

BY: Budget and Taxation Committee

AMENDMENTS TO SENATE BILL NO. 746

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, strike beginning with “altering” in line 3 down through “State;” in line 7 and substitute “excluding certain gross charges from the definition of “gross receipts” subject to the public service company franchise tax;”; strike beginning with “corporation” in line 12 down through the first “taxes” in line 13 and substitute “State income tax”; in line 14, after “company;” insert “requiring an addition modification under the income tax in the amount of a certain credit;”; in line 15, strike beginning with “imposing” through “service;”; strike beginning with “repealing” in line 17 down through “services;” in line 19; in line 19, strike “require” and substitute “determine and require”; strike beginning with “to” in line 20 down through “rates” in line 21; and in line 23, after “effective;” insert “requiring a local telephone service provider to provide certain information to certain customers;”.

AMENDMENT NO. 2

On page 1, in line 28, strike “8-403;” and in the same line, strike “and (k)(9) and (10)”.

On pages 1 and 2, strike in their entirety the lines beginning with line 31 on page 1 through line 1 on page 2, inclusive.

On page 2, in line 4, after “Section” insert “10-306(c),”; in the same line, after “10-708” insert a comma; in the same line, strike “and (k)(11)”; and strike in their entirety lines 12 through 17, inclusive, and substitute:

“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. 3

On page 2, strike beginning with the colon in line 23 down through "STATE," in line 25; and strike beginning with "; AND" in line 25 down through "STATE" in line 28.

On page 3, strike beginning with the colon in line 5 down through "1." in line 6; in lines 6 and 7, in each instance, strike "OR"; in line 6, strike the brackets; strike in its entirety line 8; in line 15, after "SALE" insert "BY A PUBLIC SERVICE COMPANY"; in the same line, after "OF" insert ":

1.";

in line 17, strike the period and substitute "OR"; strike in their entirety lines 18 through 26, inclusive, and substitute:

"2. INTERNET ACCESS SERVICE BY WHICH A CONNECTION IS PROVIDED BETWEEN A COMPUTER AND THE INTERNET.";

strike beginning with the colon in line 30 down through "(I)" in line 31; in line 31, strike "OR"; in the same line, strike the bracket; in line 32, strike the bracket; and strike beginning with "; OR" in

line 32 down through “STATE” in line 33.

On pages 4 and 5, strike in their entirety the lines beginning with line 2 on page 4 through line 16 on page 5, inclusive.

On page 5, in line 20, after the closing bracket insert “PUBLIC SERVICE COMPANY’S”; after line 21, insert:

“10-306.

(C) THE ADDITION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES THE AMOUNT OF THE CREDIT ALLOWED UNDER § 10-708 OF THIS TITLE FOR PROPERTY TAXES PAID ON OPERATING REAL PROPERTY BY A PUBLIC UTILITY THAT IS A TELECOMMUNICATIONS COMPANY, DETERMINED WITHOUT REGARD TO THE LIMITATION UNDER § 10-708(B) OF THIS TITLE.”;

strike beginning with “telecommunications” in line 26 down through “article” in line 27 and substitute “TELEPHONE BUSINESS”; in line 29, before “A” insert “(A)”; in line 33, after “BUSINESS” insert “OTHER THAN OPERATING LAND”; and after line 33, insert:

“(B) (1) THE CREDIT ALLOWED UNDER THIS SECTION MAY NOT EXCEED THE STATE INCOME TAX IMPOSED FOR THE TAXABLE YEAR, DETERMINED AFTER APPLICATION OF ANY OTHER CREDITS ALLOWABLE UNDER THIS SUBTITLE.

(2) THE UNUSED AMOUNT OF THE CREDIT FOR ANY TAXABLE YEAR MAY NOT BE CARRIED OVER TO ANY OTHER TAXABLE YEAR.”.

AMENDMENT NO. 4

On page 6, strike in their entirety lines 4 through 10, inclusive.

AMENDMENT NO. 5

On pages 6 and 7, strike in their entirety the lines beginning with line 26 on page 6 through line 16 on page 7, inclusive.

(Over)

AMENDMENT NO. 6

On page 7, strike in their entirety lines 17 through 25, inclusive, and substitute:

“SECTION 2. AND BE IT FURTHER ENACTED, That:

(a) The Public Service Commission shall determine and require a reduction in telephone rates to be effective January 1, 1998, to reflect the treatment of the 2% public service company franchise tax pursuant to § 8-409 of the Tax - General Article as enacted under Section 1 of this Act, the cost of which was formerly included in the telephone rates;

(b) Notwithstanding the provisions of § 8-409 of the Tax - General Article as enacted under Section 1 of this Act, a local telephone service provider may not add the public service company franchise tax to its charge to the customer for local telephone service until the reduction in local telephone rates required under subsection (a) of this section is 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.”.

AMENDMENT NO. 7

On page 7, in line 26, strike “4.” and substitute “3.”; in line 31, strike “Property Tax” and substitute “Tax - Property”; strike in their entirety lines 34 and 35; in line 36, strike “6.” and substitute “4.”; and in the same line, strike “3” and substitute “2”.