

COUNTY COUNCIL OF PRINCE GEORGE'S COUNTY, MARYLAND
2025 Legislative Session

Bill No. CB-018-2025
 Chapter No. 5
 Proposed and Presented by TheChair (by request - County Executive)
 Introduced by Council Members Harrison and Hawkins
 Co-Sponsors _____
 Date of Introduction April 8, 2025

BILL

1 AN ACT concerning

2 Taxes on Telecommunications Services – Use of Revenue

3 For the purpose of imposing an excise tax on certain telecommunications service to be used
 4 instead of a sales and use tax and generally relating to taxes on telecommunication services and
 5 funding requirements in primary and secondary education.

6 BY repealing and reenacting with amendments:

7 SUBTITLE 10. FINANCE AND TAXATION.

8 Section 10-192.02, 10-192.03, 10-192.04, 10-192.05

9 10-192.06, 10-192.07,

10 The Prince George's County Code

11 (2023 Edition; 2024 Supplement).

12 WHEREAS, Title 5 of the Education Article of the Annotated Code of Maryland stipulates that
 13 beginning in fiscal year 2023, the county governing body shall levy and appropriate an annual
 14 tax sufficient to provide an amount of revenue for elementary and secondary public education
 15 purposes equal to the local share of major education aid as adjusted under §5-239 of the
 16 Education Article; and

17 WHEREAS, During the 2024 legislative session the Maryland General Assembly enacted Prince
 18 George's County – Taxes on Telecommunications Services – Use of Revenue, ("HB 398"),
 19 Chapter 910 of the Laws of Maryland.

20 WHEREAS, Pursuant to §20-605(c) of the Local Government Article of the Annotated Code of
 21 Maryland, the County Council for Prince George's County shall impose at least one of the

following:

- (1) A sales and use tax on telecommunication service in Prince George's County at a rate not less than 5%; or
- (2) An excise tax on telecommunication service in Prince George's County at a rate not exceeding \$3.50 monthly for each telephone line.

WHEREAS, the current 9% telecommunications sales tax attainment was \$50.1 million in fiscal year 2007 but due to changes in technology and communication styles the amount of revenue has declined to \$14.2 million in fiscal year 2023.

WHEREAS, the County desires to continue to support funding for primary and secondary education programs with revenue raised from the tax on telecommunications.

WHEREAS, the net proceeds of a tax imposed under §20-605(e) at least 90% shall be used for operating expenditures for the Prince George's County school system and the remainder shall be used for administrative costs and capital expenditures for school renovation projects approved by the Prince George's County Board of Education and Prince George's County or for payment of debt service; now, therefore,

SECTION 1. BE IT ENACTED by the County Council of Prince George's County, Maryland, that Sections 10-192.02, 10-192.03, 10-192.04, 10-192.05, 10-196.06 and 10-192.07 of the Prince George's County Code be and the same are hereby repealed and reenacted with the following amendments:

SUBTITLE 10. FINANCE AND TAXATION.

DIVISION 7. TAXES AND TAX CREDITS.

SUBDIVISION 3. SALES AND USE TAX ON TELECOMMUNICATIONS SERVICES.

Sec. 10-192.02. Definitions.

(a) As used in this Subdivision, the following terms shall have the following meaning:

- (1) **Director** shall mean the Director of Finance or the Director's designee.
- (2) **Line** means a connection to the local telephone exchange through a unique telephone number.
- [2] (3) **Mobile Telecommunications Sourcing Act** means the Federal Mobile Telecommunications Sourcing Act, [P.L. 106-252.] 4 U.S.C. §§ 116 through 126.

[(3) **Service Address** means the location of the telecommunications equipment to which a call is charged, regardless of where the call is billed or paid; and in the

case of mobile telecommunications service, the location of the customer's place of primary use as defined in the Mobile Telecommunications Sourcing Act.]

(4) **User** shall mean any person who purchases or acquires for use telecommunications service subject to the tax imposed under this Subdivision.

(5) **Vendor** shall mean any person who [sells, distributes, or delivers telecommunications service subject to the tax imposed under this Subdivision.] owns a telephone line for the reception, transmission or communication of message by telephone, or leases, licenses, or sells telephonic communication in the county.

(i) Centrex access lines including centrex local exchange access lines or trunk lines.

(ii) Access or trunk lines including each residence, business or PBX local exchange access lines or trunk lines.

(iii) Voice over internet protocol (VOIP) service.

(iv) Wireless telephone lines

(6) **Wireless Telephone** means any equipment or instrument that transmits:

(1) Cellular telephone service;

(2) Prepaid wireless line service;

(3) Personal communication service; or

(4) Any other commercial mobile radio service as defined by the Federal Communications Commission (FCC).

Sec. 10-192.03. [Sales and Use t] Tax on telecommunication service levied and imposed.

(a) [There is hereby levied and imposed a sales and use tax on telecommunications service in Prince George's County as set forth in Section 10-192.04. The tax rate shall be nine percent (9%) on the gross receipts for telecommunications service in Prince George's County as provided under this Subdivision. For purposes of this Subdivision, gross receipts shall not include any Federal, State or Local taxes and any Federal, State or Local fees or surcharges.] The rates of the telecommunications tax are:

1. \$3.50 a month on each residence, business or PBX local exchange access line or trunk;

2. \$3.50 a month on each wireless telephone line;
and

3. \$3.50 a month on each centrex local exchange access line or trunk line.

4. \$3.50 applied one time upon the purchase of a prepaid wireless line service.

Sec. 10-192.04. - Applicability.

(a) [Except as otherwise provided in this Subdivision, the sales and use tax imposed under Section 10-192.03 shall apply to telecommunications service that:

(1) Originates and terminates in Prince George's County;

or

(2) Originates or terminates in Prince George's County and has a service address in Prince George's County.

(b)

Notwithstanding Subsection (a) of this Section, f] For customer bills to which the amendment made by the Mobile Telecommunications Sourcing Act applies, the [sales and use] tax imposed under Section 10-192.03 shall apply to mobile telecommunications services to the fullest extent authorized under Section 117(b) of the Mobile Telecommunications Sourcing Act.

(b) Must pay a tax on the following services furnished to customers with a billing address or fixed service address in the county.

Sec. 10-192.05. - Exemptions.

(a) A tax imposed under Section 10-192.03 does not apply to:

(1) Telecommunications services provided to a person to whom a sale of tangible personal property or a taxable service is exempt under Section 11-204 or Section 11-220 of the Tax-General Article;

or

(2) A prepaid telephone calling arrangement that is a taxable service under Title 11 of the Tax-General Article.

(3) Telephone lifeline service provided under §8-201 of the Public Utilities Article.

Sec. 10-192.06. - Collection.

(a) The tax shall be itemized on each bill for telecommunications service in Prince George's County.

(b) Each vendor providing telecommunications service in Prince George's County shall collect the tax on behalf of the County and remit the tax to the County.

(c) Each vendor shall have the same rights against the user for the collection of this tax as for the collection of the telecommunications service bill.

(d) To compensate for the cost of collecting and remitting the [sales and use] tax on telecommunications service in Prince George's County, each vendor may retain one-half of one percent (.5%) of the collections remitted to the County in accordance with Section 10-192.06.

[(e) To compensate Prince George's County for the cost of administration of the collection of the [sales and use] tax on telecommunications service in the County, Prince George's County may retain one-half of one percent (.5%) of the collections remitted to the County in accordance with Section 10-192.06(f).]

[(f)] (e) Each vendor shall pay the tax and shall report upon such forms and set forth such information as the Director of Finance may prescribe. The report and payment of the tax shall be made on or before the fifteenth day of each month, covering the preceding calendar month.

* * * * *

Sec. 10-192.07. - Dedication of [sales and use] tax on telecommunications service.

(a)(1) Except as provided in Section 10-192.06(d) and Section 10-192.06(e), [the sales and use tax imposed under Section 10-192.03 shall be used only for operating expenditures of the Prince George's County school system] proceeds of the tax imposed under section 10-193.03 shall be used as follows:

(I) 90% for operating expenditures of the Prince George's County school system.

(II) [9%] The remainder for cash payments for capital expenditures for school renovations projects approved by the Prince George's County Board of Education and Prince George's County or payment of debt service on bonds issued by the governing body of Prince George's County for school renovation projects approved by the Prince Georges County Board of Education and Prince George's County.

[(III) 1% shall be used as provided in Section 10-192.06 (d), (e) and (f).]

(2) The proceeds under Section 10-192.03 for operating expenditures of the Prince George's County school system may [not] be used to [supplant any State aid for education provided to the County, or any County funds provided to the Prince George's County school system.] meet the County's funding requirements under §5-235(a) or the Education Article.

* * * * *

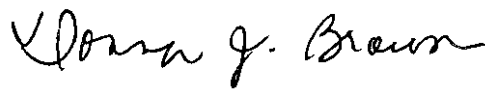
SECTION 2. BE IT FURTHER ENACTED that the provisions of this Act are hereby declared to be severable; and, in the event that any section, subsection, paragraph, subparagraph, sentence, clause, phrase, or word of this Act is declared invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the remaining words, phrases, clauses, sentences, subparagraphs, paragraphs, subsections, or sections of this Act, since the same would have been enacted without the incorporation in this Act of any such invalid or unconstitutional word, phrase, clause, sentence, paragraph, subparagraph, subsection, or section.

SECTION 3. BE IT FURTHER ENACTED that this Act shall take effect on July 1, 2025.
Adopted this 29th day of April, 2025.

COUNTY COUNCIL OF PRINCE
GEORGE'S COUNTY, MARYLAND

BY: 
Edward P. Burroughs III
Chair

ATTEST:


Donna J. Brown
Clerk of the Council

APPROVED:

DATE: May 21, 2025 BY: 
Tara H. Jackson
Acting County Executive

KEY:

Underscoring indicates language added to existing law.

[Brackets] indicate language deleted from existing law.

Asterisks *** indicate intervening existing Code provisions that remain unchanged.

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