

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE
Revised

House Bill 589

(Prince George's County Delegation)

Appropriations

Budget and Taxation

**Education - Prince George's County - Telecommunications Tax - School
Renovations**

This bill allows the Prince George's County public school system to use up to 10% of its local telecommunications tax revenues for school renovation projects that have been approved by the board of education and the county. The funds may be used as cash payments for capital expenditures or the payment of debt service on bonds issued by the county governing body. The board of education must consider addressing school facility needs related to the deferral of maintenance or other deterioration of school buildings. The county governing body must submit an annual report by December 31 detailing the expenditure of telecommunication tax revenues to the Department of Legislative Services, the Prince George's County school system, and the Prince George's County Delegation of the General Assembly.

The bill takes effect June 1, 2004.

Fiscal Summary

State Effect: None.

Local Effect: Prince George's County school system capital expenditures could increase by an estimated \$3.2 million annually and school operating expenditures would decrease by an equal amount.

Small Business Effect: None.

Analysis

Current Law: Prince George's County telecommunications tax revenues must be used only for operating expenses of the county school system. The county board of education must consider using the funding for: (1) a program to serve disruptive, delinquent, or low-performing students in grades six through 12; and (2) a Spanish language immersion program that serves at least 450 students in kindergarten through grade five.

Background: A study of school construction needs conducted for the Task Force to Study Public School Facilities identified approximately \$778 million in school facility needs in Prince George's County. The amount, which was highest in the State, represents 20% of the \$3.85 billion statewide cost identified in the study. From fiscal 2000 to 2004, Prince George's County received a total of \$160 million from the State for public school construction, an average of \$32 million per year.

Local Fiscal Effect: Prince George's County imposes a local telecommunication sales tax of 8% that generates approximately \$32 million in school operating revenues annually. Assuming 10% of the revenues are used for capital expenditures each year, spending for school facility improvements and renovation, including debt service on bonds, would increase by approximately \$3.2 million annually. School operating spending would decrease by an equal amount.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - February 16, 2004
mh/hlb Revised - House Third Reader - March 29, 2004

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