

PRINCE GEORGE'S COUNTY COUNCIL

COMMITTEE REPORT

2025 Legislative Session

Reference No.: CB-018-2025

Draft No.: 1

Committee: GOFP

Date: March 13, 2025

Action: FAV (A)

REPORT: Committee Vote: Favorably with amendments, 3-1-1 (Council Members Watson, Harrison, and Hawkins) (Abstain: CM Dernoga) (Nay: CM Oriadha)

The Prince George's County Council's Government Operations and Fiscal Policy Committee convened on March 13, 2025, to consider **CB-018-2025** an act concerning **Taxes on Telecommunications Services and the Use of Revenue**. This legislation would change the existing sales tax to an excise tax.

The GOFP Committee Director provided an overview of the legislation and described the different types of revenue sources under discussion. The legislation would repeal the existing sales tax and implement a \$3.50 per month per line excise tax, as authorized by State law. 90% of the net proceeds would be used for operating expenditures for the Prince George's County school system and the remainder for administrative costs and capital expenditures for school renovation projects approved by the Prince George's County Board of Education and Prince George's County, or for payment of debt service.

According to OMB, the current 9% telecommunications sales tax attainment was \$50.1 million in fiscal year 2007, but due to changes in technology and communication styles, such as texting instead of talking, the revenue declined significantly. Comments opposed to the legislation were received from CTIA, the trade association for the wireless communications industry, and Verizon.

David B. Juppe from the Office of Management and Budget gave a presentation to the committee and stated that beginning in 2002 the Telecommunications Tax was authorized by the State and established in the County as a sales tax at 8%. Unlike a sales and use tax, which represents a percentage of the price of a good or service, an excise tax is a flat dollar amount. A graphic was displayed that shows, Prince George's County lost revenue where the jurisdictions with an excise tax maintained or grew revenue levels. Revenue in Prince George's County has dropped from \$50 million per year to \$13.5 million.

Ms. Sakinda Skinner, County Council Liaison from the County Executive's Office

requested the committee's support.

Ms. Terry Bell, representing the Office of Law, reviewed the proposed amendments suggested by the Office of Law.

Council Member Hawkins inquired about the calculation for the fiscal impact. Mr. Juppe described how he came up with the estimate and noted that it would raise 51 million in the 2026 budget.

After discussion, Council Member Harrison made a motion of support, which was seconded by Council Member Hawkins. The Government Operations and Fiscal Policy Committee voted favorably with amendments, 3-1-1.