

Telecommunication Tax Revenue Received

Local Government Article, Section 20-605(e)(4)

Prince George's County

December 20, 2024



PRINCE GEORGE'S COUNTY GOVERNMENT

OFFICE OF THE COUNTY EXECUTIVE

December 31, 2024

The Honorable Michael A. Jackson, Chair
Prince George's County Senate Delegation
3 West Miller Senate Office Building
11 Bladen Street
Annapolis, Maryland 21401-1991

The Honorable Nicole A. Williams, Chair
Prince George's County House Delegation
House Office Building, Room 207
6 Bladen Street
Annapolis, Maryland 21401

Superintendent Millard House, II
Prince George's County Public Schools
Sasscer Administration Building
14201 School Lane
Upper Marlboro, Maryland 20772

Dear Chairs Jackson and Williams, and Superintendent House:

In accordance with Section 20-605 of the Local Government Article of the Maryland Code, I hereby submit the following report concerning Telecommunications Tax revenues received by Prince George's County in FY 2024.

Section 20-605 of the Local Government Article of the Maryland Code requires the County, by ordinance, to impose a sales and use tax on telecommunications service at a rate of not less than 5%. The State law further mandates that the net proceeds of the revenue from this tax may only be used for expenditures of the County's school system, with at least 90% of the proceeds directed to operating expenses and the remainder directed to school renovation and systemic replacement projects. An administrative fee of 1% of collections remitted to the County is shared equally between vendors and the County to cover the cost of administering the tax.

In April 2002, the County enacted CB-37-2002, which imposed an 8% tax on the gross receipts for telecommunications services in the County with an effective date of June 1, 2002. In 2015, the tax rate was increased to 9% through CB-037-2015, which took effect on July 1, 2015. The tax rate remained unchanged at 9% as of the close of FY 2024. During FY 2024, the County collected a net total of \$13,494,572 in Telecommunications Tax revenues. Of this amount, at least 90%, or \$12,145,115 is required to be allocated for school operating expenditures. This leaves, \$1,214,511 for school Capital Improvement Program debt service expenses, and \$67,473 each for County and vendor administrative expenses.

Wayne K. Curry Administration Building • 1301 McCormick Drive, Largo, MD 20774
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Superintendent Millard House, II
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Thank you for the opportunity to share this information. If you have any questions, please contact Stanley A. Earley, Director, Office of Management and Budget on (301) 952-3300.

Sincerely,

A handwritten signature in blue ink that reads "Tara H. Jackson". The signature is fluid and cursive, with the first name "Tara" being larger and more prominent than the last name "Jackson".

Tara H. Jackson
Acting County Executive