

Prince George's County Council

Agenda Item Summary

Meeting Date: 7/24/2007
Reference No.: CB-012-2007
Draft No.: 2
Proposer(s): County Executive
Sponsor(s): Dean, Dernoga, Exum, Bland, Harrington
Item Title: An Act concerning the sales and use tax on telecommunications service for the purpose of increasing the levy and imposition of the sales and use tax on telecommunications service in Prince George's County; and generally relating to the sales and use tax on telecommunications service

Drafter: Kathleen H. Canning, Office of Law
Resource Personnel: Jonathan Seeman, OMB

LEGISLATIVE HISTORY:

Date Presented:	5/15/2007	Executive Action:	8/14/2007 US
Committee Referral:	5/15/2007 - PSFM 7/2/2007 - C.O.W.	Effective Date:	
Committee Action:	5/21/2007 - HELD 6/18/2007 - HELD 7/2/2007 - FAV(A)		
Date Introduced:	7/2/2007		
Public Hearing:	7/24/2007 - 10:00 AM		
Council Action (1)	7/24/2007 - ENACTED		
Council Votes:	MB:A, WC:N, SHD:A, TD:A, CE:A, DCH:A, TK:A, EO:N, IT:A		
Pass/Fail:	P		
Remarks:	Failed at referendum on 11/4/2008		

AFFECTED CODE SECTIONS:

10-192.03

COMMITTEE REPORTS:

COMMITTEE OF THE WHOLE

Date 7/2/2007

Committee vote: Favorable as amended, 6-2-1, (In favor: Councilmembers Exum, Bland, Dean, Dernoga, Harrington, Knotts; Opposed: Campos, Olson; Abstained: Turner.)

This bill will provide for an increase of the sales and use tax on telecommunications service in the County from 8% to 11%. The 3% increase is estimated to generate approximately \$17.0 million. Pursuant to State law, this tax, other than administrative fees to offset collection costs, may only be used to cover operating expenditures of the County's public school system. The 3% increase has been included in the County's 2008 approved budget through the full funding of the Board of Education's operating request of \$1.68 billion.

This bill was held in the Public Safety and Fiscal Management (PSFM) Committee on 5/21/07.

On 7/2/07, the Council met as the Committee of the Whole (COW) to consider this legislation. The COW was briefed by legal counsel on the applicability of the tax referendum provision of Section 813 of the County Charter which is referenced on page 2, lines 5-15 of the bill and a letter of advice from the Office of Counsel to the General Assembly.

The COW considered the proposed Draft 2 which will approve the increase in the tax rate from 8% to 11% subject to the approval of the legal voters of the County at the November 2008 General Election.

The enactment of CB-12-2007 will increase the County's revenues by approximately \$17,000,000 in FY2008.

BACKGROUND INFORMATION/FISCAL IMPACT:

(Includes reason for proposal, as well as any unique statutory requirements)

In 2002, the State enacted legislation mandating that the County Council for Prince George's County impose, by ordinance, and collect a sales and use tax on telecommunications service in Prince George's County at a rate not less than five percent (5%). In 2002, the County Council set a rate of eight percent (8%) on the sales and use tax on telecommunications service in Prince George's County. This legislation increases the tax rate from eight percent (8%) to eleven percent (11%) on the sales and use tax on telecommunications service in Prince George's County.

Telecommunication service vendors are charged with collecting the tax on behalf of the County, providing itemized statements to their customers, and remitting payment to the County. The County's Office of Finance is responsible for administering the sales and use tax on telecommunications service and auditing vendor records to assure compliance.

The proceeds are subject only to administrative fees and may only be used for County school system operating expenditures. Further, these proceeds may not be used to supplant any State aid for education provided to the County or County funds provided to the County school system.

CODE INDEX TOPICS:

INCLUSION FILES:
