

SENATE BILL 1001

Q4

0lr2073
CF HB 932

By: **Senators Rosapepe and Serafini**

Introduced and read first time: February 7, 2020

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **21st-Century Economy Sales Tax Act**

3 FOR the purpose of requiring the Comptroller to distribute the sales and use tax revenue
4 on the sale or use of certain digital products to the Education Trust Fund; applying
5 the sales and use tax to a sale or use of certain digital products; providing that the
6 sales and use tax does not apply to a certain service; defining certain terms; repealing
7 an obsolete provision; and generally relating to applying the sales and use tax to
8 digital products.

9 BY repealing and reenacting, with amendments,
10 Article – Tax – General
11 Section 2–1302.1, 11–101, 11–102(a), and 11–217(b)
12 Annotated Code of Maryland
13 (2016 Replacement Volume and 2019 Supplement)

14 BY adding to
15 Article – Tax – General
16 Section 11–221(d) and (e)
17 Annotated Code of Maryland
18 (2016 Replacement Volume and 2019 Supplement)

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

21 **Article – Tax – General**

22 2–1302.1.

23 [(a) Except as otherwise provided in this section, after] **AFTER** making the
24 distributions required under §§ 2–1301 and 2–1302 of this subtitle, of the sales and use tax

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 collected:

2 **(1)** on short-term vehicle rentals under § 11-104(c) of this article the
3 Comptroller shall distribute:

4 **[(1)] (I)** 45% to the Transportation Trust Fund established under § 3-216
5 of the Transportation Article; and

6 **[(2)] (II)** the remainder to the Chesapeake and Atlantic Coastal Bays 2010
7 Trust Fund; **AND**

8 **(2) ON THE SALE OR USE OF A DIGITAL PRODUCT OR CODE UNDER**
9 **TITLE 11 OF THIS ARTICLE THE COMPTROLLER SHALL DISTRIBUTE 100% TO THE**
10 **EDUCATION TRUST FUND ESTABLISHED UNDER § 9-1A-30 OF THE STATE**
11 **GOVERNMENT ARTICLE.**

12 **[(b)** For each fiscal year beginning on or before July 1, 2015, after the distribution
13 required under subsection (a)(1) of this section, the Comptroller shall distribute the
14 remainder of the sales and use tax collected on short-term vehicle rentals under § 11-104(c)
15 of this article as follows:

16 (1) to the General Fund of the State:

17 (i) \$9,249,199 for the fiscal year beginning July 1, 2014; and

18 (ii) \$8,639,632 for the fiscal year beginning July 1, 2015; and

19 (2) the remainder to the Chesapeake and Atlantic Coastal Bays 2010 Trust
20 Fund.]

21 11-101.

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

23 (a-1) "Accommodation" means a right to occupy a room or lodgings as a transient
24 guest.

25 (a-2) (1) "Accommodations intermediary" means a person, other than an
26 accommodations provider, who facilitates the sale or use of an accommodation and charges
27 a buyer the taxable price for the accommodation.

28 (2) For purposes of this subsection, a person shall be considered to facilitate
29 the sale or use of an accommodation if the person brokers, coordinates, or in any other way
30 arranges for the sale or use of an accommodation by a buyer.

31 (a-3) "Accommodations provider" means a person that owns, operates, or manages

1 an accommodation and makes the accommodation available for sale or use to a buyer.

2 (a-4) "Booking transaction" means any transaction in which there is a retail sale of
3 an accommodation.

4 (b) "Buyer" means a person who:

5 (1) acquires tangible personal property in a sale; [or]

6 (2) obtains a taxable service in a sale; **OR**

7 **(3) ACQUIRES A DIGITAL PRODUCT IN A SALE.**

8 (c) "Cleaning of a commercial or industrial building" means the following services
9 performed to a commercial or industrial building:

10 (1) floor, carpet, wall, window, ceiling, and exterior cleaning; and

11 (2) janitorial services.

12 (c-1) "Detective" means a person who is authorized to provide private detective
13 services under Title 13 of the Business Occupations and Professions Article.

14 **(C-2) (1) "DIGITAL CODE" MEANS A CODE THAT:**

15 **(I) MAY BE OBTAINED:**

16 **1. IN A TANGIBLE FORM, SUCH AS A CARD; OR**

17 **2. THROUGH E-MAIL; AND**

18 **(II) PROVIDES A BUYER WITH A RIGHT TO OBTAIN ONE OR MORE**
19 **SPECIFIED DIGITAL PRODUCTS.**

20 **(2) "DIGITAL CODE" DOES NOT INCLUDE A GIFT CERTIFICATE OR**
21 **GIFT CARD WITH A MONETARY VALUE THAT IS REDEEMABLE FOR A SPECIFIED**
22 **DIGITAL PRODUCT.**

23 **(C-3) (1) "DIGITAL PRODUCT" MEANS A PRODUCT THAT IS OBTAINED**
24 **ELECTRONICALLY BY THE BUYER AND DELIVERED BY MEANS OTHER THAN**
25 **TANGIBLE STORAGE MEDIA THROUGH THE USE OF TECHNOLOGY HAVING**
26 **ELECTRICAL, DIGITAL, MAGNETIC, WIRELESS, OPTICAL, ELECTROMAGNETIC, OR**
27 **SIMILAR CAPABILITIES.**

28 **(2) "DIGITAL PRODUCT" INCLUDES:**

1 (I) A WORK THAT RESULTS FROM THE FIXATION OF A SERIES OF
2 SOUNDS THAT ARE TRANSFERRED ELECTRONICALLY, INCLUDING:

3 1. PRERECORDED OR LIVE MUSIC OR PERFORMANCES,
4 READINGS OF BOOKS OR OTHER WRITTEN MATERIALS, AND SPEECHES; AND

5 2. AUDIO GREETING CARDS SENT BY E-MAIL;

6 (II) A DIGITIZED SOUND FILE, SUCH AS A RING TONE, THAT IS
7 DOWNLOADED ONTO A DEVICE AND MAY BE USED TO ALERT THE USER OF THE
8 DEVICE WITH RESPECT TO A COMMUNICATION;

9 (III) A SERIES OF RELATED IMAGES THAT, WHEN SHOWN IN
10 SUCCESSION, IMPART AN IMPRESSION OF MOTION, TOGETHER WITH ANY
11 ACCOMPANYING SOUNDS THAT ARE TRANSFERRED ELECTRONICALLY, INCLUDING
12 MOTION PICTURES, MUSICAL VIDEOS, NEWS AND ENTERTAINMENT PROGRAMS, LIVE
13 EVENTS, VIDEO GREETING CARDS SENT BY E-MAIL, AND VIDEO OR ELECTRONIC
14 GAMES;

15 (IV) A BOOK, GENERALLY KNOWN AS AN “E-BOOK”, THAT IS
16 TRANSFERRED ELECTRONICALLY; AND

17 (V) A NEWSPAPER, MAGAZINE, PERIODICAL, CHAT ROOM
18 DISCUSSION, WEBLOG, OR ANY OTHER SIMILAR PRODUCT THAT IS TRANSFERRED
19 ELECTRONICALLY.

20 (C-4) “END USER” MEANS ANY PERSON OTHER THAN A PERSON WHO
21 RECEIVES BY CONTRACT A PRODUCT TRANSFERRED ELECTRONICALLY FOR
22 FURTHER COMMERCIAL BROADCAST, REBROADCAST, TRANSMISSION,
23 RETRANSMISSION, LICENSING, RELICENSING, DISTRIBUTION, REDISTRIBUTION, OR
24 EXHIBITION OF THE PRODUCT, IN WHOLE OR IN PART, TO ANOTHER PERSON.

25 [(c-2)] (C-5) (1) “Marketplace facilitator” means a person that:

26 (i) facilitates a retail sale by a marketplace seller by listing or
27 advertising for sale in a marketplace tangible personal property; and

28 (ii) regardless of whether the person receives compensation or other
29 consideration in exchange for the person’s services, directly or indirectly through
30 agreements with third parties, collects payment from a buyer and transmits the payment
31 to the marketplace seller.

32 (2) “Marketplace facilitator” does not include:

1 (i) a platform or forum that exclusively provides Internet
2 advertising services, including listing products for sale, if the platform or forum does not
3 also engage, directly or indirectly, in collecting payment from a buyer and transmitting that
4 payment to the vendor;

5 (ii) a payment processor business appointed by a vendor to handle
6 payment transactions from clients, including credit cards and debit cards, whose only
7 activity with respect to marketplace sales is to handle transactions between two parties;

8 (iii) a peer-to-peer car sharing program, as defined in § 19-520 of
9 the Insurance Article; or

10 (iv) a delivery service company that delivers tangible personal
11 property on behalf of a marketplace seller that is engaged in the business of a retail vendor
12 and holds a license issued under Subtitle 7 of this title.

13 [(c-3)] (C-6) "Marketplace seller" means a person that makes a retail sale or
14 sale for use through a physical or electronic marketplace operated by a marketplace
15 facilitator.

16 (C-7) (1) "MULTICHANNEL VIDEO PROGRAMMING SERVICE" INCLUDES:

17 (I) CABLE SERVICE, AS DEFINED IN 47 U.S.C. § 522(6);

18 (II) DIRECT-TO-HOME SATELLITE SERVICES, AS DEFINED IN 47
19 U.S.C. § 303(V); AND

20 (III) PAY-PER-VIEW TELEVISION SERVICE.

21 (2) "MULTICHANNEL VIDEO PROGRAMMING SERVICE" DOES NOT
22 INCLUDE DIGITAL AUDIO-VISUAL WORKS.

23 (d) "Person" includes:

24 (1) this State or a political subdivision, unit, or instrumentality of this
25 State;

26 (2) another state or a political subdivision, unit, or instrumentality of that
27 state; and

28 (3) a unit or instrumentality of a political subdivision of this State or of
29 another state.

30 (e) "Prepaid telephone calling arrangement" means the right to use
31 telecommunications services, paid for in advance, that enables the origination of calls using

1 an access number or authorization code, whether manually or electronically dialed.

2 (f) (1) “Production activity” means:

3 (i) except for processing food or a beverage by a retail food vendor,
4 assembling, manufacturing, processing, or refining tangible personal property for resale;

5 (ii) generating electricity for sale or for use in another production
6 activity;

7 (iii) 1. laundering, maintaining, or preparing textile products for
8 rental; or

9 2. laundering, maintaining, or preparing textile products in
10 providing the taxable service of commercial cleaning or laundering of textiles for a buyer
11 who is engaged in a business that requires the recurring service of commercial cleaning or
12 laundering of the textiles;

13 (iv) producing or repairing production machinery or equipment;

14 (v) establishing or maintaining clean rooms or clean zones as
15 required by applicable provisions of the Federal Food, Drug, and Cosmetic Act, the Public
16 Health Service Act, and the Virus–Serum–Toxin Act, and the regulations adopted
17 thereunder, pertaining to the manufacture of drugs, medical devices, or biologics;

18 (vi) providing for the safety of employees; or

19 (vii) providing for quality control.

20 (2) “Production activity” does not include:

21 (i) servicing or repairing tangible personal property, except for
22 servicing or repairing production machinery or equipment;

23 (ii) maintaining tangible personal property other than textile
24 products for rental and production machinery and equipment, except for maintaining
25 tangible personal property in providing the taxable service of commercial cleaning or
26 laundering of textiles for a buyer who is engaged in a business that requires the recurring
27 service of commercial cleaning or laundering of the textiles;

28 (iii) providing for the comfort or health of employees; or

29 (iv) storing the finished product.

30 (g) “Production machinery or equipment” means machinery or equipment used in
31 a production activity.

- 1 (h) (1) “Retail sale” means the sale of:
- 2 (i) tangible personal property; [or]
- 3 (ii) a taxable service; **OR**
- 4 **(III) A DIGITAL PRODUCT.**
- 5 (2) “Retail sale” includes:
- 6 (i) a sale of tangible personal property for use or resale in the form
7 of real estate by a builder, contractor, or landowner; [and]
- 8 (ii) except as provided in paragraph (3)(i) of this subsection, use of
9 tangible personal property as facilities, tools, tooling, machinery, or equipment, including
10 dies, molds, and patterns, even if the buyer intends to transfer title to the property before
11 or after that use;
- 12 **(III) A SALE OF A DIGITAL PRODUCT THAT IS SOLD WITH RIGHTS**
13 **OF PERMANENT USE OR SOLD WITH RIGHTS OF LESS THAN PERMANENT USE TO AN**
14 **END USER;**
- 15 **(IV) A SALE OF A DIGITAL PRODUCT THAT IS SOLD WITH RIGHTS**
16 **OF USE CONDITIONED ON CONTINUED PAYMENT BY THE SUBSCRIBER OR BUYER TO**
17 **AN END USER; AND**
- 18 **(V) A SALE OF SUBSCRIPTION TO, ACCESS TO, OR THE**
19 **PURCHASE OF A DIGITAL CODE FOR RECEIVING OR ACCESSING DIGITAL PRODUCTS**
20 **TO AN END USER.**
- 21 (3) “Retail sale” does not include:
- 22 (i) a transfer of title to tangible personal property after its use as
23 facilities, tools, tooling, machinery, or equipment, including dies, molds, and patterns, if:
- 24 1. at the time of purchase, the buyer is obligated, under the
25 terms of a written contract, to make the transfer; and
- 26 2. the transfer is made for the same or greater consideration
27 to the person for whom the buyer manufactures goods or performs work;
- 28 (ii) a sale of tangible personal property **OR A DIGITAL PRODUCT** if
29 the buyer intends to:
- 30 1. resell the tangible personal property **OR DIGITAL**

1 **PRODUCT** in the form that the buyer receives or is to receive the property **OR PRODUCT**;

2 2. use or incorporate the tangible personal property **OR**
3 **DIGITAL PRODUCT** in a production activity as a material or part of other tangible personal
4 property **OR ANOTHER DIGITAL PRODUCT** to be produced for sale; or

5 3. transfer the tangible personal property **OR DIGITAL**
6 **PRODUCT** as a part of a taxable service transaction; or

7 (iii) a sale of a taxable service if the buyer intends to resell the taxable
8 service in the form that the buyer receives or is to receive the service.

9 (i) (1) “Sale” means a transaction for a consideration whereby:

10 (i) title or possession of property is transferred or is to be
11 transferred absolutely or conditionally by any means, including by lease, rental, royalty
12 agreement, or grant of a license for use; or

13 (ii) a person performs a service for another person.

14 (2) “Sale” does not include a transaction whereby an employee performs a
15 service for the employee’s employer.

16 (j) “Sale for use” means a sale in which tangible personal property, **A DIGITAL**
17 **PRODUCT**, or a taxable service that is consumed, possessed, stored, or used in the State is
18 acquired.

19 (j-1) “Short-term rental” means the temporary use of a short-term rental unit to
20 provide accommodation to transient guests for lodging purposes in exchange for
21 consideration.

22 (j-2) “Short-term rental platform” means an Internet-based digital entity that:

23 (1) advertises the availability of short-term rental units for rent; and

24 (2) receives compensation for facilitating reservations or processing
25 booking transactions on behalf of the owner, operator, or manager of a short-term rental
26 unit.

27 (j-3) (1) “Short-term rental unit” means a residential dwelling unit or a portion
28 of the unit used for short-term rentals.

29 (2) “Short-term rental unit” includes a single-family house or dwelling, a
30 multifamily house or dwelling, an apartment, a condominium, or a cooperative.

31 (k) (1) “Tangible personal property” means:

1 (i) corporeal personal property of any nature;

2 (ii) an accommodation; or

3 (iii) a short-term rental.

4 (2) "Tangible personal property" includes:

5 (i) farm equipment;

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

8 (iii) coal, electricity, oil, nuclear fuel assemblies, steam, and artificial
9 or natural gas.

10 (l) (1) "Taxable price" means the value, in money, of the consideration of any
11 kind that is paid, delivered, payable, or deliverable by a buyer to a vendor in the
12 consummation and complete performance of a sale without deduction for any expense or
13 cost, including the cost of:

14 (i) any labor or service rendered;

15 (ii) any material used; or

16 (iii) any property sold.

17 (2) "Taxable price" includes, for tangible personal property **OR A DIGITAL**
18 **PRODUCT** acquired by a sale for use in the State by the person who assembles, fabricates,
19 or manufactures the property **OR PRODUCT**, only the price of the raw materials and
20 component parts contained in the property **OR PRODUCT**.

21 (3) "Taxable price" does not include:

22 (i) a charge that is made in connection with a sale and is stated as
23 a separate item of the consideration for:

24 1. a delivery, freight, or other transportation service for
25 delivery directly to the buyer by the vendor or by another person acting for the vendor,
26 unless the transportation service is a taxable service;

27 2. a finance charge, interest, or similar charge for credit
28 extended to the buyer;

29 3. a labor or service for application or installation;

1 4. a mandatory gratuity or service charge in the nature of a
2 tip for serving food or beverage to a group of 10 or fewer individuals for consumption on the
3 premises of the vendor;

4 5. a professional service;

5 6. a tax:

6 A. imposed by a county on the sale of coal, electricity, oil,
7 nuclear fuel assemblies, steam, or artificial or natural gas;

8 B. imposed under § 3–302(a) of the Natural Resources
9 Article, as a surcharge on electricity, and added to an electric bill;

10 C. imposed under §§ 6–201 through 6–203 of the
11 Tax – Property Article, on tangible personal property subject to a lease that is for an initial
12 period that exceeds 1 year and is noncancellable except for cause; or

13 D. imposed under § 4–102 of this article on the gross receipts
14 derived from an admissions and amusement charge;

15 7. any service for the operation of equipment used for the
16 production of audio, video, or film recordings; or

17 8. reimbursement of incidental expenses paid to a third party
18 and incurred in connection with providing a taxable detective service;

19 (ii) the value of a used component or part (core value) received from
20 a purchaser of the following remanufactured truck parts:

21 1. an air brake system;

22 2. an engine;

23 3. a rear axle carrier; or

24 4. a transmission; or

25 (iii) a charge for a nontaxable service that is made in connection with
26 a sale of a taxable communication service, even if the nontaxable charges are aggregated
27 with and not separately stated from the taxable charges for communications services, if the
28 vendor can reasonably identify charges not subject to tax from its books and records that
29 are kept in the regular course of business.

30 (4) “Taxable price” includes all sales and charges, including insurance,
31 freight handling, equipment and supplies, delivery and pickup, cellular telephone, and
32 other accessories, but not including sales of motor fuel subject to the motor fuel tax, made

1 in connection with:

2 (i) a short-term vehicle rental, as defined in § 11-104(c) of this
3 subtitle; or

4 (ii) a shared motor vehicle used for peer-to-peer car sharing and
5 made available on a peer-to-peer car sharing program, as defined in § 19-520 of the
6 Insurance Article.

7 (5) "Taxable price" includes, for the sale or use of an accommodation
8 facilitated by an accommodations intermediary or a short-term rental platform, the full
9 amount of the consideration paid by a buyer for the sale or use of an accommodation, but
10 not including any tax that is remitted to a taxing authority.

11 (6) "Taxable price" does not include, for the sale or use of an
12 accommodation facilitated by an accommodations intermediary or a short-term rental
13 platform, a commission paid by an accommodations provider to a person after facilitating
14 the sale or use of an accommodation.

15 (m) "Taxable service" means:

16 (1) fabrication, printing, or production of tangible personal property **OR A**
17 **DIGITAL PRODUCT** by special order;

18 (2) commercial cleaning or laundering of textiles for a buyer who is engaged
19 in a business that requires the recurring service of commercial cleaning or laundering of
20 the textiles;

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

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

23 (5) "900", "976", "915", and other "900"-type telecommunications service;

24 (6) custom calling service provided in connection with basic telephone
25 service;

26 (7) a telephone answering service;

27 (8) [pay per view television service;] **MULTICHANNEL VIDEO**
28 **PROGRAMMING SERVICE;**

29 (9) credit reporting;

30 (10) a security service, including:

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

1 (ii) a security systems service;

2 (11) a transportation service for transmission, distribution, or delivery of
3 electricity or natural gas, if the sale or use of the electricity or natural gas is subject to the
4 sales and use tax;

5 (12) a prepaid telephone calling arrangement; or

6 (13) the privilege given to an individual under § 4–1102 of the Alcoholic
7 Beverages Article to consume wine that is not purchased from or provided by a restaurant,
8 club, or hotel.

9 (m–1) (1) “Telephone answering service” means a service provided to a customer
10 that consists exclusively of the taking of messages, either by an automated system or by a
11 live operator, and transmitting the messages to the customer.

12 (2) “Telephone answering service” does not include the physical act of
13 answering a telephone on behalf of a customer, if the act is incidental to and less than 5%
14 of the service provider’s total gross receipts in a calendar year.

15 (n) (1) “Use” means an exercise of a right or power to use, consume, possess,
16 or store that is acquired by a sale for use of:

17 (i) tangible personal property; [or]

18 (ii) a taxable service; **OR**

19 **(III) A DIGITAL PRODUCT.**

20 (2) “Use” includes an exercise of a right or power to use, consume, possess,
21 or store that is acquired by a sale for use of tangible personal property **OR A DIGITAL**
22 **PRODUCT:**

23 (i) for use or resale in the form of real estate by a builder, contractor,
24 or landowner; or

25 (ii) except as provided in paragraph (3)(i) of this subsection, as
26 facilities, tools, tooling, machinery, or equipment, including dies, molds, and patterns, even
27 if the buyer intends to transfer title to the property **OR PRODUCT** before or after that use.

28 (3) “Use” does not include:

29 (i) a transfer of title to tangible personal property after its use as
30 facilities, tools, tooling, machinery, or equipment, including dies, molds, and patterns, if:

1 1. at the time of purchase, the buyer is obligated, under the
2 terms of a written contract, to make the transfer; and

3 2. the transfer is made for the same or greater consideration
4 to the person for whom the buyer manufactures goods or performs work;

5 (ii) an exercise of a right or power over tangible personal property
6 **OR A DIGITAL PRODUCT** acquired by a sale for use if the buyer intends to:

7 1. resell the tangible personal property **OR DIGITAL**
8 **PRODUCT** in the form that the buyer receives or is to receive the property **OR PRODUCT**;

9 2. use or incorporate the tangible personal property **OR**
10 **DIGITAL PRODUCT** in a production activity as a material or part of other tangible personal
11 property **OR ANOTHER DIGITAL PRODUCT** to be produced for sale; or

12 3. transfer the tangible personal property **OR DIGITAL**
13 **PRODUCT** as part of a taxable service transaction; [or]

14 (iii) an exercise of a right or power over a taxable service acquired by
15 a sale for use if the buyer intends to resell the taxable service in the form that the buyer
16 receives or is to receive the service;

17 **(IV) AN EXERCISE OF A RIGHT OR POWER OVER A DIGITAL CODE**
18 **TO RECEIVE OR ACCESS A DIGITAL PRODUCT; OR**

19 **(V) AN EXERCISE OF A RIGHT OR POWER OVER A DIGITAL**
20 **PRODUCT ACQUIRED BY A SALE FOR USE IF THE BUYER IS NOT AN END USER.**

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

22 (i) engages in the business of an out-of-state vendor, as defined in
23 § 11-701 of this title;

24 (ii) engages in the business of a retail vendor, as defined in § 11-701
25 of this title;

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

27 (iv) is an accommodations intermediary;

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

29 (vi) engages in the business of a marketplace facilitator; or

30 (vii) engages in the business of a marketplace seller.

1 (2) “Vendor” includes, for an out-of-state vendor, a salesman,
2 representative, peddler, or canvasser whom the Comptroller, for the efficient
3 administration of this title, elects to treat as an agent jointly responsible with the dealer,
4 distributor, employer, or supervisor:

5 (i) under whom the agent operates; or

6 (ii) from whom the agent obtains the tangible personal property, A
7 **DIGITAL PRODUCT**, or taxable service for sale.

8 11-102.

9 (a) Except as otherwise provided in this title, a tax is imposed on:

10 (1) a retail sale in the State; and

11 (2) a use, in the State, of tangible personal property, **A DIGITAL PRODUCT**,
12 or a taxable service.

13 11-217.

14 (b) The sales and use tax does not apply to a sale of tangible personal property
15 **OR A DIGITAL PRODUCT** for use or consumption in research and development.

16 11-221.

17 **(D) A RETAIL SALE OF A DIGITAL PRODUCT SUBJECT TO TAX UNDER THIS**
18 **TITLE DOES NOT INCLUDE A RETAIL SALE THAT IS SUBJECT TO TAX IN ACCORDANCE**
19 **WITH ANY OTHER PROVISION OF THIS ARTICLE.**

20 **(E) THE SALES AND USE TAX DOES NOT APPLY TO A RETAIL SALE OF A**
21 **MULTICHANNEL VIDEO PROGRAMMING SERVICE THAT IS SUBJECT TO A FRANCHISE**
22 **FEE DESCRIBED IN 47 U.S.C. § 542(G) OR OTHER TAX, FEE, OR MONETARY**
23 **ASSESSMENT OF ANY KIND IMPOSED BY THIS STATE OR POLITICAL SUBDIVISION OF**
24 **THIS STATE ON A MULTICHANNEL VIDEO PROGRAMMING PROVIDER OR**
25 **SUBSCRIBER, OR BOTH, SOLELY BECAUSE OF THEIR STATUS AS A MULTICHANNEL**
26 **VIDEO PROGRAMMING PROVIDER OR SUBSCRIBER.**

27 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
28 1, 2020.