
By: Prince George's County Delegation

Introduced and read first time: January 31, 1997

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Prince George's County - Telephone Service Tax - Education Funding**

3 **PG 427-97**

4 FOR the purpose of authorizing the County Council for Prince George's County to levy a
5 sales or use tax on residential, commercial, and industrial telephone service; limiting
6 the rate of the tax that may be imposed; defining "telephone service" for purposes
7 of the tax; providing a certain exemption from the tax; providing for the taxation of
8 long distance telephone service under the tax; requiring Prince George's County to
9 appropriate a certain minimum amount of local funds to the school operating
10 budget for each fiscal year; making the provisions of this Act severable; and
11 generally relating to authorization for the Prince George's County Council to
12 impose a sales or use tax on certain telephone service.

13 BY adding to

14 Article 24 - Political Subdivisions - Miscellaneous Provisions
15 Section 9-606
16 Annotated Code of Maryland
17 (1996 Replacement Volume)

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

20 **Article 24 - Political Subdivisions - Miscellaneous Provisions**

21 9-606.

22 (A) IN THIS SECTION, "TELEPHONE SERVICE" INCLUDES:

23 (1) LOCAL TELEPHONE SERVICE;

24 (2) LONG DISTANCE TELEPHONE SERVICE;

25 (3) PERSONAL COMMUNICATIONS SERVICE;

26 (4) CELLULAR TELEPHONE SERVICE; AND

27 (5) ANY OTHER TELECOMMUNICATIONS SERVICE AS DEFINED UNDER
28 THE FEDERAL TELECOMMUNICATIONS ACT OF 1996, P.L. 104-104.

1 (B) THE COUNTY COUNCIL FOR PRINCE GEORGE'S COUNTY MAY IMPOSE, BY
2 ORDINANCE, AND COLLECT A RETAIL SALES OR USE TAX ON RESIDENTIAL,
3 COMMERCIAL, AND INDUSTRIAL TELEPHONE SERVICE CHARGED TO A TELEPHONE
4 NUMBER OR ACCOUNT IN PRINCE GEORGE'S COUNTY, REGARDLESS OF WHERE THE
5 AMOUNT IS BILLED OR PAID.

6 (C) THE RATE OF THE TAX IMPOSED UNDER THIS SECTION MAY NOT EXCEED
7 10% OF THE SALES PRICE OF THE SERVICE THAT IS SUBJECT TO THE TAX.

8 (D) THE TAX AUTHORIZED UNDER THIS SECTION DOES NOT APPLY TO THE
9 FIRST \$10 PER MONTH CHARGED FOR BASIC LOCAL RESIDENTIAL TELEPHONE
10 SERVICE.

11 (E) (1) LONG DISTANCE TELEPHONE SERVICE IS SUBJECT TO A TAX
12 IMPOSED UNDER THIS SECTION IF:

13 (I) THE SERVICE ORIGINATES OR TERMINATES IN PRINCE
14 GEORGE'S COUNTY; AND

15 (II) THE SERVICE IS CHARGED TO A TELEPHONE NUMBER OR
16 ACCOUNT IN PRINCE GEORGE'S COUNTY, REGARDLESS OF WHERE THE AMOUNT IS
17 BILLED OR PAID.

18 (2) TO PREVENT ACTUAL MULTIPLE TAXATION OF THE SALE OF
19 INTERSTATE LONG DISTANCE TELEPHONE SERVICE, A PERSON REQUIRED TO PAY
20 THE TAX IMPOSED UNDER THIS SECTION SHALL BE ALLOWED A CREDIT AGAINST
21 THE TAX FOR THE AMOUNT OF PROPERLY DUE TAX PAID TO ANOTHER STATE OR A
22 POLITICAL SUBDIVISION OF ANOTHER STATE FOR LONG DISTANCE TELEPHONE
23 SERVICE THAT IS SUBJECT TO THE TAX UNDER THIS SECTION.

24 (F) FOR EACH FISCAL YEAR, PRINCE GEORGE'S COUNTY SHALL
25 APPROPRIATE LOCAL FUNDS TO THE SCHOOL OPERATING BUDGET IN AN AMOUNT
26 NOT LESS THAN THE AMOUNT OF LOCAL FUNDS APPROPRIATED TO THE SCHOOL
27 OPERATING BUDGET FOR THE PRIOR FISCAL YEAR, INCREASED BY AN AMOUNT
28 EQUAL TO TWO-THIRDS OF THE AMOUNT BY WHICH THE PROJECTED REVENUES
29 FOR THE FISCAL YEAR FROM THE TAX AUTHORIZED UNDER THIS SECTION EXCEED
30 THE PROJECTED REVENUES FROM THE TAX FOR THE PRIOR FISCAL YEAR.

31 SECTION 2. AND BE IT FURTHER ENACTED, That if any provision of this Act
32 or the application thereof to any person or circumstance is held invalid for any reason in
33 a court of competent jurisdiction, the invalidity does not affect other provisions or any
34 other application of this Act which can be given effect without the invalid provision or
35 application, and for this purpose the provisions of this Act are declared severable.

36 SECTION 3. AND BE IT FURTHER ENACTED, That, for the Fiscal Year that
37 begins July 1, 1997, Prince George's County shall appropriate local funds to the school
38 operating budget in an amount not less than the amount of local funds appropriated to
39 the school operating budget for the prior fiscal year, increased by an amount equal to
40 two-thirds of the projected revenues for the fiscal year from the local telephone tax
41 authorized under Article 24, § 9-606 of the Code as enacted under Section 1 of this Act.

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1 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 June 1, 1997.