



Prince George's County Council

Agenda Item Summary

Meeting Date: 4/29/2025 **Effective Date:** 7/1/2025
Reference No.: CB-018-2025 **Chapter Number:** 5
Draft No.: 2 **Public Hearing Date:** 04/29/2025 @ 1:00 PM
Proposer(s): County Executive
Sponsor(s): Harrison and Hawkins
Item Title: AN ACT CONCERNING TAXES ON TELECOMMUNICATIONS SERVICES -
USE OF REVENUE for the purpose of imposing an excise tax on certain
telecommunications service to be used instead of a sales and use tax and generally
relating to taxes on telecommunication services and funding requirements in primary
and secondary education.

Drafter: David B. Juppe, Office of Management and Budget
Terry L. Bell, Esq., Office of Law
Resource Personnel: Stanley A. Earley, Office of Management and Budget

LEGISLATIVE HISTORY:

Date:	Acting Body:	Action:	Sent To:
02/25/2025	County Council	presented and referred	GOFP
Action Text: This Council Bill was presented by the Chair by the request of the County Executive and referred to the Government Operations and Fiscal Policy Committee.			
03/13/2025	GOFP	amended (1)	
Action Text: A motion was made by Council Member Hawkins, seconded by Vice Chair Harrison, that this Council Bill be amended (1). The motion carried by the following vote: Aye: 3 Watson, Harrison and Hawkins Abstain: 2 Dernoga and Oriadha			
03/13/2025	GOFP	Favorably reported out with recommended amendments	County Council
Action Text: A motion was made by Vice Chair Harrison, seconded by Council Member Hawkins, that this Council Bill be Favorably reported out with recommended amendments. The motion carried by the following vote: Aye: 3 Watson, Harrison and Hawkins Nay: 1 Oriadha			

Abstain: 1 Dernoga

04/08/2025 County Council introduced

Action Text:

This Council Bill was introduced by Council Members Harrison and Hawkins.

04/29/2025 County Council public hearing held

Action Text:

The public hearing for this Council Bill was held.

04/29/2025 County Council enacted

Action Text:

A motion was made by Council Member Harrison, seconded by Council Member Watson, that this Council Bill be enacted. The motion carried by the following vote:

Aye: 7 Dernoga, Harrison, Hawkins, Olson, Watson, Ivey and Burroughs

Nay: 3 Blegay, Fisher and Oriadha

05/21/2025 County Executive signed

Action Text:

This Council Bill was signed

AFFECTED CODE SECTIONS:

10-192.07 10-192.06 10-192.05 10-192.04 10-192.03 10-192.02

BACKGROUND INFORMATION/FISCAL IMPACT:

This legislation will repeal the existing 9% sales tax on telecommunications in the County and replace it with a \$3.50 per line, per month excise tax on telecommunications. Imposition of at least a 5% sales tax was enacted by Chapter 289 of the Acts of Maryland of 2002 on telecommunications service that originates and terminates in the County. CB-37-2002 enacted an 8% local tax effective August 1, 2002. After raising as much as \$50.1 million in FY 2007, revenue attainment began eroding as changes in technology occurred as well as changes in how residents communicate. The rate was increased to 9% in CB-37-2015, but despite the higher rate revenue continued to decline to the level of \$13.5 million in FY 2024. Montgomery County and Baltimore City also levy an excise tax on telecommunications, which provides greater stability in revenue as it is based on each line similar to the 9-1-1 surcharge. Based on FY 2024 actual 9-1-1 revenue collections, the Office of Management and Budget determined that the \$1.40 per month rate equated to 1.2 million lines. Multiplying this number of lines times \$3.50 per month yields \$51.6 million. Subtracting the current projected \$14.0 million from the existing sales tax on telecommunications that is being repealed would yield a net increase to the County of \$37.6 million annually. All revenue is dedicated to the County share of k-12 education expenses.

Document(s): CB-018-2025 - signed, B2025018, CB-018-2025 Report, CB-018-2025 Transmittal