.—This part does not apply to:

(5) Public utilities, including special gas districts as defined in chapter 189, telecommunications companies as defined in s. 364.02(14) ~~s. 364.02(13)~~, and natural gas transmission companies as defined in s. 368.103(4), on construction, maintenance, and development work performed by their employees, which work, including, but not limited to, work on bridges, roads, streets, highways, or railroads, is incidental to their business. The board shall define, by rule, the term “incidental to their business” for purposes of this subsection.

Section 27. This act may not be construed to limit the rights of local government or the duties of providers of cable service to comply with any and all requirements of federal, state, or local law, including, but not limited to, 47 U.S.C. s. 541, s. 166.046, and s. 337.401.

Section 28. Subsection (4) of section 364.051, Florida Statutes, is amended to read:

364.051 Price regulation.—

(4)(a) ~~Notwithstanding the provisions of subsection (2), any local exchange telecommunications company that believes circumstances have changed substantially to justify any increase in the rates for basic local telecommunications services may petition the commission for a rate increase, but the commission shall grant the such petition only after an opportunity for a hearing and a compelling showing of changed circumstances. The costs and expenses of any government program or project required in part II may shall not be recovered under this subsection unless the such costs and expenses are incurred in the absence of a bid and subject to carrier-of-last-resort obligations as provided for in part II. The commission shall act upon the any such petition within 120 days after of its filing.~~

(b) For purposes of this section, evidence of damage occurring to the lines, plants, or facilities of a local exchange telecommunications company that is subject to the carrier-of-last-resort obligations, which damage is the result of a tropical system occurring after June 1, 2005, and named by the National Hurricane Center, constitutes a compelling showing of changed circumstances.

1. A company may file a petition to recover its intrastate costs and expenses relating to repairing, restoring, or replacing the lines, plants, or facilities damaged by a named tropical system.

2. The commission shall verify the intrastate costs and expenses submitted by the company in support of its petition.

3. The company must show and the commission shall determine whether the intrastate costs and expenses are reasonable under the circumstances for the named tropical system.

4. A company having a storm-reserve fund may recover tropical-system-related costs and expenses from its customers only in excess of any amount available in the storm-reserve fund.

5. The commission may determine the amount of any increase that the company may charge its customers, but the charge per line item may not exceed 50 cents per month per customer line for a period of not more than 12 months.

6. The commission may order the company to add an equal line-item charge per access line to the billing statement of the company's retail basic local telecommunications service customers, its retail nonbasic telecommunications service customers, and, to the extent the commission determines appropriate, its wholesale loop unbundled network element customers. At the end of the collection period, the commission shall verify that the collected amount does not exceed the amount authorized by the order. If collections exceed the ordered amount, the commission shall order the company to refund the excess.

7. In order to qualify for filing a petition under this paragraph, a company with one million or more access lines, but fewer than three million

access lines, must have tropical-system-related costs and expenses exceeding \$1.5 million, and a company with three million or more access lines must have tropical-system-related costs and expenses of \$5 million or more. A company with fewer than one million access lines is not required to meet a minimum damage threshold in order to qualify to file a petition under this paragraph.

8. A company may file only one petition for storm recovery in any 12-month period for the previous storm season, but the application may cover damages from more than one named tropical system.

This paragraph is not intended to adversely affect the commission's consideration of any petition for an increase in basic rates to recover costs related to storm damage which was filed before the effective date of this act.

Section 29. If any provision of this act or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to this end the provisions of this act are severable.

Section 30. This act shall take effect upon becoming a law.

Approved by the Governor June 2, 2005.

Filed in Office Secretary of State June 2, 2005.