

SB0002/189134/1

BY: Budget and Taxation Committee

AMENDMENTS TO SENATE BILL 2
(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 2, after “Reform” insert “and Transportation Investment”; in line 6, after “nonresidents;” insert “altering the amount allowed as a deduction for certain exemptions under the Maryland income tax;”; in line 11, after “property;” insert “removing a certain restriction on eligibility to claim a refundable earned income credit under certain circumstances;”; in line 14, after “altering” insert “eligibility for and”; strike beginning with “allowing” in line 16 down through “circumstances;” in line 18 and substitute “imposing a State admissions and amusement tax on the gross receipts derived from the operation of certain bingo games and tip jars; providing for the distribution of certain admissions and amusement tax revenue;”; in line 24, after “tax;” insert “establishing a Chesapeake Bay 2010 Trust Fund in the Department of Natural Resources as a special fund to be used for certain purposes; providing for the distribution of certain property transfer tax and motor vehicle titling tax revenues to the Fund; providing for the distribution of certain sales and use tax revenues to the Transportation Trust Fund; providing for the pledging of certain revenues for certain purposes; increasing the maximum allowable aggregate amount of outstanding and unpaid consolidated transportation bonds and bonds of prior issues; altering the definition of tangible personal property under the sales and use tax to include a right to use certain games of entertainment;”; in lines 25 and 29, in each instance, strike “certain periods” and substitute “a certain period”; in lines 26 and 29, in each instance, strike “tax-free periods” and substitute “a tax-free period”; in line 31, after “provided;” insert “repealing a prohibition against certain advertisements or statements by vendors regarding the payment of the sales and use tax; authorizing vendors to assume or absorb all or any part of the sales and use tax imposed on a retail sale or use and to pay that sales and use tax on behalf of the buyer; repealing certain sales and use tax exemptions relating to certain computer services;”.

(Over)

On page 2, strike beginning with “for” in line 2 down through “Fund” in line 3 and substitute “to the General Fund of the State”; strike beginning with “requiring” in line 11 down through “Commission;” in line 17 and substitute “establishing the Maryland Business Tax Reform Commission to review and evaluate the State’s current business tax structure and to make certain recommendations; providing for the membership and staffing of the Commission; prohibiting members of the Commission from receiving certain compensation but authorizing the reimbursement of certain expenses; requiring an interim report by a certain date; requiring a final report by a certain date; requiring certain corporations engaged in manufacturing to submit certain reports as part of their income tax returns; requiring an individual to file a copy of the individual’s federal income tax return with the Comptroller under certain circumstances; requiring certain corporations to file certain statements with the Comptroller; requiring that certain statements be treated as confidential taxpayer information; requiring the Comptroller to develop and implement a certain enforcement system for certain filing requirements; imposing certain penalties for certain violations; requiring the Comptroller to publish certain names and penalties imposed for certain violations; requiring the Comptroller to collect, compile, and analyze certain information and to use certain information to provide certain analyses to the Governor and General Assembly; requiring the Comptroller to submit certain reports to the Governor and General Assembly; requiring the Comptroller to adopt certain regulations; altering the vehicle excise tax rate for certain motor vehicles, trailers, and semitrailers; altering a definition under the motor vehicle excise tax to reduce the total purchase price on which the tax is calculated by an allowance for certain trade-in considerations; altering the distribution of revenue collected from certain special license tag fees; altering the distribution of revenue collected from certain security interest filing fees; requiring the Governor to include certain appropriations in the budget bill for certain fiscal years;”; in line 24, after “cigarettes” insert “and certain tobacco intended to be placed in the oral cavity; altering the information required to be stated in a tobacco tax return”; strike beginning with the second “altering” in line 24 down through “tax” in line 25; in line 26, after “cigarettes;” insert “altering the application of the tobacco tax to certain cigars weighing no more

than a certain amount; providing a certain rate of tax for little cigars; requiring a manufacturer that distributes free sample little cigars in the State to complete and file certain returns and pay certain tax on those little cigars; requiring that little cigars be sold in a certain manner; providing for a certain reduction in the increase of the tobacco tax rate for cigarettes under certain circumstances; requiring the Comptroller to determine the amount of the reduction subject to certain requirements; providing for the distribution of certain sales and use tax revenue collected for a certain period to a certain special fund;”; strike beginning with “stating” in line 29 down through “circumstances;” in line 34 and substitute “stating the intent of the General Assembly that certain corporate income tax revenues be distributed to the Higher Education Investment Fund beginning in a certain fiscal year under certain circumstances;”; in line 36, after “taxes” insert “and revenues”; in line 39, strike “and 10-908(d)” and substitute “10-908(d), and 12-303(b)”; in line 44, after “2-106(f),” insert “2-202,”; in the same line, after “2-615,” insert “2-1103, 2-1303,”; in line 45, after “10-211,” insert “10-402(c)(2)(vi) and (vii),”; and in the same line, after “10-704,” insert “10-804(c)(3)(ii) and (iii),”.

On page 3, in line 1, strike “11-101(m)” and substitute “11-101(k)(2) and (m)”; in the same line, after “11-105,” insert “11-219,”; in line 2, after “11-301,” insert “11-302, 11-402, 11-601(b)(1), 12-101(c),”; in the same line, strike “12-105(a)” and substitute “12-105”; in the same line, strike “12-303(b)” and substitute “12-201(a), 12-202, and 12-302(a)”; strike line 7 in its entirety and substitute:

“Section 2-613.1, 2-1302.2, 4-102(d), 4-105(a-1), 10-110, 10-804.1, 11-101(c-1) and (c-2), 12-101(b-1) and (b-2)”;

after line 9, insert:

“BY repealing and reenacting, with amendments,
Article – Natural Resources
Section 5-903(b)
Annotated Code of Maryland”

(Over)

(2005 Replacement Volume and 2007 Supplement)

BY adding to

Article – Natural Resources
Section 4-209(k), 8-205, and 8-707(d)
Annotated Code of Maryland
(2005 Replacement Volume and 2007 Supplement)

BY repealing and reenacting, with amendments,

Article – Transportation
Section 3-202, 3-215(b), and 8-402
Annotated Code of Maryland
(2001 Replacement Volume and 2007 Supplement)

BY repealing and reenacting, with amendments,

Article – Transportation
Section 13-613(d), 13-809(a)(3), (b)(1), and (c)(1), and 13-814
Annotated Code of Maryland
(2006 Replacement Volume and 2007 Supplement)

BY repealing

Article – Tax – General
Section 2-1104 and 11-225
Annotated Code of Maryland
(2004 Replacement Volume and 2007 Supplement)”;

and after line 14, insert:

“BY adding to

Article 24 – Political Subdivisions – Miscellaneous Provisions
Section 9–1104
Annotated Code of Maryland

(2005 Replacement Volume and 2007 Supplement)

BY adding to

Article – Environment

Section 9–1605.3

Annotated Code of Maryland

(2007 Replacement Volume and 2007 Supplement)

BY repealing

Article – Transportation

Section 13–208 and 13–613(e)

Annotated Code of Maryland

(2006 Replacement Volume and 2007 Supplement)

BY adding to

Article – Commercial Law

Section 11–5B–01 through 11–5B–03 to be under the new subtitle “Subtitle 5B.
Little Cigar Sales of Fewer Than Five Per Package”

Annotated Code of Maryland

(2005 Replacement Volume and 2007 Supplement)”.

AMENDMENT NO. 2

On page 3, in line 37, strike “4%” and substitute “4.75%”.

On page 4, in line 1, strike “AND (II) AND (2)(I) AND (II)” and substitute “THROUGH (III) AND (2)(I) THROUGH (III)”.

AMENDMENT NO. 3

On page 4, in lines 21 and 22, strike “\$15,000” and “\$15,001”, respectively, and substitute “\$3,000” and “\$3,001”, respectively; in lines 24 and 26, strike “6%” and “6.5%”, respectively, and substitute “5%” and “5.5%”, respectively.

(Over)

On page 5, in lines 11, 12, 13, 14, 15, 16, 17, and 18, strike “\$2,000”, “\$2,001”, “\$4,000”, “\$4,001”, “\$22,500”, and “\$22,501”, respectively, and substitute “\$1,000”, “\$1,001”, “\$2,000”, “\$2,001”, “\$3,000”, and “\$3,001”, respectively; and in lines 18 and 20, strike “6%” and “6.5%”, respectively, and substitute “5%” and “5.5%”, respectively.

AMENDMENT NO. 4

On page 6, in lines 18 and 31, in each instance, strike “\$2,400” and substitute “\$2,600”.

AMENDMENT NO. 5

On page 8, strike beginning with “with” in line 1 down through “exemptions” in line 2; and strike beginning with “with” in line 32 down through “exemptions” in line 33.

AMENDMENT NO. 6

On pages 9 and 10, strike in their entirety the lines beginning with line 26 on page 9 through line 22 on page 10, inclusive.

AMENDMENT NO. 7

On page 30, in line 23, strike “135%” and substitute “120%”.

AMENDMENT NO. 8

On page 14, after line 5, insert:

“Article – Natural Resources

5-903.

(b) Of the remaining funds not appropriated under subsection (a)(1) of this section, the General Assembly shall appropriate the other half of the funds AS FOLLOWS:

(1) \$21,000,000 TO THE CHESAPEAKE BAY 2010 TRUST FUND ESTABLISHED UNDER § 8-205 OF THIS ARTICLE; AND

(2) THE REMAINDER to assist local governing bodies in acquisition and development of land for recreation and open space purposes.

8-205.

(A) THERE IS A CHESAPEAKE BAY 2010 TRUST FUND.

(B) THE PURPOSE OF THE FUND IS TO PROVIDE THE FINANCIAL ASSISTANCE NECESSARY TO MEET, BY 2010, THE GOALS ESTABLISHED IN THE CHESAPEAKE 2000 AGREEMENT FOR THE RESTORATION OF THE CHESAPEAKE BAY AND ITS TRIBUTARIES, INCLUDING THE PATUXENT RIVER.

(C) THE SECRETARY SHALL ADMINISTER THE FUND.

(D) (1) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

(2) THE TREASURER SHALL HOLD THE FUND SEPARATELY, AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.

(E) THE FUND CONSISTS OF:

(1) MONEY APPROPRIATED IN THE STATE BUDGET FOR THE FUND;

(Over)

(2) MONEY DISTRIBUTED TO THE FUND UNDER § 5-903(B)(1) OF THIS ARTICLE;

(3) MONEY DISTRIBUTED TO THE FUND UNDER § 13-814(A) OF THE TRANSPORTATION ARTICLE; AND

(4) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR THE BENEFIT OF THE FUND.

(F) THE FUND MAY BE USED ONLY FOR THE IMPLEMENTATION OF THE STATE'S TRIBUTARY STRATEGY DEVELOPED IN ACCORDANCE WITH THE CHESAPEAKE 2000 AGREEMENT.

(G) (1) THE TREASURER SHALL INVEST THE MONEY OF THE FUND IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.

(2) ANY INVESTMENT EARNINGS OF THE FUND SHALL BE RETAINED TO THE CREDIT OF THE FUND.

(H) MONEY EXPENDED FROM THE FUND FOR THE RESTORATION OF THE CHESAPEAKE BAY AND ITS TRIBUTARIES, INCLUDING THE PATUXENT RIVER, IS SUPPLEMENTAL TO AND IS NOT INTENDED TO TAKE THE PLACE OF FUNDING THAT OTHERWISE WOULD BE APPROPRIATED FOR BAY RESTORATION.

Article – Tax – General

2-1302.2.

AFTER MAKING THE DISTRIBUTIONS REQUIRED UNDER §§ 2-1301 THROUGH 2-1302.1 OF THIS SUBTITLE, THE COMPTROLLER SHALL PAY 8.3% OF THE REMAINING SALES AND USE TAX REVENUE TO THE TRANSPORTATION TRUST FUND ESTABLISHED UNDER § 3-216 OF THE TRANSPORTATION ARTICLE.

2-1303.

After making the distributions required under §§ 2-1301 through [2-1302.1] 2-1302.2 of this subtitle, the Comptroller shall pay:

(1) revenues from the hotel surcharge into the Dorchester County Economic Development Fund established under Article 83A, § 5-216 of the Code; and

(2) the remaining sales and use tax revenue into the General Fund of the State.

Article – Transportation

3-202.

(a) The Department from time to time may issue its bonds on behalf of this State to finance the cost of any one or more or combination of transportation facilities.

(b) The bonds shall be known as “consolidated transportation bonds” and may be issued in any amount as long as the aggregate outstanding and unpaid principal balance of these bonds and bonds of prior issues does not exceed at any one time the sum of [\$2.0] \$3.0 billion.

(Over)

(c) The maximum outstanding and unpaid principal balance of consolidated transportation bonds and bonds of prior issues as of June 30 for the next fiscal year:

(1) Shall be established each year by the General Assembly in the State budget; and

(2) May not exceed the limit established in subsection (b) of this section.

3-215.

(b) The tax levied and imposed by this section consists of that part of the following taxes that are retained to the credit of the Department after distributions to the political subdivisions:

(1) The motor fuel tax revenue distributed under §§ 2-1103(2) and 2-1104(4) of the Tax – General Article;

(2) The income tax revenue distributed under § 2-614 of the Tax – General Article;

(3) The **REVENUES FROM THE** excise tax imposed on vehicles by Part II of Title 13, Subtitle 8 of this article **DISTRIBUTED UNDER § 13-814(B) OF THIS ARTICLE**; and

(4) The sales and use tax revenues distributed under [§ 2-1302.1] **§§ 2-1302.1 AND 2-1302.2** of the Tax – General Article.

8-402.

(a) There is a Gasoline and Motor Vehicle Revenue Account in the Transportation Trust Fund.

(b) All revenues collected from the following, after deductions provided by law, shall be credited to the Gasoline and Motor Vehicle Revenue Account:

(1) All of the motor vehicle fuel tax;

(2) Except as otherwise provided by law, THE EXCESS OVER \$76,000,000 OF 80 percent of the vehicle titling tax DISTRIBUTED TO THE TRANSPORTATION TRUST FUND UNDER § 13-814 OF THIS ARTICLE;

(3) Except for revenues collected under Parts III and IV of Title 13, Subtitle 9 of this article, vehicle registration fees;

(4) The revenue disbursed to this account under § 2-614 of the Tax – General Article; and

(5) 80 percent of the funds distributed on short-term vehicle rentals under § 2-1302.1 of the Tax – General Article to the Transportation Trust Fund from the sales and use tax.

(c) (1) During each fiscal year, the Account shall be used to pay the allocations of highway user revenues provided by this subtitle to the counties, municipalities, and Baltimore City; and

(2) The balance of the Account may be used as provided in § 3-216 of this article.

13-814.

(A) FOR THE FISCAL YEAR BEGINNING JULY 1, 2008, AND EACH SUBSEQUENT FISCAL YEAR, FROM THE MONEY COLLECTED UNDER THIS PART,

(Over)

\$30,000,000 SHALL BE DISTRIBUTED TO THE CHESAPEAKE BAY 2010 TRUST FUND ESTABLISHED UNDER § 8-205 OF THE NATURAL RESOURCES ARTICLE.

(B) [Money] AFTER THE DISTRIBUTION UNDER SUBSECTION (A) OF THIS SECTION, MONEY collected under this part shall be deposited in the State Treasury and accounted for on the records of the State Comptroller and transferred to the Transportation Trust Fund.”.

On page 30, after line 10, insert:

“SECTION 10. AND BE IT FURTHER ENACTED, That, notwithstanding any other provision of law, from the sales and use tax revenue collected from January 1, 2008, through the end of June 30, 2008, the Comptroller shall distribute \$110,000,000 to the State Police Helicopter Replacement Fund established under § 2-801 of the Public Safety Article.”.

AMENDMENT NO. 9

On page 14, after line 7, insert:

“(C-1)(1) “COMPUTER SERVICE” INCLUDES:

- (I) COMPUTER FACILITIES MANAGEMENT AND OPERATION;**
- (II) CUSTOM COMPUTER PROGRAMMING;**
- (III) COMPUTER SYSTEM PLANNING AND DESIGN THAT INTEGRATE COMPUTER HARDWARE, SOFTWARE, AND COMMUNICATION TECHNOLOGIES;**
- (IV) COMPUTER DISASTER RECOVERY; AND**

(V) HARDWARE OR SOFTWARE INSTALLATION OR MAINTENANCE.

(2) "COMPUTER SERVICE" DOES NOT INCLUDE:

(I) DATA PROCESSING OR ENTRY; OR

(II) COMPUTER TRAINING.

(C-2) "LANDSCAPING SERVICE" DOES NOT INCLUDE A SERVICE PERFORMED TO REAL PROPERTY AS PART OF THE CONSTRUCTION, ALTERATION, REPAIR, DECORATION, OR IMPROVEMENT OF A STRUCTURE IF THE CONSTRUCTION, ALTERATION, REPAIR, DECORATION, OR IMPROVEMENT IS PROPERLY CAPITALIZED USING ACCEPTABLE AND CONSISTENT ACCOUNTING STANDARDS.

(k) (2) "Tangible personal property" includes:

(i) farm equipment;

(ii) wall-to-wall carpeting that is installed into real estate, regardless of the purpose, method, or permanency of its installation; [and]

(iii) coal, electricity, oil, nuclear fuel assemblies, steam, and artificial or natural gas; AND

(IV) A RIGHT TO USE A VIDEO GAME OR OTHER GAME OF ENTERTAINMENT AT AN ARCADE."

On page 15, strike in their entirety lines 2 through 4, inclusive, and substitute:

(Over)

“(13) A COMPUTER SERVICE; OR

(14) A LANDSCAPING SERVICE.

11-219.

(a) The sales and use tax does not apply to a personal, professional, or insurance service that:

(1) is not a taxable service; and

(2) involves a sale as an inconsequential element for which no separate charge is made.

[(b) The sales and use tax does not apply to a sale of custom computer software services relating to procedures and programs that:

(1) otherwise are taxable under this title;

(2) are to be used by a specific person;

(3) (i) are created for that person; or

(ii) contain standard or proprietary routines that incorporate significant creative input to customize the procedures and programs for that person; and

(4) do not constitute a program, procedure, or documentation that is mass produced and sold to:

(i) the general public; or

(ii) persons associated in a trade, profession, or industry.

(c) The sales and use tax does not apply to the sale of an optional computer software maintenance contract if the buyer does not have a right, as part of the contract, to receive at no additional cost software products that are separately priced and marketed by the vendor.]

~~[(d)]~~ (B) The sales and use tax does not apply to the use of a taxable service obtained by using a prepaid telephone calling arrangement.

~~[11-225.~~

(a) In this section, “computer program” means a set of statements or instructions to be used directly or indirectly in a computer in order to bring about a certain result.

(b) The sales and use tax does not apply to a sale of a computer program that is legally permitted to be and is intended to be:

(1) reproduced for sale; or

(2) incorporated in whole or in part into another computer program intended for sale.]”.

AMENDMENT NO. 10

On page 16, in line 4, after “CLOTHES WASHER” insert “OR DRYER”; strike beginning with “FIRST” in line 10 down through “SUNDAY” in line 12 and substitute “SATURDAY IMMEDIATELY PRECEDING THE THIRD MONDAY IN FEBRUARY THROUGH THE THIRD MONDAY IN FEBRUARY”; in line 13, strike “TAX-FREE WEEKENDS” and substitute “A TAX-FREE WEEKEND”; and in line 15, strike “WEEKENDS” and substitute “WEEKEND”; strike beginning with “AND” in line 27

(Over)

down through “**SATURDAY**” in line 28; in lines 28, 29, and 31, in each instance, strike the bracket; in line 29, strike “**TAX-FREE PERIODS FOR**”; and in line 31, strike “**PERIODS FOR**”.

AMENDMENT NO. 11

On page 16, after line 34, insert:

“11-302.

For each retail sale or sale for use other than a sale under § 11-405 or § 11-406 of this title, the sales and use tax shall be:

- (1) stated [and charged] separately from the sale price; and
- (2) shown separately from the sale price on any record of a sale:
 - (i) at the time of the sale;
 - (ii) when the vendor issues evidence of the sale; or
 - (iii) when the vendor uses evidence of the sale.

11-402.

[A] SUBJECT TO § 11-302 OF THIS TITLE, A vendor may [not directly or indirectly advertise, state, or otherwise hold out that any part of the sales and use tax:

- (1) will be assumed or absorbed by the vendor;
- (2) will not be added to the taxable price of tangible personal property or a taxable service; or

(3) will be refunded if added to the taxable price of tangible personal property or a taxable service]:

(1) ASSUME OR ABSORB ALL OR ANY PART OF THE SALES AND USE TAX IMPOSED ON A RETAIL SALE OR USE; AND

(2) PAY THAT SALES AND USE TAX ON BEHALF OF THE BUYER.

11-601.

(b) (1) A vendor who makes a sale subject to the sales and use tax shall pay the sales and use tax that the vendor collects for that sale **OR THAT THE VENDOR ASSUMES OR ABSORBS FOR THAT SALE** with the return that covers the period in which the vendor makes that sale.”.

AMENDMENT NO. 12

On pages 17 and 18, strike in their entirety the lines beginning with line 27 on page 17 through line 4 on page 18 and substitute:

“(7) THE FUND CONSISTS OF:

(I) MONEY APPROPRIATED IN THE STATE BUDGET FOR THE FUND; AND

(II) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR THE BENEFIT OF THE FUND.”.

On page 18, strike in their entirety lines 18 through 25, inclusive, and substitute:

(Over)

“AFTER MAKING THE DISTRIBUTION REQUIRED UNDER § 2-613 OF THIS SUBTITLE, THE COMPTROLLER SHALL DISTRIBUTE 12.5% OF THE REMAINING INCOME TAX REVENUE FROM CORPORATIONS TO THE GENERAL FUND OF THE STATE.”.

On page 31, strike in their entirety lines 23 through 41, inclusive.

On page 32, in line 4, after “revenues” insert “be altered to provide for a distribution”; strike beginning with the first “and” in line 5 down through “required” in line 6 and substitute “equal to half of the revenue required to be distributed to the General Fund of the State”; and strike beginning with “continue” in line 7 down through “year” in line 8 and substitute “beginning in fiscal year 2011”.

AMENDMENT NO. 13

On pages 19 through 22, strike in their entirety the lines beginning with line 31 on page 19 through line 30 on page 22, inclusive, and substitute:

“Article - Tax - General

10-110.

(A) THERE IS A MARYLAND BUSINESS TAX REFORM COMMISSION.

(B) (1) THE COMMISSION SHALL REVIEW AND EVALUATE THE STATE’S CURRENT BUSINESS TAX STRUCTURE AND MAKE SPECIFIC RECOMMENDATIONS FOR CHANGES TO THE STATE’S BUSINESS TAX STRUCTURE TO PROVIDE FOR FAIR AND EQUITABLE TAXATION FOR ALL CORPORATIONS AND OTHER BUSINESS ENTITIES DOING BUSINESS IN THE STATE.

(2) THE COMMISSION’S RECOMMENDATIONS MAY INCLUDE, WITHOUT LIMITATION, CHANGES SUCH AS TAX RATE CHANGES, TAX BASE

**BROADENING MEASURES, MEASURES TO ADDRESS TAX AVOIDANCE STRATEGIES,
AND ELIMINATION OF INEFFECTIVE OR INEFFICIENT TAX POLICIES INTENDED
AS ECONOMIC DEVELOPMENT INCENTIVES.**

**(3) THE COMMISSION'S STUDY SHALL INCLUDE, AT A MINIMUM, A
REVIEW AND EVALUATION OF THE FOLLOWING OPTIONS FOR BUSINESS TAX
REFORM:**

**(I) THE IMPOSITION OF COMBINED REPORTING USING THE
"WATER'S EDGE METHOD" UNDER THE CORPORATE INCOME TAX FOR UNITARY
GROUPS OF AFFILIATED CORPORATIONS;**

**(II) THE IMPOSITION OF OTHER TYPES OF BUSINESS TAXES,
IN LIEU OF OR IN ADDITION TO THE CURRENT TAXES IMPOSED, INCLUDING
GROSS RECEIPTS TAXES, VALUE ADDED TAXES, AND ALTERNATIVE MINIMUM
TAXES; AND**

**(III) IMPROVED METHODS FOR EVALUATION OF THE
EFFECTIVENESS AND EFFICIENCY OF TAX POLICIES INTENDED AS ECONOMIC
DEVELOPMENT INCENTIVES.**

**(C) THE COMMISSION SHALL BE COMPOSED OF 17 MEMBERS, AS
FOLLOWS:**

(1) A CHAIR, APPOINTED BY THE GOVERNOR;

**(2) THREE MEMBERS OF THE SENATE BUDGET AND TAXATION
COMMITTEE, APPOINTED BY THE PRESIDENT OF THE SENATE;**

(Over)

(3) THREE MEMBERS OF THE HOUSE COMMITTEE ON WAYS AND MEANS, APPOINTED BY THE SPEAKER OF THE HOUSE;

(4) THE COMPTROLLER OF THE TREASURY, OR THE COMPTROLLER'S DESIGNEE;

(5) THE SECRETARY OF BUSINESS AND ECONOMIC DEVELOPMENT, OR THE SECRETARY'S DESIGNEE;

(6) THE SECRETARY OF BUDGET AND MANAGEMENT, OR THE SECRETARY'S DESIGNEE;

(7) THE DIRECTOR OF THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION, OR THE DIRECTOR'S DESIGNEE;

(8) A REPRESENTATIVE OF THE MARYLAND ASSOCIATION OF COUNTIES;

(9) A REPRESENTATIVE OF THE MARYLAND MUNICIPAL LEAGUE;

(10) A REPRESENTATIVE OF THE MARYLAND CHAMBER OF COMMERCE; AND

(11) THREE MEMBERS OF THE PUBLIC KNOWLEDGEABLE ABOUT THE STATE'S BUSINESS TAX STRUCTURE, APPOINTED BY THE GOVERNOR.

(D) THE COMPTROLLER AND THE DEPARTMENT OF BUDGET AND MANAGEMENT SHALL PROVIDE STAFF SUPPORT TO THE COMMISSION.

(E) A MEMBER OF THE COMMISSION;

(1) MAY NOT RECEIVE COMPENSATION; BUT

(2) IS ENTITLED TO REIMBURSEMENT FOR EXPENSES UNDER THE STANDARD STATE TRAVEL REGULATIONS, AS PROVIDED IN THE STATE BUDGET.

(F) ON OR BEFORE DECEMBER 15, 2010, THE COMMISSION SHALL SUBMIT AN INTERIM REPORT OF ITS FINDINGS AND RECOMMENDATIONS TO THE GOVERNOR AND, IN ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE, TO THE GENERAL ASSEMBLY.

(G) ON OR BEFORE DECEMBER 15, 2011, THE COMMISSION SHALL SUBMIT A FINAL REPORT OF ITS FINDINGS AND RECOMMENDATIONS TO THE GOVERNOR AND, IN ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE, TO THE GENERAL ASSEMBLY.

SECTION 6. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article – Tax – General

10-402.

(c) (2) (vi) As part of its tax return for a taxable year beginning after December 31, [2000 but before January 1, 2003] 2005, each manufacturing corporation that has more than 25 employees and apportions its income under this paragraph shall submit a report, in the form that the Comptroller requires by regulation, that describes for each taxable year as of the last day of the taxable year the following:

(Over)

1. the difference in tax owed as a result of using THE single sales factor apportionment method under this paragraph as compared to the tax owed using the 3-factor double weighted sales factor apportionment method in effect for the last taxable year beginning on or before December 31, 2000;

2. volume of sales in the State and worldwide;

3. taxable income in the State and worldwide; and

4. book value of plant, land, and equipment in the State and worldwide.

(vii) On or before October 1, [2003] **2008**, and October 1 [, 2004] OF EACH YEAR THEREAFTER, and notwithstanding any confidentiality requirements, the Comptroller shall prepare and submit to the Governor and, subject to § 2-1246 of the State Government Article, to the General Assembly, a comprehensive report on the use of single sales factor apportionment by manufacturing corporations that provides, at a minimum:

1. the number of corporations filing tax returns for the taxable year that ended during the preceding calendar year that use single sales factor apportionment and the number of such corporations having a Maryland income tax liability for that taxable year;

2. the number of corporations paying less in Maryland income tax for that taxable year as a result of using single sales factor apportionment and the aggregate amount of Maryland income tax savings for all such corporations for that taxable year as a result of using single sales factor apportionment; and

3. the number of corporations paying more in Maryland income tax for the taxable year as a result of using single sales factor apportionment

and the aggregate amount of additional Maryland income tax owed by those corporations for the taxable year as a result of using single sales factor apportionment.

10-804.

(e) Each person required under this subtitle to file an income tax return or estimated income tax declaration or return shall:

(3) attach to an income tax return or otherwise file with the Comptroller any records or statements that the Comptroller requires, including:

(ii) a copy of the federal income tax return:

1. for a corporation;

2. FOR AN INDIVIDUAL WHO REPORTS INCOME OR LOSS FROM A SOLE PROPRIETORSHIP (SCHEDULE C OF FORM 1040) OR INCOME OR LOSS FROM RENTAL REAL ESTATE AND ROYALTIES, PARTNERSHIPS AND S CORPORATIONS, ESTATES AND TRUSTS, OR REAL ESTATE MORTGAGE INVESTMENT CONDUITS (SCHEDULE E OF FORM 1040); and

[2.] 3. if the Comptroller requests, for an individual OTHER THAN ONE DESCRIBED IN ITEM 2 OF THIS ITEM; [and]

(iii) FOR A CORPORATION, THE STATEMENTS REQUIRED UNDER § 10-804.1 OF THIS SUBTITLE; AND

[(iii)] (IV) if the Comptroller requests, for a corporation that is a member of an affiliated group or controlled group under § 1504 or § 1563 of the Internal Revenue Code, a statement of all intermember costs or expenses and all

(Over)

intermember sales, exchanges, or other transactions involving tangible or intangible property for the taxable year.

10-804.1.

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) “CORPORATE GROUP” MEANS:

(I) AN AFFILIATED GROUP OR CONTROLLED GROUP UNDER § 1504 OR § 1563 OF THE INTERNAL REVENUE CODE; OR

(II) AN AFFILIATED GROUP OF CORPORATIONS:

1. THAT IS ENGAGED IN A UNITARY BUSINESS; AND

2. MORE THAN 50% OF THE VOTING STOCK OF EACH MEMBER OF WHICH IS DIRECTLY OR INDIRECTLY OWNED BY:

A. A COMMON OWNER OR COMMON OWNERS, EITHER CORPORATE OR NONCORPORATE; OR

B. ONE OR MORE MEMBERS OF THE GROUP.

(3) “DOING BUSINESS IN THE STATE” INCLUDES ENGAGING IN ANY OF THE FOLLOWING ACTIVITIES, WHETHER OR NOT THE CORPORATION ENGAGING IN THE ACTIVITY IS SUBJECT TO THE TAX IMPOSED UNDER THIS TITLE:

(I) OWNING OR RENTING REAL OR TANGIBLE PERSONAL PROPERTY PHYSICALLY LOCATED IN THE STATE;

(II) HAVING EMPLOYEES, AGENTS, OR REPRESENTATIVES ACTING ON THE CORPORATION'S BEHALF IN THE STATE;

(III) MAKING SALES OF TANGIBLE PERSONAL PROPERTY TO PURCHASERS THAT TAKE POSSESSION OF THE PROPERTY IN THE STATE;

(IV) PERFORMING SERVICES FOR CUSTOMERS LOCATED IN THE STATE;

(V) PERFORMING SERVICES IN THE STATE;

(VI) EARNING INCOME FROM INTANGIBLE PROPERTY THAT HAS A BUSINESS SITUUS IN THE STATE;

(VII) ENGAGING IN REGULAR AND SYSTEMATIC SOLICITATION OF SALES IN THE STATE;

(VIII) BEING A GENERAL OR LIMITED PARTNER IN A PARTNERSHIP ENGAGED IN ANY OF THE ACTIVITIES DESCRIBED IN ITEMS (I) THROUGH (VII) OF THIS PARAGRAPH; OR

(IX) BEING A MEMBER OF A LIMITED LIABILITY COMPANY ENGAGED IN ANY OF THE ACTIVITIES DESCRIBED IN ITEMS (I) THROUGH (VII) OF THIS PARAGRAPH.

(4) "PUBLICLY TRADED CORPORATION" MEANS:

(Over)

(I) A CORPORATION THAT IS REGULARLY TRADED ON AN ESTABLISHED SECURITIES MARKET IN THE UNITED STATES OR A FOREIGN COUNTRY; OR

(II) A CORPORATION MORE THAN 50% OF THE VOTING STOCK OF WHICH IS OWNED, DIRECTLY OR INDIRECTLY, BY A CORPORATION, TRUST, ASSOCIATION, OR OTHER BUSINESS ENTITY THAT IS REGULARLY TRADED ON AN ESTABLISHED SECURITIES MARKET IN THE UNITED STATES OR A FOREIGN COUNTRY.

(B) EACH CORPORATION THAT IS REQUIRED TO FILE AN INCOME TAX RETURN UNDER THIS TITLE AND IS A MEMBER OF A CORPORATE GROUP SHALL FILE WITH THE COMPTROLLER:

(1) A STATEMENT IDENTIFYING EACH MEMBER OF THE CORPORATE GROUP AND STATING FOR EACH MEMBER OF THE CORPORATE GROUP:

(I) WHETHER THE MEMBER FILED AN INCOME TAX RETURN UNDER THIS TITLE FOR THE TAXABLE YEAR;

(II) THE TOTAL VOLUME OF SALES BY THE MEMBER WORLDWIDE FOR THE TAXABLE YEAR; AND

(III) THE VOLUME OF SALES MADE BY THE MEMBER IN THE STATE FOR THE TAXABLE YEAR, IF ANY; AND

(2) A STATEMENT:

(I) IDENTIFYING EACH STATE OTHER THAN MARYLAND IN WHICH ANY MEMBER OF THE CORPORATE GROUP FILED AN INCOME TAX RETURN FOR THE TAXABLE YEAR; AND

(II) AS TO ANY STATE THAT REQUIRES COMBINED OR CONSOLIDATED REPORTING FOR CORPORATE INCOME TAXPAYERS, LISTING THE MEMBERS OF THE CORPORATE GROUP THAT ARE INCLUDED IN THE COMBINED OR CONSOLIDATED GROUP FOR PURPOSES OF THE INCOME TAX RETURN OR RETURNS FILED IN THAT STATE.

(C) (1) EACH PUBLICLY TRADED CORPORATION THAT IS DOING BUSINESS IN THE STATE SHALL FILE WITH THE COMPTROLLER A STATEMENT CONTAINING THE FOLLOWING INFORMATION:

(I) THE NAME OF THE CORPORATION AND THE STREET ADDRESS OF ITS PRINCIPAL EXECUTIVE OFFICE;

(II) THE NAME OF ANY CORPORATION THAT OWNS, DIRECTLY OR INDIRECTLY, 50% OR MORE OF THE VOTING STOCK OF THE CORPORATION AND THE STREET ADDRESS OF THAT CORPORATION'S PRINCIPAL EXECUTIVE OFFICE;

(III) THE CORPORATION'S 4-DIGIT NORTH AMERICAN INDUSTRY CLASSIFICATION SYSTEM CODE NUMBER; AND

(IV) AS SPECIFIED BY THE COMPTROLLER, INFORMATION REPORTED ON OR USED IN PREPARING THE CORPORATION'S TAX RETURN FILED UNDER THIS TITLE, OR, IN THE CASE OF A CORPORATION NOT REQUIRED TO FILE A TAX RETURN UNDER THIS TITLE, THE INFORMATION THAT WOULD BE

(Over)

REQUIRED TO BE REPORTED ON OR USED IN PREPARING THE TAX RETURN IF THE CORPORATION WERE REQUIRED TO FILE AN INCOME TAX RETURN.

(2) IN LIEU OF THE INFORMATION DESCRIBED IN PARAGRAPH (1)(IV) OF THIS SUBSECTION, A PUBLICLY TRADED CORPORATION DOING BUSINESS IN THE STATE BUT NOT REQUIRED TO FILE A TAX RETURN UNDER THIS TITLE MAY ELECT TO PROVIDE THE FOLLOWING INFORMATION:

(I) AN EXPLANATION OF WHY THE CORPORATION IS NOT REQUIRED TO FILE A CORPORATE INCOME TAX RETURN IN THIS STATE; AND

(II) A STATEMENT AS TO WHETHER THE CORPORATION'S TOTAL GROSS RECEIPTS FROM SALES TO PURCHASERS IN THIS STATE FOR THE TAXABLE YEAR WERE:

1. LESS THAN \$10,000,000;
2. AT LEAST \$10,000,000 BUT LESS THAN \$50,000,000;
3. AT LEAST \$50,000,000 BUT LESS THAN \$100,000,000;
4. AT LEAST \$100,000,000 BUT LESS THAN \$250,000,000; OR
5. AT LEAST \$250,000,000.

(3) IF A PUBLICLY TRADED CORPORATION IS A MEMBER OF A CORPORATE GROUP AND THE CORPORATE GROUP HAS WORLDWIDE GROSS

RECEIPTS FOR THE TAXABLE YEAR IN EXCESS OF \$100,000,000, THE STATEMENT REQUIRED UNDER THIS SUBSECTION SHALL INCLUDE:

(I) THE INFORMATION SPECIFIED UNDER PARAGRAPH (1) OR (2) OF THIS SUBSECTION FOR EACH MEMBER OF THE CORPORATE GROUP, WHETHER OR NOT THE MEMBER IS DOING BUSINESS IN THE STATE OR IS REQUIRED TO FILE AN INCOME TAX RETURN UNDER THIS TITLE; AND

(II) OTHER INFORMATION AS SPECIFIED BY THE COMPTROLLER FOR THE CORPORATION AND FOR EACH MEMBER OF ANY CORPORATE GROUP OF WHICH THE CORPORATION IS A MEMBER, INCLUDING:

1. THE MEMBERS OF THE CORPORATE GROUP THAT WOULD BE INCLUDED IN THE COMBINED GROUP USING THE "WATER'S EDGE" METHOD FOR PURPOSES OF COMBINED REPORTING AND THE DIFFERENCE IN MARYLAND INCOME TAX THAT WOULD BE OWED IF THE CORPORATION WERE REQUIRED TO USE COMBINED REPORTING USING THE "WATER'S EDGE" METHOD TO DETERMINE ITS MARYLAND INCOME TAX;

2. THE SALES FACTOR THAT WOULD BE CALCULATED FOR THIS STATE AND THE DIFFERENCE IN MARYLAND INCOME TAX THAT WOULD BE OWED IF THE CORPORATION WERE REQUIRED TO INCLUDE IN THE NUMERATOR OF THE SALES FACTOR FOR PURPOSES OF APPORTIONING INCOME TO THE STATE ALL SALES OF PROPERTY SHIPPED FROM AN OFFICE, STORE, WAREHOUSE, FACTORY, OR OTHER PLACE OF STORAGE IN THIS STATE WHERE:

A. THE PURCHASER IS THE FEDERAL GOVERNMENT;
AND

(Over)

B. THE PROPERTY IS SHIPPED OR DELIVERED TO A CUSTOMER IN A STATE IN WHICH THE SELLING CORPORATION IS NOT SUBJECT TO A STATE CORPORATE INCOME TAX OR STATE FRANCHISE TAX MEASURED BY NET INCOME AND COULD NOT BE SUBJECT TO SUCH A TAX IF THE STATE WERE TO IMPOSE IT;

3. FOR ANY INCOME THAT THE TAXPAYER HAS IDENTIFIED, ON THE INCOME TAX RETURN FILED UNDER THIS TITLE OR ON AN INCOME TAX RETURN FILED IN ANY STATE, AS INCOME THAT IS NOT APPORTIONABLE:

A. THE AMOUNT AND SOURCE OF THAT NONAPPORTIONABLE INCOME;

B. UNLESS THE PRINCIPAL EXECUTIVE OFFICE OF THE CORPORATION IS IN THIS STATE, THE STATE TO WHICH THAT NONAPPORTIONABLE INCOME WAS ALLOCATED; AND

C. IF THE PRINCIPAL EXECUTIVE OFFICE OF THE CORPORATION IS IN THIS STATE, THE DIFFERENCE IN TAX THAT WOULD BE OWED IF THE CORPORATION WERE REQUIRED TO ALLOCATE 100% OF THE NONAPPORTIONABLE INCOME TO MARYLAND;

4. THE FULL-TIME EQUIVALENT EMPLOYMENT OF THE CORPORATION IN THE STATE ON THE LAST DAY OF THE TAXABLE YEAR AND FOR THE 3 PREVIOUS TAXABLE YEARS; AND

5. IF THE CORPORATION IS INCORPORATED IN THE UNITED STATES OR IS AN AFFILIATE OF A CORPORATION INCORPORATED IN THE UNITED STATES, PROFITS BEFORE TAX REPORTED ON THE SECURITIES

AND EXCHANGE COMMISSION FORM 10-K FOR THE CORPORATION OR THE CORPORATE GROUP OF WHICH THE CORPORATION IS A MEMBER FOR THE CORPORATE FISCAL YEAR THAT CONTAINS THE LAST DAY OF THE TAXABLE YEAR.

(D) (1) THE STATEMENTS REQUIRED UNDER SUBSECTIONS (B) AND (C) OF THIS SECTION:

(I) SHALL BE FILED ANNUALLY, FOR ALL TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 2005, ON OR BEFORE DATES SPECIFIED BY THE COMPTROLLER IN AN ELECTRONIC FORMAT AS SPECIFIED BY THE COMPTROLLER;

(II) SHALL BE:

1. MADE UNDER OATH AND SIGNED IN THE SAME MANNER AS REQUIRED FOR INCOME TAX RETURNS UNDER § 10-804 OF THIS SUBTITLE; AND

2. SUBJECT TO AUDIT BY THE COMPTROLLER IN THE COURSE OF AND UNDER THE NORMAL PROCEDURES APPLICABLE TO CORPORATE INCOME TAX RETURN AUDITS; AND

(III) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, SHALL BE TREATED AS CONFIDENTIAL TAXPAYER INFORMATION SUBJECT TO TITLE 13, SUBTITLE 2 OF THIS ARTICLE.

(2) THE STATEMENTS REQUIRED UNDER THIS SECTION FOR THE MEMBERS OF A CORPORATE GROUP SHALL BE SUBMITTED BY THE CORPORATE GROUP IN ONE COMBINED REPORT THAT INCLUDES THE INFORMATION

(Over)

REQUIRED UNDER SUBSECTIONS (B) AND (C) OF THIS SECTION FOR ALL MEMBERS OF THE CORPORATE GROUP.

(3) THE COMPTROLLER SHALL DEVELOP AND IMPLEMENT AN OVERSIGHT SYSTEM TO ENSURE THAT CORPORATIONS DOING BUSINESS IN THE STATE, INCLUDING THOSE NOT REQUIRED TO FILE A RETURN UNDER THIS TITLE, PROVIDE THE REQUIRED DISCLOSURE STATEMENTS IN A TIMELY AND ACCURATE MANNER.

(4) A PERSON WHO IS REQUIRED TO FILE A STATEMENT UNDER THIS SECTION WHO WILLFULLY FAILS TO FILE THE STATEMENT OR WHO FILES A FALSE STATEMENT IS GUILTY OF A MISDEMEANOR AND, ON CONVICTION, IS SUBJECT TO A FINE NOT EXCEEDING \$10,000 OR IMPRISONMENT NOT EXCEEDING 5 YEARS OR BOTH.

(5) THE COMPTROLLER SHALL PUBLISH THE NAME OF, AND PENALTY IMPOSED ON, ANY CORPORATION FAILING TO FILE A STATEMENT REQUIRED UNDER THIS SECTION OR FILING AN INACCURATE STATEMENT.

(E) (1) A CORPORATION SUBMITTING A STATEMENT REQUIRED UNDER THIS SECTION MAY SUBMIT SUPPLEMENTAL INFORMATION THAT, IN ITS SOLE JUDGMENT AND DISCRETION, COULD FACILITATE PROPER INTERPRETATION OF THE INFORMATION INCLUDED IN THE STATEMENT.

(2) A CORPORATION SHALL FILE A SUPPLEMENTAL STATEMENT UNDER THIS SECTION WITHIN 60 DAYS AFTER:

(I) THE CORPORATION FILES AN AMENDED TAX RETURN UNDER THIS TITLE; OR

(II) THE CORPORATION'S TAX LIABILITY FOR A TAX YEAR IS CHANGED AS THE RESULT OF AN AUDIT ADJUSTMENT OR FINAL DETERMINATION OF LIABILITY BY THE COMPTROLLER OR BY A COURT OF LAW.

(F) (1) THE COMPTROLLER SHALL:

(I) COLLECT, COMPILE, AND ANALYZE THE INFORMATION SUBMITTED UNDER THIS SECTION;

(II) USE THE INFORMATION SUBMITTED UNDER THIS SECTION TO PROVIDE ANALYSES AS REQUESTED BY THE GOVERNOR OR THE GENERAL ASSEMBLY RELATING TO THE CORPORATE INCOME TAX OR PROPOSALS FOR CHANGES TO THE CORPORATE INCOME TAX; AND

(III) ON OR BEFORE DECEMBER 1 OF EACH YEAR, BASED ON INFORMATION PROVIDED IN INCOME TAX RETURNS AND THE DATA SUBMITTED UNDER THIS SUBSECTION, SUBMIT A REPORT TO THE GOVERNOR AND, SUBJECT TO § 2-1246 OF THE STATE GOVERNMENT ARTICLE, TO THE GENERAL ASSEMBLY, CONCERNING THE CORPORATE INCOME TAX.

(2) THE REPORT REQUIRED UNDER THIS SUBSECTION SHALL:

(I) SUMMARIZE THE INFORMATION SUBMITTED UNDER THIS SECTION; AND

(II) PROVIDE DETAILED ANALYSES OF THE CHARACTERISTICS OF CORPORATE TAXPAYERS, INCLUDING:

1. HISTORICAL SERIES OF DATA AND DETAILED REPORTS FOR THE REPORTED YEAR; AND

(Over)

2. THE DISTRIBUTION OF MARYLAND TAXABLE INCOME, INCOME TAX LIABILITY, AND OTHER ELEMENTS OF THE CORPORATE INCOME TAX SUCH AS TAX CREDITS, MODIFICATIONS TO INCOME, AND NET OPERATING LOSS CARRYOVERS.

(3) THE INFORMATION PROVIDED IN THE REPORT SHALL BE PROVIDED BY VARIOUS CATEGORIES, INCLUDING:

(I) BUSINESS CATEGORY; AND

(II) VARIOUS MEASURES OF SIZE, SUCH AS TAXABLE INCOME, IN-STATE AND WORLDWIDE PAYROLL, AND IN-STATE AND WORLDWIDE GROSS RECEIPTS.

(G) THE COMPTROLLER SHALL ADOPT APPROPRIATE REGULATIONS TO IMPLEMENT THE PROVISIONS OF THIS SECTION.”.

On page 31, after line 6, insert:

“SECTION 13. AND BE IT FURTHER ENACTED, That, notwithstanding any other provision of law, except as otherwise provided in regulations that the Comptroller adopts, the reports and statements required for a taxable year beginning before January 1, 2007, under §§ 10-402(c)(2)(vi) and 10-804.1 of the Tax – General Article as enacted by Section 6 of this Act shall be submitted as part of a corporation’s tax return for the corporation’s next taxable year beginning after December 31, 2006, and shall be reflected in the Comptroller’s reports to be submitted in 2008 to the Governor and General Assembly under §§ 10-402(c)(vii) and 10-804.1 of the Tax – General Article.”.

AMENDMENT NO. 14

On page 22, before line 31, insert:

“Article – Transportation

13–809.

(a) (3) “Total purchase price” means the price of a vehicle agreed on by the buyer and the seller, including any dealer processing charge, [with no] LESS AN allowance for trade-in [or] BUT WITH NO ALLOWANCE FOR other nonmonetary consideration.

(b) (1) Except as otherwise provided in this part, in addition to any other charge required by the Maryland Vehicle Law, an excise tax is imposed:

(i) For each original and each subsequent certificate of title issued in this State for a motor vehicle, trailer, or semitrailer; and

(ii) Except as provided in paragraph (2) of this subsection, for each motor vehicle, trailer, or semitrailer that is in interstate operation and registered under § 13–109(c) or (d) of this title without a certificate of title.

(c) (1) Except as provided in subsection (b)(2) of this section, the tax imposed by this section is [5 percent] **6 PERCENT** of the fair market value of the vehicle.

SECTION 7. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article 24 – Political Subdivisions – Miscellaneous Provisions

9–1104.

(Over)

THE GOVERNOR SHALL INCLUDE IN THE BUDGET BILL FOR EACH FISCAL YEAR A GENERAL FUND APPROPRIATION TO BALTIMORE CITY OF \$3,075,000.

Article – Environment

9-1605.3.

THE GOVERNOR SHALL INCLUDE IN THE BUDGET BILL FOR EACH FISCAL YEAR A GENERAL FUND APPROPRIATION FOR CHESAPEAKE BAY RELATED PROGRAMS OF NOT LESS THAN \$13,755,000.

Article – Natural Resources

4-209.

(K) THE GOVERNOR SHALL INCLUDE IN THE BUDGET BILL FOR EACH FISCAL YEAR A GENERAL FUND APPROPRIATION TO THE FISHERIES RESEARCH AND DEVELOPMENT FUND OF NOT LESS THAN \$1,794,000.

8-707.

(D) THE GOVERNOR SHALL INCLUDE IN THE BUDGET BILL FOR EACH FISCAL YEAR A GENERAL FUND APPROPRIATION TO THE WATERWAY IMPROVEMENT FUND OF NOT LESS THAN \$1,794,000.

Article – Tax – General

2-1103.

After making the distributions required under §§ 2-1101 and 2-1102 of this subtitle, the Comptroller shall distribute:

(1) the remaining motor fuel tax revenue from aviation fuel to the Transportation Trust Fund; and

(2) all remaining motor fuel tax revenue[, equal to the average percentage by which the motor fuel tax rate exceeds 18.5 cents per gallon, to the gasoline and motor vehicle revenue account] **TO THE GASOLINE AND MOTOR VEHICLE REVENUE ACCOUNT** in the Transportation Trust Fund.

[2-1104.

After making the distributions required under §§ 2-1101 through 2-1103 of this subtitle, from the remaining motor fuel tax revenue, the Comptroller shall distribute:

(1) 0.3% to the Waterway Improvement Fund;

(2) 0.3% to the Fisheries Research and Development Fund;

(3) 2.3% to the General Fund of the State for Chesapeake Bay related programs; and

(4) any remaining balance to the Gasoline and Motor Vehicle Revenue Account of the Transportation Trust Fund.]

Article – Transportation

[13-208.

(Over)

(a) Of each filing fee received under this subtitle, the Administration shall deposit \$14 in the General Fund.

(b) For each fiscal year, the Comptroller shall distribute to Baltimore City an amount equal to \$5 for each filing fee received under this subtitle.]

13-613.

(d) [Except as provided in subsection (e) of this section, of the] **THE** proceeds collected annually from the additional fees charged under this section[:

(1) The first \$180,000 shall be paid into a special fund administered by the Maryland Higher Education Commission for use in the medical, dental, legal, nursing, social work, and pharmaceutical scholarship programs provided by this State;

(2) The next \$200,000 shall be used solely for the purposes of the scholarship program authorized by §§ 18-1101 through 18-1105 of the Education Article; and

(3) Except as otherwise provided by law, any balance shall be distributed to the General Fund of the State] **SHALL BE DISTRIBUTED TO THE TRANSPORTATION TRUST FUND.**

[(e) (1) The Administration shall keep \$12.50 of the fee payable with the original application for special registration under this section to recover the administrative and production costs of the special registration.

(2) Funds kept by the Administration under this subsection may not be credited to the Gasoline and Motor Vehicle Revenue Account for distribution under § 8-403 or § 8-404 of this article.]”.

On page 31, after line 22, insert:

“SECTION 15. AND BE IT FURTHER ENACTED, That § 13–809 of the Transportation Article as enacted by Section 6 of this Act shall be applicable to all certificates of title issued in the State on or after January 1, 2008, and to all motor vehicles, trailers, or semitrailers subject to the excise tax that are in interstate operation and registered under § 13–109(c) or (d) of the Transportation Article without a certificate of title on or after January 1, 2008.

SECTION 16. AND BE IT FURTHER ENACTED, That, notwithstanding the provisions of Section 6 of this Act, the modified definition of “total purchase price” for the purposes of the calculation of the motor vehicle excise tax imposed on a vehicle under § 13–809(a) of the Transportation Article as enacted under Section 6 of this Act does not apply until any Consolidated Transportation Bonds that were issued by the Department of Transportation before January 1, 2008 no longer remain outstanding and unpaid; provided, however, that in any fiscal year for which funds are appropriated by the General Assembly to pay the principal of and interest on the Department of Transportation’s Consolidated Transportation Bonds due and payable in that fiscal year, the Motor Vehicle Administration shall collect the reduced motor vehicle excise tax imposed on a vehicle by utilizing the modified definition as enacted under Section 6 of this Act.”.

On page 32, after line 14, insert:

“SECTION 21. AND BE IT FURTHER ENACTED, That Section 7 of this Act shall take effect July 1, 2010, and shall be applicable to all fiscal years beginning after June 30, 2010.”.

AMENDMENT NO. 15

On page 22, in line 31, strike “6.” and substitute “8.”; after line 33, insert:

“12-101.

(B-1) “LITTLE CIGAR” MEANS ANY ROLL FOR SMOKING THAT:

(1) IS MADE OF TOBACCO OR TOBACCO MIXED WITH ANOTHER INGREDIENT;

(2) IS WRAPPED IN A LEAF OF TOBACCO OR IN ANY OTHER MATERIAL CONTAINING TOBACCO; AND

(3) WEIGHS LESS THAN 3 POUNDS PER THOUSAND.

(B-2) “MOIST SNUFF” MEANS ANY FINELY CUT, GROUND, OR POWDERED TOBACCO, OTHER THAN DRY SNUFF, THAT IS INTENDED TO BE PLACED IN THE ORAL CAVITY.

(c) (1) “Other tobacco product” means:

[(1)] (I) any cigar or roll for smoking, other than a cigarette, made in whole or in part of tobacco; or

[(2)] (II) any other tobacco or product made primarily from tobacco, other than a cigarette, that is intended for consumption by smoking or chewing or as snuff.

(2) “OTHER TOBACCO PRODUCT” INCLUDES A LITTLE CIGAR.”.

On page 23, in line 1, strike “The” and substitute “**(1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, THE**”; in the same line, after “cigarettes” insert “**AND LITTLE CIGARS**”; in lines 2, 3, 5, and 7, strike “(1)”, “(2)”, “(3)”, and “(4)”, respectively, and substitute “**(I)**”, “**(II)**”, “**(III)**”, and “**(IV)**”, respectively; in lines 2, 4, 6,

and 8, in each instance, after “cigarettes” insert “OR LITTLE CIGARS”; after line 8, insert:

“(2) IF THE FEDERAL EXCISE TAX RATE ON CIGARETTES IS INCREASED AFTER OCTOBER 1, 2007, THE AMOUNT OF THE TOBACCO TAX RATE FOR CIGARETTES REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL BE REDUCED IN PROPORTION TO THE AMOUNT OF THE INCREASE IN THE FEDERAL EXCISE TAX RATE SUBJECT TO THE REQUIREMENTS OF PARAGRAPH (3) OF THIS SUBSECTION.

(3) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE COMPTROLLER SHALL DETERMINE THE AMOUNT OF THE REDUCTION IN THE TOBACCO TAX RATE UNDER PARAGRAPH (2) OF THIS SUBSECTION.

(II) THE REDUCTION IN THE AMOUNT OF THE TOBACCO TAX RATE MAY NOT EXCEED:

1. 25 CENTS FOR EACH PACKAGE OF 10 OR FEWER CIGARETTES;

2. 50 CENTS FOR EACH PACKAGE OF AT LEAST 11 AND NOT MORE THAN 20 CIGARETTES;

3. 2 CENTS FOR EACH CIGARETTE IN A PACKAGE OF MORE THEN 20 CIGARETTES; AND

4. 2 CENTS FOR EACH CIGARETTE IN A PACKAGE OF FREE SAMPLE CIGARETTES.

(Over)

(b) (1) [The] EXCEPT FOR LITTLE CIGARS AND MOIST SNUFF, THE tobacco tax rate for other tobacco products is 15% of the wholesale price of the tobacco products.

(2) FOR MOIST SNUFF, THE TOBACCO TAX RATE IS 39 CENTS FOR EACH OUNCE OF NET WEIGHT OF THE PRODUCT AS LISTED BY THE MANUFACTURER AND A PROPORTIONATE AMOUNT FOR EACH FRACTION OF AN OUNCE IN EXCESS OF A WHOLE OUNCE OF NET WEIGHT OF THE PRODUCT.

12-201.

(a) A manufacturer shall complete and file with the Comptroller a tobacco tax return:

(1) on or before the 15th day of the month that follows the month in which the manufacturer distributes in the State free sample cigarettes OR LITTLE CIGARS of the manufacturer; and

(2) if the Comptroller so specifies, by regulation, on other dates for each month in which the manufacturer does not distribute any sample cigarettes OR LITTLE CIGARS.

(b) A licensed storage warehouse operator shall file the information return that the Comptroller requires.

12-202.

(a) A wholesaler shall complete and file with the Comptroller a tobacco tax return:

(1) for cigarettes:

(i) on or before the 21st day of the month that follows the month in which the wholesaler has the first possession, in the State, of unstamped cigarettes for which tax stamps are required; and

(ii) if the Comptroller so specifies, by regulation, on other dates for each month in which the wholesaler does not have the first possession of any unstamped cigarettes in the State; and

(2) for other tobacco products, on the dates and for the periods that the Comptroller specifies by regulation.

(b) Each return shall state the quantity of cigarettes, **THE NET WEIGHT OF MOIST SNUFF AS LISTED BY THE MANUFACTURER**, or the wholesale price of other tobacco products **OTHER THAN MOIST SNUFF** sold during the period that the return covers.

12-302.

(a) A manufacturer of sample cigarettes **OR LITTLE CIGARS** shall pay the tobacco tax on those cigarettes **OR LITTLE CIGARS** distributed in the State without charge, in the manner that the Comptroller requires by regulation, with the return that covers the period in which the manufacturer distributed those cigarettes **OR LITTLE CIGARS**.”;

in line 10, strike the brackets; in line 11, strike “**0.41%**”; and after line 11, insert:

“Article – Commercial Law

SUBTITLE 5B. LITTLE CIGAR SALES OF FEWER THAN FIVE PER PACKAGE.

(Over)

11-5B-01.

(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(B) "LITTLE CIGAR" HAS THE MEANING STATED IN § 12-101(B-1) OF THE TAX - GENERAL ARTICLE.

(C) "RETAILER" INCLUDES ANY PERSON ENGAGED IN THE BUSINESS OF MAKING RETAIL SALES OF LITTLE CIGARS WITHIN THE STATE AT A STORE, STAND, BOOTH, OR CONCESSION, THROUGH VENDING MACHINES, OR OTHERWISE.

(D) "SELL" INCLUDES ADVERTISE, OFFER TO SELL, OR OFFER FOR SALE.

(E) "VENDING MACHINE OPERATOR" MEANS A PERSON THAT:

(1) MAKES RETAIL SALES OF LITTLE CIGARS OR HAS LITTLE CIGARS IN ITS POSSESSION WITH THE INTENT TO SELL THEM EXCLUSIVELY AT RETAIL THROUGH THE MEDIUM OF A VENDING MACHINE OR ANY OTHER MECHANICAL DEVICE USED FOR DISPENSING LITTLE CIGARS;

(2) OWNS, OPERATES, AND SERVICES VENDING MACHINES OR OTHER MECHANICAL DEVICES USED TO DISPENSE LITTLE CIGARS ON 40 OR MORE PREMISES; AND

(3) SERVICES THE MACHINES OR DEVICES BY MAINTAINING AN ESTABLISHED PLACE OF BUSINESS FOR THE PURCHASE OF LITTLE CIGARS,

INCLUDING WAREHOUSING FACILITIES FOR THE STORAGE AND DISTRIBUTION OF LITTLE CIGARS.

(F) (1) "WHOLESALER" MEANS A PERSON THAT PURCHASES LITTLE CIGARS DIRECTLY FROM A MANUFACTURER.

(2) "WHOLESALER" INCLUDES A PERSON THAT, AS A SUBWHOLESALER:

(I) PURCHASES LITTLE CIGARS FROM ANOTHER WHOLESALER SOLELY FOR THE PURPOSE OF BONA FIDE RESALE TO RETAILERS OTHER THAN THOSE DIRECTLY OR INDIRECTLY OWNED, AFFILIATED, OR CONTROLLED BY THE SUBWHOLESALER; AND

(II) SERVICES THE RETAILERS BY MAINTAINING AN ESTABLISHED PLACE OF BUSINESS FOR THE SALE OF LITTLE CIGARS, INCLUDING WAREHOUSE FACILITIES, ADEQUATE INVENTORY, PROPER ACCOUNTING RECORDS, AND NECESSARY EQUIPMENT AND VEHICLES FOR THE STORAGE AND DISTRIBUTION OF LITTLE CIGARS.

(3) IF THE PERSON IS ENGAGED IN THE BUSINESS OF MAKING BOTH WHOLESALE SALES OF LITTLE CIGARS AND RETAIL SALES OF LITTLE CIGARS, THE WORD ONLY APPLIES TO THE WHOLESALE SALES OF LITTLE CIGARS PORTION OF THE BUSINESS.

11-5B-02.

(A) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, A RETAILER OR VENDING MACHINE OPERATOR MAY NOT PURCHASE FROM A TOBACCO PRODUCT MANUFACTURER OR SELL, RESELL, DISTRIBUTE, DISPENSE, OR GIVE

(Over)

AWAY TO ANY PERSON A PACKAGE OF LITTLE CIGARS CONTAINING FEWER THAN FIVE LITTLE CIGARS.

(B) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, A WHOLESALER MAY NOT SELL, RESELL, DISTRIBUTE, DISPENSE, OR GIVE AWAY TO ANY PERSON IN THIS STATE A PACKAGE OF LITTLE CIGARS CONTAINING FEWER THAN FIVE LITTLE CIGARS.

11-5B-03.

(A) THE COMPTROLLER SHALL ENFORCE THIS SUBTITLE.

(B) THE COMPTROLLER SHALL:

(1) EMPLOY AND DETERMINE THE DUTIES AND COMPENSATION OF THE INSPECTORS AND OTHER PERSONNEL NECESSARY TO ENFORCE THIS SUBTITLE; AND

(2) ADOPT REGULATIONS NECESSARY TO EFFECTUATE AND ENFORCE THE PROVISIONS OF THIS SUBTITLE.”.

AMENDMENT NO. 16

On page 11, after line 27, insert:

“2-202.

After making the distribution required under § 2-201 of this subtitle, within 20 days after the end of each quarter, the Comptroller shall distribute:

(1) THE REVENUE FROM THE STATE ADMISSIONS AND AMUSEMENT TAX ON ELECTRONIC BINGO AND ELECTRONIC TIP JARS UNDER § 4-102(D) OF THIS ARTICLE TO THE GENERAL FUND OF THE STATE; AND

(2) the remaining admissions and amusement tax revenue:

[(1)] (I) to the Maryland Stadium Authority, county, or municipal corporation that is the source of the revenue; or

[(2)] (II) if the Maryland Stadium Authority and also a county or municipal corporation tax a reduced charge or free admission:

[(i)] 1. 80% of that revenue to the Authority; and

[(ii)] 2. 20% to the county or municipal corporation.

4-102.

(D) A STATE TAX IS IMPOSED ON THE GROSS RECEIPTS DERIVED FROM ANY CHARGE FOR THE OPERATION OF AN ELECTRONIC BINGO MACHINE PERMITTED UNDER A COMMERCIAL BINGO LICENSE OR AN ELECTRONIC TIP JAR MACHINE AUTHORIZED UNDER TITLE 13 OF THE CRIMINAL LAW ARTICLE THAT IS OPERATED FOR COMMERCIAL PURPOSES.”;

and after line 28, insert:

“(A-1)THE RATE OF THE STATE ADMISSIONS AND AMUSEMENT TAX IMPOSED ON ELECTRONIC BINGO OR ELECTRONIC TIP JARS UNDER § 4-102(D) OF THIS SUBTITLE IS 20% OF THE GROSS RECEIPTS SUBJECT TO THE TAX.”.

AMENDMENT NO. 17

(Over)

On page 23, before line 12, insert:

“SECTION 9. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:”;

in line 29, strike “80%” and substitute “90%”.

On page 24, in lines 1, 4, and 27, in each instance, strike “80%” and substitute “90%”; in line 32, after “BE” insert “AS”; and in the same line, after “DETERMINED” insert “BY THE DEPARTMENT FOR PROPERTY TAX ASSESSMENT PURPOSES AS OF THE DATE OF TRANSFER”.

On page 27, after line 9, insert:

“(6) THE RECORDATION TAX IS NOT IMPOSED ON THE TRANSFER OF A CONTROLLING INTEREST IF THE TRANSFER, FOR FEDERAL INCOME TAX PURPOSES, DOES NOT INVOLVE THE RECOGNITION OF GAIN OR LOSS, INCLUDING THE NONRECOGNITION OF GAIN OR LOSS BECAUSE OF THE APPLICATION OF § 332, § 337, § 351, § 368(A)(1), § 721, § 731, OR § 1031 OF THE INTERNAL REVENUE CODE.”;

in line 10, strike “(6)” and substitute “(7)”; and in line 13, strike “(5)” and substitute “(6)”.

On page 32, before line 15, insert:

“SECTION 22. AND BE IT FURTHER ENACTED, That Section 9 of this Act shall take effect July 1, 2008, and shall be applicable to all transfers of a controlling interest by a real property entity that occur after June 30, 2008.”.

On page 30, in lines 11 and 31, strike “7.” and “8.”, respectively, and substitute “11.” and “12.”, respectively.

On page 31, in line 7, strike “9.” and substitute “14.”.

On page 32, in lines 1, 9, 11, 13, and 15, strike “11.”, “12.”, “13.”, “14.”, and “15.”, respectively, and substitute “17.”, “18.”, “19.”, “20.”, and “23.”, respectively; in line 9, strike “4, and 5” and substitute “and 4”; in line 15, strike “12” and substitute “18”; and in line 16, strike “14” and substitute “22”.