

HOUSE BILL 795

Q8

2lr2442
CF 2lr2787

By: **Delegate Luedtke**

Introduced and read first time: February 3, 2022

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Gross Receipts Tax on Short-Term Lease or Rental of Heavy Equipment**
3 **- Alterations**

4 FOR the purpose of exempting governments from the tax on gross receipts from the
5 short-term lease or rental of heavy equipment property; repealing a requirement
6 that a person with gross receipts subject to tax to report certain information to the
7 county or municipal corporation where the heavy equipment rental business is
8 located; and generally relating to the taxation of short-term leases and rentals of
9 heavy equipment.

10 BY repealing and reenacting, with amendments,
11 Article – Local Government
12 Section 20–609
13 Annotated Code of Maryland
14 (2013 Volume and 2021 Supplement)

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

17 **Article – Local Government**

18 20–609.

19 (a) (1) In this section the following words have the meanings indicated.

20 [(2) “Gross receipts shortage” means the amount by which the property tax
21 calculated under subsection (e)(2) of this section that would have been due exceeds the total
22 gross receipts tax remitted under subsection (d) of this section.

23 (3) “Gross receipts surplus” means the amount by which the total gross

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 receipts tax remitted under subsection (d) of this section exceeds the amount of property
2 tax calculated under subsection (e)(2) of this section that would have been due.]

3 ~~[(4)] (2)~~ (i) “Heavy equipment property” means construction,
4 earthmoving, or industrial equipment that is mobile, including any attachment for the
5 heavy equipment.

6 (ii) “Heavy equipment property” includes:

7 1. a self-propelled vehicle that is not designed to be driven
8 on a highway; and

9 2. industrial electrical generation equipment, industrial lift
10 equipment, industrial material handling equipment, or other similar industrial equipment.

11 ~~[(5)] (3)~~ “Short-term lease or rental” means the lease or rental of heavy
12 equipment property for a period of 365 days or less.

13 (b) (1) Except as provided in subsection (c) of this section, there is a tax at a
14 rate of 2% on the gross receipts from the short-term lease or rental of heavy equipment
15 property by a person whose principal business is the short-term lease or rental of heavy
16 equipment property at retail.

17 (2) A person is in the principal business of short-term lease or rental of
18 heavy equipment property if:

19 (i) the largest segment of total rental receipts of the business is from
20 the short-term lease or rental of heavy equipment property; and

21 (ii) the business is described under Code 532412 of the North
22 American Industry Classification System as published by the United States Census
23 Bureau.

24 (c) The tax imposed under this section does not apply to:

25 (1) a business located in a county or municipality that does not impose a
26 personal property tax; **OR**

27 (2) **A SHORT-TERM LEASE OR RENTAL OF HEAVY EQUIPMENT**
28 **PROPERTY TO THE FEDERAL GOVERNMENT, THE STATE, A COUNTY, OR A**
29 **MUNICIPALITY.**

30 (d) (1) A person who owns a business with gross receipts subject to the tax
31 under this section shall collect the tax from the rental customer and remit the tax as
32 provided in this subsection.

1 (2) The tax is payable quarterly and due by the last day of the month after
2 the end of the quarter.

3 (3) A person who owns a business with gross receipts subject to the tax
4 under this section shall remit the tax collected to:

5 (i) the county in which the business is located, if that location is not
6 within a municipality; or

7 (ii) the county and municipality in which the business is located in
8 proportion to the personal property tax rate of the county and municipality, if that location
9 is within a municipality.

10 (4) Notwithstanding any other law and except as otherwise provided in this
11 section, the gross receipts tax imposed under this section shall be administered and
12 collected according to the laws applicable to the personal property tax under the
13 Tax – Property Article.

14 (e) **[(1)]** A person who owns a business with gross receipts subject to the tax
15 under subsection (b) of this section shall submit**[:**

16 (i) to the Department of Assessments and Taxation a report on
17 personal property as required under § 11–101 of the Tax – Property Article**];** and

18 (ii) to the county or municipality where the heavy equipment rental
19 business is located a list of all personal property, including the original cost and date of
20 acquisition of the property, that:

- 21 1. is subject to the gross receipts tax under this section; and
- 22 2. is exempt from the property tax under § 7–243 of the Tax
23 – Property Article**].**

24 **[(2)** For each person that submits a list under paragraph (1)(ii) of this
25 subsection, a county or municipality shall calculate the amount of property tax that would
26 have been due for all property that is exempt under § 7–243 of the Tax – Property Article.

27 (3) A county or municipality shall calculate the difference between:

28 (i) the total gross receipts tax remitted under subsection (d) of this
29 section by the person during the previous calendar year; and

30 (ii) the amount of property tax calculated under paragraph (2) of this
31 subsection that would have been due.

32 (4) (i) On or before February 28 of each year, a county or municipality

1 shall provide a statement to each person who owns a business with gross receipts subject
2 to the tax under subsection (b) of this section that includes:

3 1. the total gross receipts tax remitted under subsection (d)
4 of this section during the previous calendar year;

5 2. the total property tax calculated under paragraph (2) of
6 this subsection that would have been due; and

7 3. the gross receipts shortage or gross receipts surplus.

8 (ii) If the statement includes a gross receipts shortage, the county or
9 municipality shall include with the statement a bill for the amount of the gross receipts
10 shortage payable on or before March 31 of each year.

11 (5) The list required under paragraph (1)(ii) of this subsection shall be
12 submitted with the second quarterly payment required under subsection (d)(2) of this
13 section.]

14 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
15 1, 2022.