HOUSE BILL 594

Q4 5lr0446

By: Prince George's County Delegation

Introduced and read first time: February 12, 2015

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2

Prince George's County - New School Construction Investment Act of 2015

3 **PG 413–15**

4 FOR the purpose of authorizing the County Council for Prince George's County to impose 5 a tax on retail sales in the county; exempting from the tax sales that are exempt from 6 the State sales and use tax; limiting the rate of the tax; imposing certain collection 7 and administrative requirements on vendors who make sales subject to the tax; 8 authorizing certain vendors to deduct a certain percentage of the gross tax collected 9 for the cost of collection and remittance of the tax; authorizing the County Council 10 for Prince George's County to provide by law for imposition of interest and penalties 11 for failure to pay the tax as required and to provide for collection of unpaid tax, 12 interest, or penalties; requiring that the net proceeds of the tax be used only for 13 certain purposes; submitting this Act to a referendum of the qualified voters of Prince George's County; defining certain terms; providing for the termination of this Act; 14 15 and generally relating to authorizing the County Council for Prince George's County 16 to impose a tax on retail sales in the county for certain purposes.

- 17 BY adding to
- 18 Article Local Government
- 19 Section 20–605.1
- 20 Annotated Code of Maryland
- 21 (2013 Volume and 2014 Supplement)
- 22 BY repealing and reenacting, with amendments,
- 23 Article Tax General
- 24 Section 11–102(c)
- 25 Annotated Code of Maryland
- 26 (2010 Replacement Volume and 2014 Supplement)



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

3 Article – Local Government

- 4 20-605.1.
- 5 (A) IN THIS SECTION, "RETAIL SALE", "SALE", AND "TAXABLE PRICE" HAVE 6 THE MEANINGS STATED IN § 11–101 OF THE TAX GENERAL ARTICLE.
- 7 (B) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, THE COUNTY 8 COUNCIL FOR PRINCE GEORGE'S COUNTY MAY IMPOSE BY ORDINANCE AND 9 COLLECT A SALES TAX ON A RETAIL SALE IN PRINCE GEORGE'S COUNTY.
- 10 (C) A TAX IMPOSED UNDER THIS SECTION DOES NOT APPLY TO A SALE THAT
 11 IS EXEMPT FROM THE STATE SALES AND USE TAX UNDER TITLE 11 OF THE TAX –
 12 GENERAL ARTICLE.
- 13 (D) A TAX IMPOSED UNDER THIS SECTION MAY NOT EXCEED 1% OF THE 14 TAXABLE PRICE OF A SALE THAT IS SUBJECT TO THE TAX.
- 15 (E) A TAX IMPOSED UNDER THIS SECTION SHALL BE:
- 16 (1) COLLECTED FROM THE BUYER ON BEHALF OF THE COUNTY BY
 17 THE VENDOR THAT MAKES A SALE THAT IS SUBJECT TO THE TAX; AND
- 18 (2) HELD IN TRUST BY THE VENDOR FOR THE COUNTY.
- 19 **(F) (1)** A VENDOR REQUIRED TO COLLECT A TAX IMPOSED UNDER THIS 20 SECTION SHALL FILE A RETURN WITH THE COUNTY ON OR BEFORE THE 21ST DAY OF 21 EACH MONTH.
- 22 (2) A RETURN REQUIRED UNDER THIS SECTION:
- 23 (I) SHALL BE MADE ON THE FORM THAT THE COUNTY 24 REQUIRES; AND
- 25 (II) SHALL CONTAIN THE INFORMATION THAT THE COUNTY 26 REQUIRES, INCLUDING:
- 27 THE GROSS PROCEEDS OF THE VENDOR DURING THE 28 PRECEDING MONTH FROM SALES THAT ARE SUBJECT TO THE TAX;

- 1 2. THE TAXABLE PRICE OF SALES FOR THAT MONTH ON 2 WHICH THE TAX IS COMPUTED; AND 3. 3 THE TAX DUE. A VENDOR THAT MAKES A SALE THAT IS SUBJECT TO A TAX 4 5 IMPOSED UNDER THIS SECTION SHALL PAY THE TAX THAT THE VENDOR COLLECTS 6 FOR THAT SALE WITH THE RETURN THAT COVERS THE PERIOD IN WHICH THE 7 VENDOR MAKES THAT SALE. 8 **(2)** FOR THE EXPENSE OF COLLECTION AND REMITTANCE OF A TAX 9 IMPOSED UNDER THIS SECTION, A VENDOR THAT TIMELY FILES A RETURN AND REMITS THE TAX MAY DEDUCT AN AMOUNT EQUAL TO 1.5% OF THE GROSS TAX 10 COLLECTED BY THE VENDOR. 11 12 (H) THE COUNTY COUNCIL MAY PROVIDE BY LAW FOR: 13 **(1)** THE IMPOSITION OF INTEREST AND PENALTIES FOR FAILURE TO PAY THE TAX AS REQUIRED; AND 14 15 **(2)** COLLECTION OF UNPAID TAX, INTEREST, OR PENALTIES. 16 (I)**(1)** THE NET PROCEEDS OF THE REVENUE FROM THE TAX IMPOSED 17 UNDER THIS SECTION SHALL BE USED FOR: NEW SCHOOL CONSTRUCTION PROJECTS APPROVED BY THE 18 (I)19 PRINCE GEORGE'S COUNTY BOARD OF EDUCATION AND PRINCE GEORGE'S 20 COUNTY; OR SCHOOL RENOVATION PROJECTS APPROVED BY THE 21(II)22PRINCE GEORGE'S COUNTY BOARD OF EDUCATION AND PRINCE GEORGE'S 23 COUNTY IN WHICH AT LEAST 50% OF THE SCHOOL IS RENOVATED. 24THE NET PROCEEDS SHALL BE USED FOR CASH PAYMENTS FOR 25 CAPITAL EXPENDITURES OR PAYMENT OF DEBT SERVICE ON BONDS ISSUED BY THE GOVERNING BODY OF PRINCE GEORGE'S COUNTY IN ACCORDANCE WITH 26
- 28 (3) THE PROCEEDS PROVIDED UNDER THIS SUBSECTION FOR THE PRINCE GEORGE'S COUNTY SCHOOL SYSTEM MAY NOT BE USED TO SUPPLANT:

PARAGRAPH (1) OF THIS SUBSECTION.

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30 (I) ANY STATE AID FOR EDUCATION PROVIDED TO PRINCE 31 GEORGE'S COUNTY; OR

- ANY COUNTY FUNDS PROVIDED TO THE PRINCE GEORGE'S 1 (II)2 COUNTY SCHOOL SYSTEM. 3 ON OR BEFORE DECEMBER 31 OF EACH YEAR, THE GOVERNING **(4)** BODY OF PRINCE GEORGE'S COUNTY SHALL SUBMIT A REPORT DETAILING THE 4 EXPENDITURE OF REVENUES GENERATED FROM THE TAX IMPOSED UNDER THIS 5 6 SECTION TO THE DEPARTMENT OF LEGISLATIVE SERVICES, THE PRINCE GEORGE'S 7 COUNTY SCHOOL SYSTEM, AND THE PRINCE GEORGE'S COUNTY DELEGATION OF THE GENERAL ASSEMBLY. 8 Article - Tax - General 9 10 11-102.A county, municipal corporation, special taxing district, or other 11 (c) (1) political subdivision of the State may not impose any retail sales or use tax except: 12 13 (i) a sales tax or use tax that was in effect on January 1, 1971; a tax on the sale or use of: 14 (ii) 1. fuels; 15 16 2. utilities: 17 3. space rentals; or 18 any controlled dangerous substance, as defined in § 5–101 4. of the Criminal Law Article, unless the sale is made by a person who registers under and 19 20 complies with Title 5, Subtitle 3 of the Criminal Law Article; [or] 21 a tax imposed by a code county on the sale or use of food and (iii) 22 beverages authorized under § 20-602 of the Local Government Article; OR 23(IV) A SALES TAX IMPOSED BY PRINCE GEORGE'S COUNTY UNDER § 20–605.1 OF THE LOCAL GOVERNMENT ARTICLE. 2425(2)Paragraph (1) of this subsection may not be construed as conferring 26 authority to impose a sales and use tax. 27 SECTION 2. AND BE IT FURTHER ENACTED, That before this Act becomes
- effective it shall first be submitted to a referendum of the qualified voters of Prince George's County at the general election to be held in November of 2016. The County governing body and the Prince George's County Board of Elections shall do those things necessary and proper to provide for and hold the referendum required by this section. If a majority of the

- votes cast on the question are "For the referred law" the provisions of this Act shall become effective on January 1, 2017, but if a majority of the votes cast on the question are "Against the referred law" the provisions of this Act are of no effect and null and void. If the provisions of this Act take effect, this Act shall remain effective for a period of 5 years and, at the end of December 31, 2021, with no further action required by the General Assembly, Section 1 of this Act shall be abrogated and of no further force and effect.
- SECTION 3. AND BE IT FURTHER ENACTED, That, subject to the provisions of Section 2 of this Act and for the sole purpose of providing for the referendum required by Section 2 of this Act, this Act shall take effect July 1, 2015.