

HOUSE BILL 386

Q4

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By: **Delegate R. Lewis**

Introduced and read first time: January 22, 2020

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Sales and Use Tax – Transportation Network Services – Application and Rates**

3 FOR the purpose of imposing the sales and use tax on the sale of certain transportation
4 network services; requiring the Comptroller to distribute to the Transportation Trust
5 Fund the sales and use tax revenue collected from sales of transportation network
6 services; providing that the sale of certain transportation network services is subject
7 to certain sales and use tax rates under certain circumstances; defining certain
8 terms; altering certain definitions; making conforming changes; and generally
9 relating to the sales and use tax and transportation network services.

10 BY repealing and reenacting, without amendments,
11 Article – Public Utilities
12 Section 10–101(a), (l), (m), and (n)
13 Annotated Code of Maryland
14 (2010 Replacement Volume and 2019 Supplement)

15 BY adding to
16 Article – Tax – General
17 Section 2–1302.2, 11–101(l)(7), (m–2), and (m–3), and 11–104(j)
18 Annotated Code of Maryland
19 (2016 Replacement Volume and 2019 Supplement)

20 BY repealing and reenacting, with amendments,
21 Article – Tax – General
22 Section 2–1303(a) and 11–101(m) and (o)(1)
23 Annotated Code of Maryland
24 (2016 Replacement Volume and 2019 Supplement)

25 BY repealing and reenacting, without amendments,
26 Article – Tax – General
27 Section 11–101(a) and (l)(1)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Annotated Code of Maryland
2 (2016 Replacement Volume and 2019 Supplement)

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

5 **Article – Public Utilities**

6 10–101.

7 (a) In this title the following words have the meanings indicated.

8 (l) “Transportation network company” means a company that operates in the
9 State using a digital network to connect passengers to transportation network operators or
10 transportation network partners for transportation network services.

11 (m) “Transportation network operator”, “transportation network partner”, or
12 “transportation network driver” means an individual who:

13 (1) has been issued a transportation network operator’s license, or is
14 otherwise authorized, by the Commission to provide transportation network services;

15 (2) receives, through a transportation network company’s digital network
16 application, a connection to a potential passenger to transport the passenger between
17 points chosen by the passenger in exchange for the payment of a fee to the transportation
18 network company; and

19 (3) uses a motor vehicle that is owned, leased, or otherwise authorized for
20 use by the individual and is approved for use in providing transportation network services
21 by the Commission.

22 (n) (1) “Transportation network services” means the activities of an operator
23 during:

24 (i) transportation network coverage period one, during which the
25 operator is logged onto and ready to accept a prearranged ride request made through a
26 transportation network company’s digital network application;

27 (ii) transportation network coverage period two, during which the
28 operator accepts a ride request from a passenger that is prearranged through a
29 transportation network company’s digital network application, and is traveling to a
30 predetermined location to pick up the passenger; and

31 (iii) transportation network coverage period three, during which the
32 operator transports the passenger and continuing until the passenger departs the motor
33 vehicle.

1 (2) "Transportation network services" does not include:

2 (i) providing taxicab services, sedan services, or limousine services;

3 or

4 (ii) any shared expense carpool arrangement or service or other type
5 of arrangement or service in which a driver receives a fee that does not exceed the driver's
6 costs associated with providing a ride.

7 Article – Tax – General

8 2–1302.2.

9 AFTER MAKING THE DISTRIBUTIONS REQUIRED UNDER §§ 2–1301 THROUGH
10 2–1302.1 OF THIS SUBTITLE, THE COMPTROLLER SHALL DISTRIBUTE THE SALES
11 AND USE TAX COLLECTED ON TRANSPORTATION NETWORK SERVICES UNDER §
12 11–104(J) OF THIS ARTICLE TO THE TRANSPORTATION TRUST FUND ESTABLISHED
13 UNDER § 3–216 OF THE TRANSPORTATION ARTICLE.

14 2–1303.

15 (a) After making the distributions required under §§ 2–1301 through [2–1302.1]
16 2–1302.2 of this subtitle, the Comptroller shall pay:

17 (1) revenues from the hotel surcharge into the Dorchester County
18 Economic Development Fund established under § 10–130 of the Economic Development
19 Article;

20 (2) subject to subsection (b) of this section, to The Blueprint for Maryland's
21 Future Fund established under § 5–219 of the Education Article, revenues collected and
22 remitted by:

23 (i) a marketplace facilitator; or

24 (ii) a person that engages in the business of an out-of-state vendor
25 and that is required to collect and remit sales and use tax as specified in COMAR
26 03.06.01.33B(5); and

27 (3) the remaining sales and use tax revenue into the General Fund of the
28 State.

29 11–101.

30 (a) In this title the following words have the meanings indicated.

31 (l) (1) "Taxable price" means the value, in money, of the consideration of any

1 kind that is paid, delivered, payable, or deliverable by a buyer to a vendor in the
2 consummation and complete performance of a sale without deduction for any expense or
3 cost, including the cost of:

4 (i) any labor or service rendered;

5 (ii) any material used; or

6 (iii) any property sold.

7 **(7) "TAXABLE PRICE" INCLUDES, FOR THE SALE OF**
8 **TRANSPORTATION NETWORK SERVICES FACILITATED BY A TRANSPORTATION**
9 **NETWORK COMPANY, THE FULL AMOUNT OF CONSIDERATION PAID BY A BUYER FOR**
10 **THE SALE OF TRANSPORTATION NETWORK SERVICES.**

11 (m) "Taxable service" means:

12 (1) fabrication, printing, or production of tangible personal property by
13 special order;

14 (2) commercial cleaning or laundering of textiles for a buyer who is engaged
15 in a business that requires the recurring service of commercial cleaning or laundering of
16 the textiles;

17 (3) cleaning of a commercial or industrial building;

18 (4) cellular telephone or other mobile telecommunications service;

19 (5) "900", "976", "915", and other "900"-type telecommunications service;

20 (6) custom calling service provided in connection with basic telephone
21 service;

22 (7) a telephone answering service;

23 (8) pay per view television service;

24 (9) credit reporting;

25 (10) a security service, including:

26 (i) a detective, guard, or armored car service; and

27 (ii) a security systems service;

28 (11) a transportation service for transmission, distribution, or delivery of
29 electricity or natural gas, if the sale or use of the electricity or natural gas is subject to the

1 sales and use tax;

2 (12) a prepaid telephone calling arrangement; [or]

3 (13) the privilege given to an individual under § 4–1102 of the Alcoholic
4 Beverages Article to consume wine that is not purchased from or provided by a restaurant,
5 club, or hotel; **OR**

6 **(14) TRANSPORTATION NETWORK SERVICES.**

7 **(M–2) “TRANSPORTATION NETWORK COMPANY” HAS THE MEANING STATED IN**
8 **§ 10–101 OF THE PUBLIC UTILITIES ARTICLE.**

9 **(M–3) “TRANSPORTATION NETWORK SERVICES” HAS THE MEANING STATED IN**
10 **§ 10–101 OF THE PUBLIC UTILITIES ARTICLE.**

11 (o) (1) “Vendor” means a person who:

12 (i) engages in the business of an out-of-state vendor, as defined in
13 § 11–701 of this title;

14 (ii) engages in the business of a retail vendor, as defined in § 11–701
15 of this title;

16 (iii) holds a special license issued under § 11–707 of this title;

17 (iv) is an accommodations intermediary;

18 (v) is a short-term rental platform;

19 (vi) engages in the business of a marketplace facilitator; [or]

20 (vii) engages in the business of a marketplace seller; **OR**

21 **(VIII) ENGAGES IN THE BUSINESS OF A TRANSPORTATION**
22 **NETWORK COMPANY.**

23 11–104.

24 **(J) (1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE**
25 **MEANINGS INDICATED.**

26 **(II) “TRANSPORTATION NETWORK OPERATOR”,**
27 **“TRANSPORTATION NETWORK PARTNER”, AND “TRANSPORTATION NETWORK**
28 **DRIVER” HAVE THE MEANINGS STATED IN § 10–101 OF THE PUBLIC UTILITIES**

1 **ARTICLE.**

2 (III) "ZERO-EMISSION VEHICLE" HAS THE MEANING STATED IN §
3 23-206.4 OF THE TRANSPORTATION ARTICLE.

4 (2) THE SALES AND USE TAX RATE FOR SALES AND CHARGES MADE IN
5 CONNECTION WITH TRANSPORTATION NETWORK SERVICES IS:

6 (I) EXCEPT AS PROVIDED IN ITEM (II) OF THIS PARAGRAPH,
7 3.25% FOR TRANSPORTATION NETWORK SERVICES PROVIDED TO A SINGLE
8 PASSENGER; OR

9 (II) 1.5% FOR TRANSPORTATION NETWORK SERVICES:

10 1. PROVIDED TO MULTIPLE PASSENGERS; OR

11 2. PROVIDED BY A TRANSPORTATION NETWORK
12 OPERATOR, TRANSPORTATION NETWORK PARTNER, OR TRANSPORTATION
13 NETWORK DRIVER DRIVING A ZERO-EMISSION VEHICLE.

14 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
15 1, 2020.