

Chapter 970

(House Bill 398)

AN ACT concerning

Prince George’s County – ~~Sales and Use Tax~~ Taxes on Telecommunications Services – Use of Revenue

PG 406-24

FOR the purpose of authorizing the Prince George’s County Council to impose, by local ordinance, an excise tax on certain telecommunications service in Prince George’s County in addition to, or instead of, a sales and use tax; altering a certain provision of law relating to the use of certain revenue from ~~the sales and use~~ a certain tax on telecommunications services in Prince George’s County by allowing the revenue to be used to meet certain education funding requirements for the county; and generally relating to ~~the sales and use tax~~ taxes on telecommunications services in Prince George’s County and county funding requirements in primary and secondary education.

BY repealing and reenacting, without amendments,
Article – Education
Section 5-235(a)
Annotated Code of Maryland
(2022 Replacement Volume and 2023 Supplement)

~~BY repealing and reenacting, without amendments,
Article – Local Government
Section 20-605(b)(1), (c), and (c)(1) and (4)
Annotated Code of Maryland
(2013 Volume and 2023 Supplement)~~

BY repealing and reenacting, with amendments,
Article – Local Government
Section ~~20-605(e)(2)~~ 20-605
Annotated Code of Maryland
(2013 Volume and 2023 Supplement)

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

Article – Education

5-235.

(a) (1) (i) Subject to subsection (o) of this section and beginning in fiscal year 2023, the county governing body shall levy and appropriate an annual tax sufficient to provide an amount of revenue for elementary and secondary public education purposes equal to the local share of major education aid as adjusted under § 5–239 of this subtitle.

(ii) For the purposes of calculating the local share of major education aid and regardless of the source of the funds, all funds that a county board, including the Baltimore City Board of School Commissioners, is authorized to expend for schools may be considered as levied by the county council, board of county commissioners, or the Mayor and City Council of Baltimore except for:

1. State appropriations;
2. Federal education aid payments; and
3. The amount of the expenditure authorized for debt service and capital outlay.

(2) Subject to subsection (o) of this section and except as provided in subsection (a–1) of this section, the county governing body shall appropriate local funds to the school operating budget in an amount no less than the product of the county’s enrollment count for the current fiscal year and the local appropriation on a per pupil basis for the prior fiscal year using enrollment count.

Article – Local Government

20–605.

(a) (1) In this section the following words have the meanings indicated.

(2) “Mobile Telecommunications Sourcing Act” means the federal Mobile Telecommunications Sourcing Act, 4 U.S.C. §§ 116 through 126.

(3) “Service address” means:

(i) except as provided in item (ii) of this paragraph, the location of the telecommunications equipment to which a call is charged, regardless of where the call is billed or paid; and

(ii) 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.

(b) (1) Except as otherwise provided in this section, ~~the sales and use~~ A tax imposed under this section applies to telecommunications service that:

(i) originates and terminates in Prince George's County; or

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

(2) Notwithstanding paragraph (1) of this subsection, and except as provided in paragraph (3) of this subsection, for a customer bill to which the amendment made by the Mobile Telecommunications Sourcing Act applies, [the sales and use] A tax imposed under this section applies to mobile telecommunications service to the fullest extent authorized under § 117(b) of the Mobile Telecommunications Sourcing Act.

(3) A tax imposed under this section does not apply to:

(i) telecommunications service provided to a person to whom a sale of tangible personal property or a taxable service is exempt under § 11-204 or § 11-220 of the Tax – General Article;

(ii) a prepaid telephone calling arrangement that is taxable under Title 11 of the Tax – General Article; or

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

(c) By ordinance, the County Council for Prince George's County shall impose **AT LEAST ONE OF THE FOLLOWING:**

(1) a sales and use tax on telecommunications service in Prince George's County at a rate not less than 5%; OR

(2) AN EXCISE TAX ON TELECOMMUNICATIONS SERVICE IN PRINCE GEORGE'S COUNTY AT A RATE NOT EXCEEDING \$3.50 MONTHLY FOR EACH TELEPHONE LINE.

(d) (1) [The] A tax imposed under this section shall be itemized on each bill for telecommunications service in Prince George's County.

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

(e) (1) The net proceeds of the revenue from ~~the~~ A tax imposed under this section shall be used as follows:

(i) at least 90% of the net proceeds shall be used for operating expenditures for the Prince George's County school system; and

(ii) the remainder shall be used for:

1. cash payments for capital expenditures for school renovation projects approved by the Prince George's County Board of Education and Prince George's County; or

2. payment of debt service on bonds issued by the governing body of Prince George's County for school renovation projects approved by the Prince George's County Board of Education and Prince George's County.

(2) The proceeds provided under this section for the Prince George's County school system may [not] be used to [supplant:

(i) any State aid for education provided to Prince George's County; or

(ii) any county funds provided to the Prince George's County school system] **MEET THE COUNTY'S FUNDING REQUIREMENTS UNDER § 5-235(A) OF THE EDUCATION ARTICLE.**

(3) Among the expenditures to be funded from the proceeds, the Prince George's County Board of Education shall consider:

(i) a program to serve disruptive, delinquent, or low-performing students in grades 6 through 12 that:

1. provides proof of progress in reading and mathematics;

2. is designed to include small learning communities and areas of support services provided by community-based providers; and

3. is operated by an educational provider with substantial experience serving the type of student population served by the program in separate school facilities provided by the education provider, unless the public school system decides otherwise;

(ii) a Spanish language immersion program to serve at least 450 students in kindergarten through grade 5 in order to address long-term labor needs for bilingual employees; and

(iii) addressing any needs related to capital improvements or renovations that are the result of the deferral of maintenance or other deterioration of school facilities.

(4) On or before December 31 of each year, the governing body of Prince George's County shall submit a report detailing the expenditure of revenues generated from ~~the~~ A tax imposed under this section to the Department of Legislative Services, the Prince

George's County school system, and the Prince George's County Delegation of the General Assembly.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2024.

Approved by the Governor, May 16, 2024.