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FECA

Florida Electric Cooperatives Association, Inc.

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July 13, 2011

TO: General Managers
Finance Directors

FROM: Michelle Hershel

SUBJECT: Federal Credit Unions/Municipal Public Service Tax

Byron Horner of Utility Audit Company, Inc. (UAC) has been hired by a federal credit union in Central Florida EC's territory (and we believe has been or will be in contact with other federal credit unions) to request that the City of Chiefland (City) inform the co-op that federal credit unions are immune or exempt from the tax, and further that the City should allow a refund of the tax paid for the last 3 years.

Section 166.231(5), F.S. exempts certain entities from the public service tax including the federal government, counties and school districts, however, it appears the statute itself, does not provide an exemption for federal credit unions. UAC believes its client is immune from paying all state and local taxes including the municipal public service tax based upon federal case law (attached).

Since CFEC is merely the collector of the public service tax and has no financial or other interest other than to properly collect the appropriate tax from its members, we suggested that the co-op contact the City, as the taxing authority, and ask for a written opinion on the taxability of federal credit unions as it relates to the public service tax. Once the co-op receives this opinion and the purchaser (i.e. federal credit union) certifies to the co-op that they qualify for an exemption from the tax (as required under Section 166.231(9), F.S.), the co-op can stop imposing the tax and refund any amounts owed to the credit union pursuant to Section 166.234(6), F.S.

If you are collecting a public service tax from federal credit union members, we suggest that you ask for a similar written opinion from the local taxing authority, and if you get it, request a tax exemption certificate or letter from the credit union member.