



# THE PRINCE GEORGE'S COUNTY GOVERNMENT

## OFFICE OF THE COUNTY EXECUTIVE

Rushern L. Baker, III  
County Executive

JAN 09 2012

Karl S. Aro, Executive Director  
Maryland Department of Legislative Services  
Legislative Services Building,  
90 State Circle, Annapolis, MD 21401

Dear Mr. Aro:

In accordance with Chapter 187, Acts of 2004 (HB 589), I am submitting this letter regarding the Telecommunications Tax revenues received in Prince George's County for FY 2011.

In FY 2003, the County introduced an 8% Telecommunications Tax on the gross receipts for telecommunications service in the County (CB-37-2002) as authorized by Maryland General Assembly (Chapter 289, Acts of 2002). The State mandated that the net proceeds be used only for expenditures of the County's school system. The law also provides for an administrative fee of 1% of collections remitted to the County to be shared equally between vendors and the County to cover the cost of collecting and remitting the tax and administering the collection of the tax. Chapter 187 (2004) further authorizes the County to utilize up to 10% of the net proceeds from the Telecommunications Tax revenues for school renovation and systemic replacement projects. The tax rate remained at 8% in FY 2011.

At the beginning of FY 2011, the General Fund designated Telecommunications Tax fund balance was (\$1,606,900). Within FY 2011, the County collected a total of \$43,487,100 Telecommunications Tax revenues dedicated to the County's school system.

During FY 2011, the County appropriated \$45,300,000 for school operating expenditures and \$1,724,600 for school CIP debt service expenses. After these payments, the General Fund accumulated balance was a deficit of (\$5,144,400). (See the chart below for details.) In a fiscal year that actual Telecommunications Tax collections are lower than the budgeted level, the County uses other revenue sources to provide the total appropriation to the Board of Education.

<b>Telecommunications Tax Net Proceeds for Board of Education</b>				
	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>
<b>Beginning Accumulated Balance</b>	<b>\$2,830,600</b>	<b>\$1,885,200</b>	<b>(\$890,000)</b>	<b>(\$1,606,900)</b>
<b>Actual Collection Dedicated to BOE (Unaudited)</b>	<b>\$52,346,800</b>	<b>\$50,380,000</b>	<b>45,666,000</b>	<b>43,487,100</b>
<b>Appropriations</b>				
Appropriation for BOE Operation	\$45,226,900	\$47,023,400	\$44,843,800	\$45,300,000
Appropriation for BOE CIP	\$5,234,700	\$6,131,800	1,539,100	1,724,600
Appropriation for BOE Operation (Use of Prior Year Reserve)	\$2,830,600	\$0	\$0	\$0
<b>Total Appropriations for BOE</b>	<b>\$53,292,200</b>	<b>\$53,155,200</b>	<b>\$46,382,900</b>	<b>\$47,024,600</b>
<b>Ending Accumulated Balance*</b>	<b>\$1,885,200</b>	<b>(\$890,000)</b>	<b>(\$1,606,900)</b>	<b>(\$5,144,400)</b>

\* Ending Accumulated Balance is for illustrative purposes only. In a fiscal year that actual tax collections exceed the budgeted amount, the County provides a supplemental appropriation to the Board of Education in the following fiscal year. For a year where in tax collections are lower than budgeted amount, the County uses other revenue sources to maintain the total appropriation to the Board of Education.

If you have any questions, please contact me.

Sincerely,



Rushern L. Baker, III  
County Executive