



Rushern L. Baker, III
County Executive

PRINCE GEORGE'S COUNTY GOVERNMENT

OFFICE OF THE COUNTY EXECUTIVE

JAN 25 2017

The Honorable James Rosapepe, Chair
Prince George's County Senate Delegation
James Senate Building, Room 314
11 Bladen Street
Annapolis, Maryland 21401-1991

Dear Chairman Rosapepe:

In accordance with Chapter 187 of the 2004 Laws of Maryland (HB 589), enacted during the 2004 Session of the Maryland General Assembly, I am submitting this letter regarding the Telecommunications Tax revenues received in FY 2015.

Based on House Bill 949 during the 2002 Session of the Maryland General Assembly, the County introduced in FY 2003 (CB-37-2002) an 8% Telecommunications Tax on the gross receipts for telecommunications service in the County. The State mandated that the net proceeds be used only for expenditures of the County's school system. An administrative fee of 1% of collections remitted to the County is 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 of the 2004 Laws of Maryland (HB 589 in 2004) further authorized the County to utilize up to 10% of the net proceeds from the Telecommunications Tax revenues for school renovation and systemic replacement projects.

At the beginning of FY 2015, the General Fund designated Telecommunications Tax fund balance was (\$11,366,900). Within FY 2015, the County collected a total of \$33,476,700 Telecommunications Tax revenues dedicated to the County's school system.

During FY 2015, the County appropriated \$31,429,700 for school operating expenditures and \$2,374,100 for school Capital Improvement Program (CIP) debt service expenses. After these payments, the General Fund accumulated balance was a deficit of (\$11,694,000). (See the chart below for details.)



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JAN 25 2017

The Honorable Jay Walker, Chair
Prince George's County House Delegation
House Office Building, Room 207
6 Bladen St.
Annapolis, Maryland 21401

Dear Chair Walker:

In accordance with Chapter 187 of the 2004 Laws of Maryland (HB 589), enacted during the 2004 Session of the Maryland General Assembly, I am submitting this letter regarding the Telecommunications Tax revenues received in FY 2015.

Based on House Bill 949 during the 2002 Session of the Maryland General Assembly, the County introduced in FY 2003 (CB-37-2002) an 8% Telecommunications Tax on the gross receipts for telecommunications service in the County. The State mandated that the net proceeds be used only for expenditures of the County's school system. An administrative fee of 1% of collections remitted to the County is 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 of the 2004 Laws of Maryland (HB 589 in 2004) further authorized the County to utilize up to 10% of the net proceeds from the Telecommunications Tax revenues for school renovation and systemic replacement projects.

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JAN 25 2017

Warren G. Deschenaux, Executive Director
Maryland Department of Legislative Services
Legislative Services Building
90 State Circle
Annapolis, Maryland 21401

Dear Mr. Deschenaux:

In accordance with Chapter 187 of the 2004 Laws of Maryland (HB 589), enacted during the 2004 Session of the Maryland General Assembly, I am submitting this letter regarding the Telecommunications Tax revenues received in FY 2015.

Based on House Bill 949 during the 2002 Session of the Maryland General Assembly, the County introduced in FY 2003 (CB-37-2002) an 8% Telecommunications Tax on the gross receipts for telecommunications service in the County. The State mandated that the net proceeds be used only for expenditures of the County's school system. An administrative fee of 1% of collections remitted to the County is 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 of the 2004 Laws of Maryland (HB 589 in 2004) further authorized the County to utilize up to 10% of the net proceeds from the Telecommunications Tax revenues for school renovation and systemic replacement projects.

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**TELECOMMUNICATIONS TAX NET PROCEEDS
FOR BOARD OF EDUCATION**

| | <u>FY 2012</u> | <u>FY 2013</u> | <u>FY 2014</u> | <u>Unaudited FY 2015</u> |
|---|------------------------|------------------------|------------------------|------------------------------|
| Beginning Accumulated Balance | \$ (5,144,400) | \$ (10,133,200) | \$ (10,286,200) | \$ (11,366,900) |
| Actual Collection Dedicated to BOE | \$ 39,530,100 | \$ 38,850,000 | \$ 35,966,300 | \$ 33,476,700 |
| Appropriation for BOE Operations | (42,616,200) | (36,883,600) | (34,813,300) | (31,429,700) |
| Appropriation for BOE CIP | (1,902,700) | (2,119,400) | (2,233,700) | (2,374,100) |
| Total Appropriations for BOE | \$ (44,518,900) | \$ (39,003,000) | \$ (37,047,000) | \$ (33,803,800) |
| Ending Accumulated Balance* | \$ (10,133,200) | \$ (10,286,200) | \$ (11,366,900) | \$ (11,694,000) |

* 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 tax collections are lower than the 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