

Department of Fiscal Services  
Maryland General Assembly

FISCAL NOTE

Senate Bill 154 (Senator Lawlah, et al.)  
Budget and Taxation

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**Prince George's County - Telephone Service Tax - Authority to Tax**

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This bill authorizes the County Council of Prince George's County to levy a tax of up to 12% of the sales price of residential, commercial, and industrial telephone service, including personal communications services and excluding cellular telephone service. Credits are allowed against this tax for any tax paid to another state or subdivision of another state for long distance telephone service subject to tax in that jurisdiction.

This bill is effective July 1, 1996.

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** Prince George's County revenues could increase by \$25.9 million in FY 1997. Expenditures are not affected.

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**Fiscal Analysis**

**Local Revenues:** Based on data collected in 1994 for the Joint Task Force on Telecommunication Taxes, a 12% sales tax on telephone service in Prince George's County would have raised \$30.8 million in fiscal 1996. Assuming 3.5% annual growth, revenue for fiscal 1997 would total \$31.9 million. Assuming government and non-profit institutions are exempt from this tax, revenue could total \$25.5 million.

The Department of Fiscal Services advises that recent changes in federal law regarding telecommunications services are expected to dramatically alter the industry beginning almost immediately. To the extent that major changes occur quickly, this estimate will be affected accordingly. Further, the fiscal impact in the out-years, even as to direction of change,

cannot be reliably determined at this time.

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**Information Source(s):** Prince George's County, Bell Atlantic, Department of Fiscal Services

**Fiscal Note History:** First Reader - February 12, 1996

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