### By: **Delegates Hixson, Healey, and Bozman** Introduced and read first time: January 18, 2000

Assigned to: Ways and Means

# A BILL ENTITLED

1 AN ACT concerning

## **Telecommunications - Taxation**

3 FOR the purpose of exempting from the sales and use tax the sale to or use by certain

4 telecommunications providers of certain machinery or equipment; defining

5 certain terms; and generally relating to the sales and use taxation of certain

6 machinery or equipment used by certain telecommunications providers.

7 BY adding to

2

8 Article - Tax - General

9 Section 11-210(d)

10 Annotated Code of Maryland

11 (1997 Replacement Volume and 1999 Supplement)

12 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF

13 MARYLAND, That the Laws of Maryland read as follows:

## Article - Tax - General

15 11-210.

14

16 (D) (1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE 17 MEANINGS INDICATED.

18(II)"TELECOMMUNICATIONS" MEANS THE TRANSMISSION OF19INFORMATION OF THE USER'S CHOOSING, BETWEEN OR AMONG POINTS SPECIFIED20BY THE USER, WITHOUT CHANGE IN THE CONTENT OF THE INFORMATION AS IT IS21SENT AND RECEIVED.

(III) 1. "TELECOMMUNICATIONS PROVIDER" MEANS A PROVIDER
OF TELECOMMUNICATIONS FOR A FEE TO THE PUBLIC OR TO CLASSES OF USERS
MAKING TELECOMMUNICATIONS AVAILABLE DIRECTLY TO THE PUBLIC,
REGARDLESS OF THE FACILITIES USED.

26 2. "TELECOMMUNICATIONS PROVIDER" INCLUDES A
27 SUBSIDIARY, AFFILIATE, PARTNER, OR COVENTURER OF THE PROVIDER OF
28 TELECOMMUNICATIONS.

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13."TELECOMMUNICATIONS PROVIDER" DOES NOT INCLUDE2A PROVIDER OF TELECOMMUNICATIONS PREDOMINANTLY FOR USE ONLY IN SINGLE3STRUCTURES SUCH AS HOTELS, OFFICE BUILDINGS, OR APARTMENT BUILDINGS.

4 (2) EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION, THE
5 SALES AND USE TAX DOES NOT APPLY TO THE SALE TO OR USE BY A
6 TELECOMMUNICATIONS PROVIDER OF ANY MACHINERY OR EQUIPMENT, INCLUDING
7 COMPUTER SOFTWARE BUT NOT INCLUDING OFFICE FURNITURE, STANDARD OFFICE
8 EQUIPMENT, OR MOTOR VEHICLES, IF THE EQUIPMENT OR MACHINERY IS RELATED
9 TO THE CONDUCT OF:

10

(I) A TELECOMMUNICATIONS BUSINESS; OR

(II) AN INTERNET SERVICE BUSINESS THAT OFFERS OR PROVIDES
 SERVICE THROUGH THE USE OF THE COMPUTER AND TELECOMMUNICATIONS
 FACILITIES, INCLUDING EQUIPMENT AND OPERATING SOFTWARE, THAT COMPRISE
 THE INTERCONNECTED WORLDWIDE NETWORK OF NETWORKS THAT EMPLOY THE
 TRANSMISSION CONTROL PROTOCOL/INTERNET PROTOCOL, OR ANY PREDECESSOR
 OR SUCCESSOR PROTOCOLS TO THAT PROTOCOL.

17 (3) THE EXEMPTION UNDER THIS SUBSECTION DOES NOT APPLY TO
18 UPGRADES TO A SYSTEM THAT WAS NOT ORIGINALLY DESIGNED TO PROVIDE
19 TELECOMMUNICATIONS, INCLUDING A CABLE TELEVISION SYSTEM OR AN ELECTRIC
20 POWER DISTRIBUTION SYSTEM, UNLESS THE PURPOSE OF THE UPGRADE IS TO
21 ALLOW THE SYSTEM TO PROVIDE TELECOMMUNICATIONS OR TO MODIFY THE
22 TELECOMMUNICATIONS FUNCTIONS OF THE SYSTEM.

23 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect 24 July 1, 2000.