

---

By: **Delegates Hixson, C. Davis, Healey, Bozman, Howard, Franchot, and Hurson**

Introduced and read first time: January 28, 2002  
Assigned to: Ways and Means

---

Committee Report: Favorable  
House action: Adopted  
Read second time: March 12, 2002

---

CHAPTER 513

1 AN ACT concerning

2 **Sales and Use Tax - Taxable Price - Communications Services**

3 FOR the purpose of excluding from the taxable price subject to the sales and use tax  
4 certain charges for nontaxable services made in connection with a sale of a  
5 taxable communication service under certain circumstances; and generally  
6 relating to the sales and use taxation of certain communications services.

7 BY repealing and reenacting, with amendments,  
8 Article - Tax - General  
9 Section 11-101(j)(3)  
10 Annotated Code of Maryland  
11 (1997 Replacement Volume and 2001 Supplement)

12 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
13 MARYLAND, That the Laws of Maryland read as follows:

14 **Article - Tax - General**

15 11-101.

16 (j) (3) "Taxable price" does not include:

17 (i) a charge that is made in connection with a sale and is stated as  
18 a separate item of the consideration for:

- 1                                    1.        a delivery, freight, or other transportation service for  
 2 delivery directly to the buyer by the vendor or by another person acting for the  
 3 vendor, unless the transportation service is a taxable service;
- 4                                    2.        a finance charge, interest, or similar charge for credit  
 5 extended to the buyer;
- 6                                    3.        a labor or service for application or installation;
- 7                                    4.        a mandatory gratuity or service charge in the nature of a  
 8 tip for serving food or beverage to a group of 10 or fewer individuals for consumption  
 9 on the premises of the vendor;
- 10                                  5.        a professional service;
- 11                                  6.        a tax:
- 12                                  A.        imposed by a county on the sale of coal, electricity, oil,  
 13 nuclear fuel assemblies, steam, or artificial or natural gas;
- 14                                  B.        imposed under § 3-302(a) of the Natural Resources  
 15 Article, as a surcharge on electricity, and added to an electric bill;
- 16                                  C.        imposed under §§ 6-201 through 6-203 of the Tax -  
 17 Property Article, on tangible personal property subject to a lease that is for an initial  
 18 period that exceeds 1 year and is noncancellable except for cause; or
- 19                                  D.        imposed under § 4-102 of this article on the gross receipts  
 20 derived from an admissions and amusement charge;
- 21                                  7.        any service for the operation of equipment used for the  
 22 production of audio, video, or film recordings; or
- 23                                  8.        reimbursement of incidental expenses paid to a third  
 24 party and incurred in connection with providing a taxable detective service; [or]
- 25                                  (ii)     the value of a used component or part (core value) received from  
 26 a purchaser of the following remanufactured truck parts:
- 27                                    1.        an air brake system;
- 28                                    2.        an engine;
- 29                                    3.        a rear axle carrier; or
- 30                                    4.        a transmission; OR
- 31                                  (III)    A CHARGE FOR A NONTAXABLE SERVICE THAT IS MADE IN  
 32 CONNECTION WITH A SALE OF A TAXABLE COMMUNICATION SERVICE, EVEN IF THE  
 33 NONTAXABLE CHARGES ARE AGGREGATED WITH AND NOT SEPARATELY STATED  
 34 FROM THE TAXABLE CHARGES FOR COMMUNICATIONS SERVICES, IF THE VENDOR

1 CAN REASONABLY IDENTIFY CHARGES NOT SUBJECT TO TAX FROM ITS BOOKS AND  
2 RECORDS THAT ARE KEPT IN THE REGULAR COURSE OF BUSINESS.

3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
4 July 1, 2002.