



Prince George's County Council

Agenda Item Summary

Meeting Date: 2/25/2025

Effective Date:

Reference No.: CB-018-2025

Chapter Number:

Draft No.: 1

Public Hearing Date:

Proposer(s): County Executive

Sponsor(s):

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:
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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 Subtracting the current projected \$14.0 million from the existing sales tax on telecommunications that is being repealed would yield a net increase to the County of \$37.6 million annually.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): B2025018, CB-018-2025 Transmittal