

# HOUSE BILL 347

Q4

4r0514  
CF 4r0956

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By: **Delegates Schuh, Cluster, Elliott, George, Glass, Kipke, McComas,  
McConkey, McDermott, Norman, Otto, Stocksdale, and Szeliga**

Introduced and read first time: January 22, 2014

Assigned to: Ways and Means

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## A BILL ENTITLED

1 AN ACT concerning

2 **Sales and Use Tax – Rate Reduction**

3 FOR the purpose of altering the maximum rate of the admissions and amusement tax  
4 that a county or municipal corporation may set for gross receipts that are also  
5 subject to the State sales and use tax; altering the rate of the sales and use tax;  
6 altering the rate of the sales and use tax applied to certain sales of alcoholic  
7 beverages and sales of dyed diesel fuel; altering the rate of the sales and use tax  
8 applied to certain gratuities and service charges; and generally relating to the  
9 Maryland sales and use tax.

10 BY repealing and reenacting, with amendments,  
11 Article – Tax – General  
12 Section 4–105(b), 11–104(a), (b), (g), (h)(2), and (i), and 11–301  
13 Annotated Code of Maryland  
14 (2010 Replacement Volume and 2013 Supplement)

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

17 **Article – Tax – General**

18 4–105.

19 (b) If gross receipts subject to the admissions and amusement tax are also  
20 subject to the sales and use tax, a county or a municipal corporation may not set a rate  
21 so that, when combined with the sales and use tax, the total tax rate will exceed [11%]  
22 **10%** of the gross receipts.

23 11–104.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



- 1 (a) Except as otherwise provided in this section, the sales and use tax rate is:
- 2 (1) for a taxable price of less than \$1:
- 3 (i) 1 cent if the taxable price is 20 cents; **AND**
- 4 (ii) [2 cents if the taxable price is at least 21 cents but less than  
5 34 cents;
- 6 (iii) 3 cents if the taxable price is at least 34 cents but less than  
7 51 cents;
- 8 (iv) 4 cents if the taxable price is at least 51 cents but less than  
9 67 cents;
- 10 (v) 5 cents if the taxable price is at least 67 cents but less than  
11 84 cents; and
- 12 (vi) 6 cents if the taxable price is at least 84 cents] **1 CENT FOR**  
13 **EACH ADDITIONAL 20 CENTS OR PART OF 20 CENTS;** and
- 14 (2) for a taxable price of \$1 or more:
- 15 (i) [6] **5 cents** for each exact dollar; and
- 16 (ii) [for that part of a dollar in excess of an exact dollar:
- 17 1. 1 cent if the excess over an exact dollar is at least 1  
18 cent but less than 17 cents;
- 19 2. 2 cents if the excess over an exact dollar is at least 17  
20 cents but less than 34 cents;
- 21 3. 3 cents if the excess over an exact dollar is at least 34  
22 cents but less than 51 cents;
- 23 4. 4 cents if the excess over an exact dollar is at least 51  
24 cents but less than 67 cents;
- 25 5. 5 cents if the excess over an exact dollar is at least 67  
26 cents but less than 84 cents; and
- 27 6. 6 cents if the excess over an exact dollar is at least 84  
28 cents] **1 CENT FOR EACH 20 CENTS OR PART OF 20 CENTS IN EXCESS OF AN**  
29 **EXACT DOLLAR.**

1 (b) If a retail sale of tangible personal property or a taxable service is made  
2 through a vending or other self-service machine, the sales and use tax rate is [6%]  
3 5%, applied to [94.5%] 95.25% of the gross receipts from the vending machine sales.

4 (g) The sales and use tax rate for the sale of an alcoholic beverage, as defined  
5 in § 5-101 of this article, is:

6 (1) [9%] 5% of the charge for the alcoholic beverage; and

7 (2) [6%] 5% of a charge that is made in connection with the sale of an  
8 alcoholic beverage and is stated as a separate item of the consideration and made  
9 known to the buyer at the time of sale for:

10 (i) any labor or service rendered;

11 (ii) any material used; or

12 (iii) any property sold.

13 (h) (2) If a retail sale of dyed diesel fuel is made by a marina, the sales  
14 and use tax rate is [6%] 5%, applied to [94.5%] 95.25% of the gross receipts from the  
15 dyed diesel fuel sales.

16 (i) The sales and use tax rate for a mandatory gratuity or service charge in  
17 the nature of a tip for serving food or any type of beverage to a group of more than 10  
18 individuals is [6%] 5%.

19 11-301.

20 The sales and use tax is computed on:

21 (1) the taxable price of each separate sale;

22 (2) if a combined sale is made, the combined taxable price of all retail  
23 sales on the same occasion by the same vendor to the same buyer; or

24 (3) if retail sales of tangible personal property or a taxable service are  
25 made through vending or other self-service machines, [94.5%] 95.25% of the gross  
26 receipts from the retail sales.

27 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
28 July 1, 2014.