

MARYLAND COMMUNICATIONS TAX REFORM COMMISSION

Senator Nancy J. King
Delegate Carolyn J.B. Howard
Chairwomen

January 4, 2013

Honorable Martin O'Malley
Governor of Maryland
State House
Annapolis, Maryland 21401

Maryland General Assembly
State House
100 State Circle
Annapolis, Maryland 21401-1925

Dear Governor and Maryland General Assembly,

Pursuant to Chapters 261 and 262 of the Maryland General Assembly's 2012 legislative session, the Communications Tax Reform Commission ("Commission") submits this interim report. The Commission has met three times for substantive briefings and to receive member policy proposals. Based on meeting dialogue and member proposals, Staff will prepare policy and revenue impact analysis for possible policy scenarios prior to the Commission's next meeting in spring 2013.

On October 3, 2012, the Commission met for the first time. The charge of the Commission was reviewed and an initial overview of the existing communications taxation structure in Maryland was provided to Commission members through both a report and a presentation provided by the Staff. A second Commission meeting was held on November 7, 2012. During this meeting, separate representatives for the local governments and cable television industry led a discussion on franchise fees as well as Public, Educational, and Governmental fees. Following discussions, two presentations were made on communications tax reform efforts in other states; one focused on the Virginia reform effort and the other a synopsis of different reform efforts employed by other states. A final presentation was made on the current state of broadband deployment throughout the State, incentives offered by Maryland counties to encourage the expansion of broadband networks, and the impediments to further broadband expansion.

On December 5, 2012, the Commission met for a third time. Two presentations were provided, one on emerging technologies in the communications industry and another by the satellite television industry on franchise fees and Public, Educational, and Governmental fees. Following these presentations, policy proposals were presented by some Commission members, and Staff shared the current results of the ongoing data collection from local governments and businesses, as required through the

Letter to Honorable Martin O'Malley,
and Maryland General Assembly
January 4, 2013
Page 2

aforementioned legislation. The survey responses are promising, though compliance remains below expectation for both local governments and businesses. Staff continues to work to accumulate more data for analysis.

Additionally, the following website has been made available to facilitate the satisfaction of the Commission's objectives and to provide transparency into the Commission's work: www.ctrc.maryland.gov. Commission information, meeting minutes, presentation documents, as well as a host of other information are available. We hope this information is helpful. If you have any questions or concerns, please do not hesitate to contact Andrew M. Schaufele, Director of the Bureau of Revenue Estimates and lead staff to the Commission.

Regards,

Senator Nancy J. King
Chair

Delegate Carolyn J.B. Howard
Chair