

HOUSE BILL 1318

K2, Q4, Q3

EMERGENCY BILL

1lr2459

By: **Delegate Howard**

Introduced and read first time: February 8, 2021

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Business Tax Relief Act**

3 FOR the purpose of authorizing, for purposes of unemployment insurance law, a certain
4 employing unit to elect to delay submitting a certain contribution and employment
5 report for certain calendar quarters under certain circumstances; prohibiting an
6 employing unit that elects to delay the submission of a contribution and employment
7 report in accordance with this Act from being required by the Secretary of Labor to
8 file for an extension or be assessed certain interest under certain circumstances;
9 altering the calculation and maximum amount of a certain credit relating to
10 collecting and paying the sales and use tax; altering the application of a certain sales
11 and use tax exemption for the sale of certain clothing or footwear during a certain
12 annual sales tax-free period; exempting from the sales and use tax the sale of
13 electricity, oil, liquefied petroleum gas, or artificial or natural gas used to operate a
14 certain restaurant; exempting from the sales and use tax certain sales of food and
15 nonalcoholic beverages by certain restaurants during a certain annual sales
16 tax-free period; exempting from the sales and use tax certain sales of personal
17 protective equipment and cleaning products under certain circumstances; allowing
18 an individual or a corporation to claim a credit against the State income tax for the
19 purchase of certain credit card processing equipment during the taxable year;
20 prohibiting the credit from exceeding a certain amount; authorizing the Mayor and
21 City Council of Baltimore City or the governing body of a county or of a municipal
22 corporation to grant, by law, a tax credit against the county or municipal property
23 tax imposed on certain real property owned by a certain nonessential business;
24 providing for the duration of the credit; prohibiting the credit from exceeding a
25 certain amount; authorizing the county or municipal corporation to provide, by law,
26 for the amount of the credit, eligibility criteria for the credit, certain regulations and
27 procedures, and any other provision necessary to carry out the credit; defining
28 certain terms; making a conforming change; providing for the effective dates and
29 application of certain provisions of this Act; making certain provisions of this Act an
30 emergency measure; and generally relating to tax relief for businesses.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 BY repealing and reenacting, with amendments,
2 Article – Labor and Employment
3 Section 8–626 and 8–628
4 Annotated Code of Maryland
5 (2016 Replacement Volume and 2020 Supplement)

6 BY repealing and reenacting, with amendments,
7 Article – Tax – General
8 Section 11–105 and 11–228
9 Annotated Code of Maryland
10 (2016 Replacement Volume and 2020 Supplement)

11 BY adding to
12 Article – Tax – General
13 Section 10–751 and 11–241 through 11–243
14 Annotated Code of Maryland
15 (2016 Replacement Volume and 2020 Supplement)

16 BY adding to
17 Article – Tax – Property
18 Section 9–266
19 Annotated Code of Maryland
20 (2019 Replacement Volume and 2020 Supplement)

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

23 **Article – Labor and Employment**

24 8–626.

25 (a) (1) [For] SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, FOR each
26 calendar quarter, each employing unit shall submit to the Secretary a contribution and
27 employment report on or before the date that the Secretary sets.

28 (2) (I) AN EMPLOYING UNIT MAY ELECT TO DEFER SUBMITTING A
29 CONTRIBUTION AND EMPLOYMENT REPORT FOR THE CALENDAR QUARTERS ENDING
30 ON MARCH 31, 2021, AND MARCH 31, 2022, RESPECTIVELY.

31 (II) AN EMPLOYING UNIT THAT ELECTS TO DEFER THE
32 SUBMISSION OF A CONTRIBUTION AND EMPLOYMENT REPORT AS AUTHORIZED
33 UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH:

34 1. SHALL SUBMIT THE REPORT ON OR BEFORE THE
35 DATE ON WHICH THE REPORT FOR THE IMMEDIATELY FOLLOWING CALENDAR

1 **QUARTERS IS DUE;**

2 **2. MAY NOT BE REQUIRED BY THE SECRETARY TO FILE**
3 **FOR AN EXTENSION; AND**

4 **3. MAY NOT BE ASSESSED INTEREST THAT ACCRUES**
5 **UNDER § 8-628 OF THIS SUBTITLE FOR THE PERIOD FOR WHICH THE SUBMISSION IS**
6 **DEFERRED.**

7 (b) An employing unit shall include in a contribution and employment report
8 information that the Secretary requires.

9 (c) (1) An employing unit that fails to submit a contribution and employment
10 report under this section is subject to a penalty of \$35 unless the Secretary waives the
11 penalty for cause.

12 (2) An employing unit that submits a check or other negotiable instrument
13 in payment of any penalty under this subsection which is returned for insufficient funds is
14 subject to an additional penalty of \$25.

15 8-628.

16 (a) Except as provided in [§ 8-201.1] §§ 8-201.1 AND 8-626 of this title, a
17 contribution or reimbursement payment that is due and unpaid shall accrue interest at the
18 rate of 1.5% per month or part of a month from the date on which it is due until the
19 Secretary receives the contribution or payment in lieu of contributions and the interest.

20 (b) Notwithstanding subsection (a) of this section, except as provided in § 8-201.1
21 of this title, for any calendar year in which Table F is applicable under § 8-612(d)(6) of this
22 subtitle, a contribution or reimbursement payment that is due and unpaid shall accrue
23 interest at the rate of 0.5% per month or part of a month from the date on which it is due
24 until the Secretary receives the contribution or payment in lieu of contributions and the
25 interest.

26 **Article – Tax – General**

27 11-105.

28 (a) (1) Except as provided in subsections (b) and (c) of this section, a vendor
29 who timely files a sales and use tax return is allowed, for the expense of collecting and
30 paying the tax, a credit equal to [0.9%] 1.8% of the gross amount of sales and use tax that
31 the vendor is to pay to the Comptroller.

32 (2) The credit allowed under this section does not apply to any sales and
33 use tax that a vendor is required to pay to the Comptroller for any purchase or use that the
34 vendor makes that is subject to the tax.

1 (b) (1) Subject to paragraph (2) of this subsection, the credit allowed under this
2 section is [~~1.2%~~] **2.4%** of the first \$6,000 of the gross amount of sales and use tax that the
3 vendor is to pay with each return.

4 (2) For a vendor who files or is eligible to file a consolidated return under
5 § 11-502 of this title, the credit allowed under paragraph (1) of this subsection is [~~1.2%~~]
6 **2.4%** of the first \$6,000 of the gross amount of sales and use tax that the vendor is or would
7 be required to pay with the consolidated return.

8 (c) (1) The credit allowed under subsection (a) of this section may not exceed
9 [~~\$500~~] **\$1,000** for each return.

10 (2) For a vendor who files or is eligible to file a consolidated return under
11 § 11-502 of this title, the total maximum credit that the vendor is allowed under this section
12 for all returns filed for any period is [~~\$500~~] **\$1,000**.

13 11-228.

14 (a) In this section, “accessory items” includes jewelry, watches, watchbands,
15 handbags, handkerchiefs, umbrellas, scarves, ties, headbands, and belt buckles.

16 (b) (1) Beginning in calendar year 2010, the 7-day period from the second
17 Sunday in August through the following Saturday shall be a tax-free period for
18 back-to-school shopping in Maryland during which the exemption under paragraph (2) of
19 this subsection shall apply.

20 (2) During the tax-free period for back-to-school shopping established
21 under paragraph (1) of this subsection, the sales and use tax does not apply to:

22 (i) the sale of any item of clothing or footwear, excluding accessory
23 items, if the taxable price of the item of clothing or footwear is [~~\$100~~] **\$150** or less; or

24 (ii) the first \$40 of the taxable price of any backpack or bookbag.

25 **11-241.**

26 (A) (1) **IN THIS SECTION, “RESTAURANT” MEANS A LICENSED FOOD**
27 **SERVICE FACILITY THAT IS PRIMARILY ENGAGED IN SELLING OR SERVING FOOD AND**
28 **BEVERAGES PREPARED FOR CONSUMPTION ON OR OFF THE PREMISES.**

29 (2) **“RESTAURANT” INCLUDES A LICENSED CATERER FOOD SERVICE**
30 **FACILITY.**

31 (3) **“RESTAURANT” DOES NOT INCLUDE:**

1 **(I) A SUPERMARKET, CONVENIENCE STORE, MINI-MART, OR**
2 **SIMILAR ESTABLISHMENT;**

3 **(II) A BUSINESS, SCHOOL, OR INSTITUTIONAL CAFETERIA; OR**

4 **(III) A CAFETERIA OPERATED BY OR ON BEHALF OF THE STATE**
5 **OR A LOCAL GOVERNMENT.**

6 **(B) THE SALES AND USE TAX DOES NOT APPLY TO THE SALE OF**
7 **ELECTRICITY, OIL, LIQUEFIED PETROLEUM GAS, OR ARTIFICIAL OR NATURAL GAS**
8 **USED TO OPERATE A RESTAURANT.**

9 **11-242.**

10 **(A) (1) IN THIS SUBSECTION, “RESTAURANT” MEANS A LICENSED FOOD**
11 **SERVICE FACILITY THAT IS PRIMARILY ENGAGED IN SELLING OR SERVING FOOD AND**
12 **BEVERAGES PREPARED FOR CONSUMPTION ON OR OFF THE PREMISES.**

13 **(2) “RESTAURANT” DOES NOT INCLUDE:**

14 **(I) A SUPERMARKET, CONVENIENCE STORE, MINI-MART, OR**
15 **SIMILAR ESTABLISHMENT;**

16 **(II) A BUSINESS, SCHOOL, OR INSTITUTIONAL CAFETERIA; OR**

17 **(III) A CAFETERIA OPERATED BY OR ON BEHALF OF THE STATE**
18 **OR A LOCAL GOVERNMENT.**

19 **(B) (1) BEGINNING IN CALENDAR YEAR 2021, THE 8-DAY PERIOD FROM**
20 **THE THIRD SUNDAY IN SEPTEMBER THROUGH THE FOLLOWING SUNDAY SHALL BE**
21 **A TAX-FREE PERIOD DURING WHICH THE EXEMPTION UNDER PARAGRAPH (2) OF**
22 **THIS SUBSECTION SHALL APPLY.**

23 **(2) DURING THE TAX-FREE PERIOD ESTABLISHED UNDER**
24 **PARAGRAPH (1) OF THIS SUBSECTION, THE SALES AND USE TAX DOES NOT APPLY TO**
25 **THE SALE BY A RESTAURANT OF AN ITEM OF FOOD OR A NONALCOHOLIC BEVERAGE**
26 **FOR IMMEDIATE HUMAN CONSUMPTION, IF THE TAXABLE PRICE OF THE ITEM IS \$40**
27 **OR LESS.**

28 **11-243.**

29 **(A) THE EXEMPTION UNDER SUBSECTION (B) OF THIS SECTION SHALL**
30 **APPLY ONLY DURING A DECLARATION OF A STATE OF EMERGENCY DUE TO A**

1 CATASTROPHIC HEALTH EMERGENCY.

2 (B) THE SALES AND USE TAX DOES NOT APPLY TO THE SALE OF THE
3 FOLLOWING ITEMS, IF THE TAXABLE PRICE OF THE ITEM IS \$50 OR LESS:

4 (1) DISPOSABLE FACE MASKS OR RESPIRATORS;

5 (2) DISPOSABLE GLOVES;

6 (3) A PLEXIGLASS SNEEZE GUARD OR TRANSPARENT PARTITION;

7 (4) HAND SANITIZER; AND

8 (5) DISINFECTANT OR STERILANT PRODUCTS.

9 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
10 as follows:

11 **Article – Tax – General**

12 **10-751.**

13 (A) SUBJECT TO SUBSECTION (B) OF THIS SECTION, AN INDIVIDUAL OR A
14 CORPORATION MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX FOR UP TO
15 \$250 OF THE COSTS INCURRED DURING THE TAXABLE YEAR TO PURCHASE OR
16 NEWLY LEASE POINT-OF-SALE CREDIT CARD PROCESSING EQUIPMENT FEATURING
17 CONTACTLESS PAYMENT TECHNOLOGY.

18 (B) (1) THE CREDIT ALLOWED UNDER THIS SECTION MAY NOT EXCEED
19 THE LESSER OF:

20 (I) THE TOTAL PURCHASE OR LEASE PRICE OF THE CREDIT
21 CARD PROCESSING EQUIPMENT; OR

22 (II) THE STATE INCOME TAX IMPOSED FOR THE TAXABLE YEAR.

23 (2) ANY UNUSED AMOUNT OF THE CREDIT FOR ANY TAXABLE YEAR
24 MAY NOT BE CARRIED OVER TO ANY OTHER TAXABLE YEAR.

25 SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
26 as follows:

27 **Article – Tax – Property**

1 **9-266.**

2 (A) THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY OR THE
3 GOVERNING BODY OF A COUNTY OR MUNICIPAL CORPORATION MAY GRANT, BY LAW,
4 A PROPERTY TAX CREDIT UNDER THIS SECTION AGAINST THE COUNTY OR
5 MUNICIPAL CORPORATION PROPERTY TAX IMPOSED ON REAL PROPERTY OWNED BY
6 A NONESSENTIAL BUSINESS, AS DESCRIBED UNDER EXECUTIVE ORDER
7 20-03-23-01 IF, DURING CALENDAR YEAR 2020 OR 2021, THE NONESSENTIAL
8 BUSINESS WAS FORCED TO CLOSE TO THE GENERAL PUBLIC FOR AT LEAST 60 DAYS
9 DUE TO A STATE OR COUNTY RESTRICTION IMPOSED AS A RESULT OF A
10 CATASTROPHIC HEALTH EMERGENCY.

11 (B) A CREDIT UNDER THIS SECTION:

12 (1) SHALL BE GRANTED FOR 1 YEAR; AND

13 (2) MAY NOT EXCEED 15% OF THE AMOUNT OF THE PROPERTY TAX
14 OTHERWISE DUE.

15 (C) THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY OR THE
16 GOVERNING BODY OF A CORPORATION OR A MUNICIPAL CORPORATION MAY
17 PROVIDE, BY LAW, FOR:

18 (1) SUBJECT TO SUBSECTION (B) OF THIS SECTION, THE AMOUNT OF
19 THE TAX CREDIT;

20 (2) ADDITIONAL ELIGIBILITY CRITERIA FOR THE TAX CREDIT;

21 (3) REGULATIONS AND PROCEDURES FOR THE APPLICATION AND
22 UNIFORM PROCESSING OF REQUESTS FOR THE TAX CREDIT; AND

23 (4) ANY OTHER PROVISION NECESSARY TO CARRY OUT THE TAX
24 CREDIT UNDER THIS SECTION.

25 SECTION 4. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall take
26 effect July 1, 2021, and shall be applicable to all taxable years beginning after December
27 31, 2020.

28 SECTION 5. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall take
29 effect June 1, 2021, and shall be applicable to all taxable years beginning after June 30,
30 2021.

31 SECTION 6. AND BE IT FURTHER ENACTED, That, except as provided in
32 Sections 4 and 5 of this Act, this Act is an emergency measure, is necessary for the

1 immediate preservation of the public health or safety, has been passed by a yea and nay
2 vote supported by three-fifths of all the members elected to each of the two Houses of the
3 General Assembly, and shall take effect from the date it is enacted.