

BY: Budget and Taxation Committee

AMENDMENTS TO HOUSE BILL NO. 512  
(Third Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 3, after “of” insert “excluding certain gross charges from the definition of “gross receipts” subject to the public service company franchise tax;”; in line 20, after “credit:” insert “altering the definition of “operating personal property” for property tax purposes for a public utility that is a telecommunications provider;”; in line 21, after “in” insert “local”; and in line 24, after “effective;” insert “requiring a local telephone service provider to provide certain information to certain customers; requiring a certain report;”.

AMENDMENT NO. 2

On page 2, in line 5, after “Section” insert “8-401,”; in the same line, after “8-409” insert a comma; and after line 17, insert:

“BY repealing and reenacting, with amendments,

Article - Tax - Property

Section 1-101(u)

Annotated Code of Maryland

(1994 Replacement Volume and 1996 Supplement)”.

AMENDMENT NO. 3

On page 2, after line 28, insert:

“Preamble

WHEREAS, The telecommunications industry in Maryland and around the country is undergoing rapid change as telecommunications companies attempt to position themselves for increasing competition; and

(Over)

WHEREAS, The General Assembly believes that competition is good for the State and that it will lead to more diverse, more efficient, and lower priced services for consumers; and

WHEREAS, It is recognized that disparities in Maryland's telecommunications tax policy may restrict competition; however, inhibiting factors and important uncertainties make comprehensive tax reform difficult to accomplish at this time; and

WHEREAS, The General Assembly believes that the limited tax reforms embodied in this Act are the first of many steps toward comprehensive tax reform and will enable our local telephone service providers to compete more effectively; and

WHEREAS, It is the intent of the General Assembly that the reforms embodied in this Act not result in increases in customer telephone bills, and consistent with that position, the Public Service Commission is required to reduce the rates local telephone service providers charge to reflect the 2% public service company franchise tax included in those rates that will be disclosed as a separate line item on a customer's bill; now, therefore,."

AMENDMENT NO. 4

On page 2, after line 31, insert:

"8-401.

(a) In this subtitle the following words have the meanings indicated.

(b) (1) "Gross receipts" means total operating revenue.

(2) "Gross receipts" includes:

(i) gross or total earnings and total receipts;

(ii) for a telephone company, the full amount of approved and applicable federal and State tariff charges for telephone lifeline service without the discount provided by Article 78, § 26A(c) of the Code; and

(iii) for a telecommunications company providing interstate long distance telecommunications service, the gross charges from the sale of long distance telecommunications service that originates or terminates in the State and for which a charge is made to a service address located in the State, regardless of where the amount is billed or paid.

(3) "Gross receipts" does not include:

(i) any revenue that a public service company derives from an activity other than an electric, gas, oil pipeline, telegraph, or telephone business;

(ii) net uncollectible revenue; [or]

(iii) gross charges from the sale by a public service company to another public service company subject to the tax imposed by this subtitle of:

1. a service or product for resale; or

2. natural gas or natural gas delivery service that is used by the other public service company in the generation of electricity; OR

(IV) GROSS CHARGES FROM THE SALE BY A PUBLIC SERVICE COMPANY OF INTERNET ACCESS SERVICE BY WHICH A CONNECTION IS PROVIDED BETWEEN A COMPUTER AND THE INTERNET.

(b-1) "Long distance telecommunications service" means telecommunications service for a telecommunication that does not originate and terminate in the same local calling area.

(c) (1) "Public service company" means a person engaged in an electric, gas, oil pipeline, telegraph, or telephone business in the State.

(2) "Public service company" does not include:

(i) a county;

(Over)

(ii) a municipal corporation; or

(iii) a nonprofit electric cooperative.”.

AMENDMENT NO. 5

On page 6, in line 5, strike “telecommunications service” and substitute “TELEPHONE BUSINESS”.

AMENDMENT NO. 6

On page 7, after line 15, insert:

“Article - Tax - Property

1-101.

(u) (1) “Operating property” means any property used to operate a railroad or public utility.

(2) “Operating property” includes operating real property and operating personal property.

(3) “Operating real property” includes any real property used to operate a railroad or public utility.

(4) “Operating land” means any land used to operate a railroad or public utility.

(5) (I) “Operating personal property” includes any property, other than real property, used to operate a railroad or public utility.

(II) FOR A PUBLIC UTILITY THAT IS A TELECOMMUNICATIONS PROVIDER, “OPERATING PERSONAL PROPERTY” INCLUDES THE CABLES, LINES, POLES, AND TOWERS USED TO PROVIDE TELECOMMUNICATIONS SERVICES.”.

AMENDMENT NO. 7

On page 8, in line 16, strike “(1)” and substitute “(a)”; strike in their entirety lines 21 through 24, inclusive; in line 25, strike “(3)” and substitute “(b)”; and in line 28, strike “effective.” and substitute “effective; and”

(c) Beginning with the first monthly billing showing the public service company franchise tax as a line item on the customer bill and for the next three billings thereafter, a local telephone service provider shall provide the customer with information in the provider's monthly billing that the public service company franchise tax line item is not a tax increase but merely a disclosure of taxes presently and previously paid by the customer.

SECTION 3. AND BE IT FURTHER ENACTED, That the General Assembly finds that the actual fiscal impact of this Act will depend on the attainment of corporate income tax revenues and the amount of the credit against the State income tax taken by companies, and that corporate income tax revenues fluctuate from year to year and are difficult to project. In this regard, the Comptroller of the Treasury and the Department of Assessments and Taxation shall submit a report to the House Committee on Ways and Means and the Senate Budget and Taxation Committee disclosing for tax year 1998, for public utilities that are telecommunications companies, the corporate income tax revenues collected and the amount of corporate income tax credits taken, attributable to this Act. The report shall be submitted on or before November 15, 1999.”.

AMENDMENT NO. 8

On page 8, in line 29, strike “3.” and substitute “4.”; in line 34, after “1998.” insert “The changes to the Tax - Property Article under Section 1 of this Act shall be applicable to all property tax years beginning on or after July 1, 1998.”; in line 39, strike “4.” and substitute “5.”; in the same line strike “Section” and substitute “Sections”; and in the same line, after “2” insert “and 3”.