

MARYLAND COMMUNICATIONS TAX REFORM COMMISSION

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

November 7, 2012 Minutes of Meeting

A meeting of the Communications Tax Reform Commission was held in the Assembly Room of the Louis L. Goldstein Treasury Building on November 7, 2012 at 1:00 p.m.

Commission members in attendance:

Senator Nancy J. King, Chair
Delegate Carolyn J.B. Howard, Chair

Delegate Talmadge Branch
Kathleen O'Brien Branch
John F. Conwell
Suellen M. Ferguson
Mitsuko R. Herrera
Art Jacoby
Laura Kittel
Gary S. Lindsey
Morris Anthony Little
Kathleen Kittrick representing Michael McLoughlin
Scott R. Mackey
Andrew Reinsdorf
David F. Roose
R. Wayne Strausburg
Karen Syrylo
James T. Tarlau
Raymond S. Wacks
Renee Manuel Savage
Andrew M. Schaufele
Linda I. Vasbinder

Commission members absent:

Douglas E. Breisch
Senator James E. DeGrange, Sr.
Michael McLoughlin
Odette T. Ramos

Welcome

Chairwoman Senator Nancy King opened the meeting at 1:08 p.m. by discussing the upcoming December 7th agenda. The idea is to meet statutory requirements due December 31st.

Senator King asked that any Commission member interested in making a policy proposal and presenting their argument in favor may do that.

Plan for the next interim is to meet starting in May to review the staff work and discuss the proposals in light of the staff's work. Then we will plan to meet again in June and then the staff will prepare the final document and submit to chairs for final approval.

We would like to keep the panels to 20 minutes per panel.

Delegate Carolyn B. Howard welcomed all members to the meeting and asked that each member continue to share their ideas.

Franchise and PEG Fees – Panel Discussion

Local Governments

Local Cable Franchising /Basics & Benefits - *Suellen Ferguson*

- What is a cable franchise?
- Federal Franchise Regulations
- Cable Franchise Award Process
- Public Benefits
- Buildout requirements
- Consumer Protection
- Local Community Media
- Open Government
- Government Community Events
- Community Coverage/Journalists
- Diverse Programming
- Institutional Networks (I-Net)
- Franchise & PED Revenue

Franchise and PEG Fees – Panel Discussion (continued)

Business Community

Comcast – *Sean Looney*

Reforms in Other States

Virginia Communications Tax Restructuring – *Joe Mayer*

- Local taxes
- State taxes
- Chapter 780 (2006 Acts of Virginia Assembly)
- Cable Franchise Fees
- Communications Sales and Use Tax
- Taxable/Non-taxable
- E-911
- Cable rights-of-Way Use Fee
- Virginia Relay Center
- Revenue Distribution
- Implementation of Chapter 780
- Communications Taxes Guidelines
- Role of Local Governments
- Subsequent Restructuring Legislation

Communications Tax Reform: State Experiences – *Scott Mackey*

- Key Issues Driving Reforms
- Reform Considerations
- Reform Key Questions
- Virginia
- Florida
- North Carolina
- Delaware

Local Government Experience with Virginia Reforms

Virginia Communication Tax Analysis: Theory versus Practice – *Nicholas Miller with Marcia Wilds*

- Summary of Virginia Legislation
- Virginia versus Maryland Distinctions
- Virginia Implementation Challenges
- Virginia Revenue Sample Comparison
- Fairfax County Case Study
- Fairfax County FY 2013 Budget Excerpt

Incentives

Incentives to Encourage Investment in Broadband Networks – *Mitsuko R. Herrera*

- Reducing Government Taxes and Fees Do Not Create Investment Incentives
- Cable Franchise Fees by Maryland County
- Head to Head Cable Competition
- Right of Way Fees & Taxes Do Not Deter Investment in Broadband Networks
- Oregon versus Colorado
- Internet Taxing States
- Montgomery County Case Study
- Additional Incentives Are Needed to Spur Investment in Rural Maryland
- Low Return on Investment
- Incentives to Invest in Networks
- Consumer Challenges for Network Investment

Next meeting date: December 5, 2012 @ 1:00 p.m.

Meeting adjourned at 3:15 p.m.

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