

HOUSE BILL 398

Q8, F1

4lr1013

By: **Prince George's County Delegation**

Introduced and read first time: January 17, 2024

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Prince George's County – Sales and Use Tax on Telecommunications Services –**
3 **Use of Revenue**

4 **PG 406–24**

5 FOR the purpose of altering a certain provision of law relating to the use of certain revenue
6 from the sales and use tax on telecommunications services in Prince George's County
7 by allowing the revenue to be used to meet certain education funding requirements
8 for the county; and generally relating to the sales and use tax on telecommunications
9 services in Prince George's County and county funding requirements in primary and
10 secondary education.

11 BY repealing and reenacting, without amendments,
12 Article – Education
13 Section 5–235(a)
14 Annotated Code of Maryland
15 (2022 Replacement Volume and 2023 Supplement)

16 BY repealing and reenacting, without amendments,
17 Article – Local Government
18 Section 20–605(b)(1), (c), and (e)(1) and (4)
19 Annotated Code of Maryland
20 (2013 Volume and 2023 Supplement)

21 BY repealing and reenacting, with amendments,
22 Article – Local Government
23 Section 20–605(e)(2)
24 Annotated Code of Maryland
25 (2013 Volume and 2023 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
2 That the Laws of Maryland read as follows:

3 **Article – Education**

4 5–235.

5 (a) (1) (i) Subject to subsection (o) of this section and beginning in fiscal
6 year 2023, the county governing body shall levy and appropriate an annual tax sufficient
7 to provide an amount of revenue for elementary and secondary public education purposes
8 equal to the local share of major education aid as adjusted under § 5–239 of this subtitle.

9 (ii) For the purposes of calculating the local share of major education
10 aid and regardless of the source of the funds, all funds that a county board, including the
11 Baltimore City Board of School Commissioners, is authorized to expend for schools may be
12 considered as levied by the county council, board of county commissioners, or the Mayor
13 and City Council of Baltimore except for:

- 14 1. State appropriations;
15 2. Federal education aid payments; and
16 3. The amount of the expenditure authorized for debt service
17 and capital outlay.

18 (2) Subject to subsection (o) of this section and except as provided in
19 subsection (a–1) of this section, the county governing body shall appropriate local funds to
20 the school operating budget in an amount no less than the product of the county’s
21 enrollment count for the current fiscal year and the local appropriation on a per pupil basis
22 for the prior fiscal year using enrollment count.

23 **Article – Local Government**

24 20–605.

25 (b) (1) Except as otherwise provided in this section, the sales and use tax
26 imposed under this section applies to telecommunications service that:

- 27 (i) originates and terminates in Prince George’s County; or
28 (ii) originates or terminates in Prince George’s County and has a
29 service address in Prince George’s County.

30 (c) By ordinance, the County Council for Prince George’s County shall impose a
31 sales and use tax on telecommunications service in Prince George’s County at a rate not
32 less than 5%.

1 (e) (1) The net proceeds of the revenue from the tax imposed under this section
2 shall be used as follows:

3 (i) at least 90% of the net proceeds shall be used for operating
4 expenditures for the Prince George's County school system; and

5 (ii) the remainder shall be used for:

6 1. cash payments for capital expenditures for school
7 renovation projects approved by the Prince George's County Board of Education and Prince
8 George's County; or

9 2. payment of debt service on bonds issued by the governing
10 body of Prince George's County for school renovation projects approved by the Prince
11 George's County Board of Education and Prince George's County.

12 (2) The proceeds provided under this section for the Prince George's County
13 school system may [not] be used to [supplant:

14 (i) any State aid for education provided to Prince George's County;
15 or

16 (ii) any county funds provided to the Prince George's County school
17 system] **MEET THE COUNTY'S FUNDING REQUIREMENTS UNDER § 5-235(A) OF THE**
18 **EDUCATION ARTICLE.**

19 (4) On or before December 31 of each year, the governing body of Prince
20 George's County shall submit a report detailing the expenditure of revenues generated from
21 the tax imposed under this section to the Department of Legislative Services, the Prince
22 George's County school system, and the Prince George's County Delegation of the General
23 Assembly.

24 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
25 1, 2024.