

Department of Legislative Services

Maryland General Assembly

2003 Session

FISCAL AND POLICY NOTE

Revised

House Bill 447

(Prince George's County Delegation)

Ways and Means

Budget and Taxation

**Prince George's County - Telecommunications Tax – Exemption
PG 409-03**

This bill exempts telephone lifeline service from the Prince George's County's local telecommunications tax.

The bill takes effect July 1, 2003.

Fiscal Summary

State Effect: None. This bill does not directly affect State governmental operations or finances.

Local Effect: Prince George's County revenues could decline by \$228 annually.

Small Business Effect: None.

Analysis

Current Law: State law (Chapter 289 of 2002) requires the Prince George's County Council to impose, by ordinance, and collect a telecommunications tax at a rate of not less than 5%. The tax is currently implemented at 8%.

Chapter 289, in addition to restructuring the Prince George's County School Board, and creating the telecommunications tax, requires that the tax proceeds be used only for operating expenditures of the Prince George's County school system. It is estimated that this local telecommunications tax will raise approximately \$32 million at 8%.

Telephone lifeline service is a program provided to eligible subscribers that, at a discount, provides a residential local exchange dial access line plus the first 30 residential local untimed messages per billing month. Eligibility is based on participation in Temporary Cash Assistance, the Disability Assistance Loan Program, or Supplemental Security Income. Eligible participants receive a basic land-line phone service at \$0.66 per month (plus charges for calls over the 30 free calls).

Local Revenues: It is estimated that county revenues would decline by \$228 annually, based on information indicating that there are approximately 360 lifeline service participants in the county.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Prince George's County, Comptroller's Office, Verizon, Department of Legislative Services

Fiscal Note History: First Reader - February 14, 2003
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