

SENATE BILL 904

Q4

1lr3038
CF HB 792

By: **Senator Salling**

Introduced and read first time: February 9, 2021

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 19, 2021

CHAPTER _____

1 AN ACT concerning

2 **Sales and Use Tax – Study on Tax-Free Periods – University and College**
3 **Textbooks**

4 FOR the purpose of requiring the Comptroller, in consultation with the Maryland Higher
5 Education Commission, to conduct a certain study on designating certain periods
6 each year to be tax-free periods during which an exemption from the sales and use
7 tax is provided for the sale of certain textbooks purchased by certain individuals;
8 requiring the Comptroller, in conducting the study, to make a certain presumption;
9 requiring the Comptroller to submit a report of its findings and any
10 recommendations to the General Assembly on or before a certain date; defining a
11 certain term; providing for the termination of this Act; and generally relating to a
12 study on sales and use tax-free periods for the sale of university and college
13 textbooks.

14 ~~BY adding to~~
15 ~~Article – Tax – General~~
16 ~~Section 11-241~~
17 ~~Annotated Code of Maryland~~
18 ~~(2016 Replacement Volume and 2020 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~~

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



~~11-241.~~

~~(A) (1) IN THIS SECTION, "TEXTBOOK" MEANS A BOOK:~~

~~(I) WRITTEN, DESIGNED, AND PRODUCED FOR EDUCATIONAL, INSTRUCTIONAL, OR PEDAGOGICAL PURPOSES; AND~~

~~(II) REQUIRED FOR A COURSE AT A COMMUNITY COLLEGE ESTABLISHED UNDER TITLE 16 OF THE EDUCATION ARTICLE, A PRIVATE NONPROFIT INSTITUTION OF HIGHER EDUCATION AS DEFINED IN § 10-101 OF THE EDUCATION ARTICLE, A PUBLIC SENIOR HIGHER EDUCATION INSTITUTION AS DEFINED IN § 10-101 OF THE EDUCATION ARTICLE, OR A REGIONAL HIGHER EDUCATION CENTER AS DEFINED IN § 10-101 OF THE EDUCATION ARTICLE.~~

~~(2) "TEXTBOOK" INCLUDES A BOOK THAT IS READ USING A COMPUTER, TABLET, OR ANY OTHER ELECTRONIC DEVICE.~~

~~(B) (1) BEGINNING IN CALENDAR YEAR 2021, THE LAST 7 DAYS OF AUGUST SHALL BE A TAX FREE PERIOD FOR RETURN TO SCHOOL SHOPPING IN MARYLAND DURING WHICH THE EXEMPTION UNDER PARAGRAPH (3) OF THIS SUBSECTION SHALL APPLY.~~

~~(2) BEGINNING IN CALENDAR YEAR 2022, IN ADDITION TO THE TAX FREE PERIOD ESTABLISHED IN PARAGRAPH (1) OF THIS SUBSECTION, THE FIRST 7 DAYS OF FEBRUARY SHALL BE A TAX FREE PERIOD FOR RETURN TO SCHOOL SHOPPING IN MARYLAND DURING WHICH THE EXEMPTION UNDER PARAGRAPH (3) OF THIS SUBSECTION SHALL APPLY.~~

~~(3) DURING THE TAX FREE PERIODS FOR RETURN TO SCHOOL SHOPPING ESTABLISHED UNDER PARAGRAPHS (1) AND (2) OF THIS SUBSECTION, THE SALES AND USE TAX DOES NOT APPLY TO THE SALE OF A TEXTBOOK THAT IS PURCHASED BY A FULL TIME OR PART TIME STUDENT ENROLLED AT A COMMUNITY COLLEGE ESTABLISHED UNDER TITLE 16 OF THE EDUCATION ARTICLE, A PRIVATE NONPROFIT INSTITUTION OF HIGHER EDUCATION AS DEFINED IN § 10-101 OF THE EDUCATION ARTICLE, A PUBLIC SENIOR HIGHER EDUCATION INSTITUTION AS DEFINED IN § 10-101 OF THE EDUCATION ARTICLE, OR A REGIONAL HIGHER EDUCATION CENTER AS DEFINED IN § 10-101 OF THE EDUCATION ARTICLE.~~

~~(C) AN INDIVIDUAL MAY ESTABLISH FULL TIME OR PART TIME STUDENT STATUS BY PRODUCING A VALID STUDENT IDENTIFICATION CARD AT THE TIME OF PURCHASE OF THE TEXTBOOK.~~

(a) (1) In this section, "textbook" means a book:

1 (i) written, designed, and produced for educational, instructional, or
2 pedagogical purposes; and

3 (ii) required for a course at a community college established under
4 Title 16 of the Education Article, a private nonprofit institution of higher education as
5 defined in § 10–101 of the Education Article, a public senior higher education institution
6 as defined in § 10–101 of the Education Article, or a regional higher education center as
7 defined in § 10–101 of the Education Article.

8 (2) “Textbook” includes a book that is read using a computer, tablet, or any
9 other electronic device.

10 (b) (1) Subject to paragraph (2) of this subsection, the Comptroller, in
11 consultation with the Maryland Higher Education Commission, shall study and, if
12 applicable, make recommendations on the feasibility and fiscal impact of establishing two
13 annual, 7–day sales tax–free periods in which the sale of a textbook is exempt from the
14 State sales and use tax if the textbook is purchased by a full–time or part–time student
15 that is enrolled at a community college established under Title 16 of the Education Article,
16 a private nonprofit institution of higher education as defined in § 10–101 of the Education
17 Article, a public senior higher education institution as defined in § 10–101 of the Education
18 Article, or a regional higher education center as defined in § 10–101 of the Education
19 Article.

20 (2) In conducting the study required under this subsection, the Comptroller
21 shall presume the two tax–free periods described in paragraph (1) of this subsection occur
22 during the calendar year as follows:

23 (i) the last 7 days of August; and

24 (ii) the first 7 days of February.

25 (c) On or before December 31, 2021, the Comptroller shall, in accordance with §
26 2–1257 of the State Government Article, submit a report of its findings and any
27 recommendations to the General Assembly.

28 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
29 1, 2021. It shall remain effective for a period of 1 year and, at the end of June 30, 2022, this
30 Act, with no further action required by the General Assembly, shall be abrogated and of no
31 further force and effect.