

HOUSE BILL 922

Q4
HB 1315/16 – W&M

7lr3065
CF 7lr3484

By: **Delegates Anderton, Adams, Carozza, Ghrist, McComas, and Morgan**

Introduced and read first time: February 6, 2017

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Sales and Use Tax – Exemption – Sales by Nonprofit Organizations Raising**
3 **Funds to Assist Veterans**

4 FOR the purpose of providing that the sales and use tax does not apply to a certain sale by
5 a nonprofit organization whose principal focus is to raise funds to assist certain
6 veterans; and generally relating to a sales and use tax exemption for certain
7 nonprofit organizations.

8 BY repealing and reenacting, with amendments,
9 Article – Tax – General
10 Section 11–204(b)
11 Annotated Code of Maryland
12 (2016 Replacement Volume)

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

15 **Article – Tax – General**

16 11–204.

17 (b) The sales and use tax does not apply to a sale by:

18 (1) a bona fide church or religious organization, if the sale is made for the
19 general purposes of the church or organization;

20 (2) a gift shop at a mental hospital that the Department of Health and
21 Mental Hygiene operates;

22 (3) a hospital thrift shop that:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



- 1 (i) is operated by all volunteer staff;
- 2 (ii) sells only donated articles;
- 3 (iii) contributes the profits from sales to the hospital with which the
4 shop is associated; and
- 5 (iv) is not operated in conjunction with a gift shop or another retail
6 establishment;

7 (4) a vending facility operated under the Maryland Vending Program for
8 the Blind if:

- 9 (i) the facility is located on property held or acquired by or for the
10 use of the United States for any military or naval purpose; and
- 11 (ii) a post exchange or other tax-exempt concession is located and
12 operated on the same property;

13 (5) an elementary or secondary school in the State or a nonprofit
14 parent-teacher organization or other nonprofit organization within an elementary or
15 secondary school in the State for the sale of magazine subscriptions in a fund-raising
16 campaign, if the net proceeds are used solely for the educational benefit of the school or its
17 students, including a sale resulting from an agreement or contract with an organization to
18 participate in a fund-raising campaign for a percentage of the gross receipts under which
19 students act as agents or salespersons for the organization by selling or taking orders for
20 the sale;

21 (6) a parent-teacher organization or other organization within an
22 elementary or secondary school in the State or within a school system in the State; [or]

23 (7) subject to subsection (e) of this section, a bona fide church, religious
24 organization, or other nonprofit organization exempt from taxation under § 501(c)(3) of the
25 Internal Revenue Code if:

- 26 (i) the sale is made at an auction sale; and
- 27 (ii) the proceeds of the sale are used to carry on the exempt purposes
28 of the church or organization; **OR**

29 **(8) A NONPROFIT ORGANIZATION WHOSE PRINCIPAL FOCUS IS**
30 **RAISING FUNDS TO ASSIST VETERANS OF THE ARMED FORCES OF THE UNITED**
31 **STATES, IF NO LESS THAN 88% OF THE PROCEEDS OF THE SALE ARE USED TO ASSIST**
32 **THOSE VETERANS.**

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
2 1, 2017.