

Introduction

MEMORANDUM

April 27, 2010

TO: County Council

FROM: Amanda Mihill, Legislative Analyst *A. Mihill*

SUBJECT: **Introduction:** Resolution to amend rates of Telephone Tax

A resolution to change the rates of the telephone tax, sponsored by the Council President at the request of the County Executive, is scheduled to be introduced on April 27, 2010. A public hearing on the resolution is scheduled for May 18 at 1:30 p.m.

This resolution would increase the rate for wireless telephone lines to \$3.00 per month per line. The Executive estimates that this increase would produce \$11.853 million more revenue in FY11.

This packet contains:

Resolution
Transmittal memorandum

Circle #

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Resolution No.: _____
Introduced: _____
Adopted: _____

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

By: Council President at the Request of the County Executive

SUBJECT: Telephone Tax - Rates

Background

1. Section 52-15 of the County Code levies a tax on every person who owns a telephone line for the reception, transmission, or communication of messages by telephone, or who leases, licenses, or sells telephonic communication in the County.
2. Section 52-15 provides that the Council must set by resolution the monthly tax rate for each type of telephone line listed in Section 52-15(a)(1), after holding a public hearing advertised as required by Section 52-17(c). The Council held a public hearing on this resolution on _____.
3. Resolution 15-173, approved by the Council on May 14, 2003, sets the current telephone tax rates.

Action

The County Council for Montgomery County, Maryland amends Resolution 15-173 as follows:

Effective July 1, [2003] 2010, the rates of the telephone tax levied under Section 52-15 of the Code are:

- (1) \$2.00 a month on each residence, business, or PBX local exchange access line or trunk line (except lines furnished to telephone lifeline services customers);
- (2) [~~\$2.00~~] \$3.00 a month on each wireless telephone line; and
- (3) \$0.20 a month on each Centrex local exchange access line or trunk line.

This is a correct copy of Council action.

APPROVED AS TO FORM AND LEGALITY:
OFFICE OF COUNTY ATTORNEY
BY Maria Hanna
DATE 4/26/10

(1)



OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Isiah Leggett
County Executive

MEMORANDUM

April 26, 2010

TO: Nancy Floreen, President
Montgomery County Council

FROM: Isiah Leggett, County Executive

SUBJECT: Telephone Tax – Rate Increase

I am forwarding to the Council with this memorandum a proposed resolution to increase the wireless telephone tax. I am making this difficult recommendation because of the recently projected severe decline in income tax revenues for FY11.

The current rate for wireless telephone customers is \$2/line per month. I am recommending that the Council increase this rate to \$3/line per month to raise an additional \$11.853 million in FY11. I recommend that land-line rates remain the same. This increase in revenue is necessary in order to balance the FY11 budget.

IL:tjs