

DBarnes Letter of Support - SB 567-HB 730

Uploaded by: Barnes, Darryl

Position: FAV

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Ways and Means Committee

Chair
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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

February 19, 2020

FAVORABLE SUPPORT of SB 567/ HB 730
Sales and Use Tax – Exemption- Out-of-State Nonprofit Organizations

Dear Chairman Guzzone and Members of the Budget & Taxation Committee:

I strongly urge you to vote favorably on HB 730/SB 567: Sale and Use Tax-Exemption-Out-of-State Nonprofit Organizations. SB 567 provides greater opportunities for strengthening our state's economy as it attracts more businesses to Maryland.

What the Bill Does

This bill permits temporary sales tax exemption certificates to nonprofit organizations outside of Maryland for the purpose holding conventions or conferences.

With further extensions of tax exemption certifications to out of state non-profit organizations, the state of Maryland will have the opportunity to generate more business and revenue due to the high volumes of individuals being captivated by the convention or conferences.

Sales tax exemption certificates enable a purchaser to make tax-free purchases that would normally be subject to sales tax.

How does it work

1. The non-profit organization fills out a certificate which is a wallet sized card that is registered only to the organization. This certificate is used ONLY to purchase items that is needed to carry out their work. These items include such as office supplies, equipment and any other supplies.
2. Once the organization has filled out the certificate, the certificate is then given to the seller.
3. With the seller having the certificate, the organization can purchase the supplies needed from the seller without being charged any sales tax.

This does not include items that are used for “unrelated trade or business” as defined by Sections 513 of the U.S. Internal Revenue Code. It may not be used for:

- Personal use of officials, members or employees of the organization, or to purchase items that will be donated to the organization.

Why is this important

By law, Maryland can only issue sales tax exemption certificates to qualifying, nonprofit organizations located in Maryland or in any of the following adjacent jurisdictions: Delaware, Pennsylvania, Virginia, West Virginia, and Washington, D.C.

Enabling eligible non-profit organizations to receive sales tax exemptions, further establishes Maryland as a desirable location for businesses to host their events.

I strongly urge you to support SB 567/HB 730: Sales and Use Tax – Exemption- Out-of-State Nonprofit Organizations

Sincerely,

Darryl Barnes

Darryl Barnes
Chairman, Legislative Black Caucus of Maryland, Inc.

SB564 Mary Washington Testimony for Budget and Tax

Uploaded by: Senator Washington, Senator Washington

Position: FAV

MARY L. WASHINGTON, PH.D
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Education, Health, and
Environmental Affairs Committee

Chair
Joint Committee on Ending
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Chair
Joint Committee on Children,
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THE SENATE OF MARYLAND
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SUPPORT – HB 730/SB 567
TEMPORARY SALES TAX EXEMPTION CERTIFICATES –
OUT OF STATE NON-PROFIT ORGANIZATIONS

Problem: By law, Maryland can only issue sales tax exemption certificates to qualifying, nonprofit organizations located in Maryland or in any of the following adjacent jurisdictions: Delaware, Pennsylvania, Virginia, West Virginia, and Washington, D.C.

Proposal: Giving temporary sales tax exemption certificates to nonprofit organizations coming from outside of Maryland to hold conventions or conferences. If the State extended tax exemption certificates to *all* out of state nonprofits, it is likely that more organizations from around the country would host conferences and/or events in Maryland. This boost in convention business and tourism should offset revenues lost from not collecting sales tax.

The following organization in Maryland currently qualify for exemption certificates:

- Nonprofit charitable, educational, and religious organizations
- Volunteer fire companies and rescue squads
- Nonprofit cemetery companies
- Qualifying veterans organizations
- Government agencies
- Credit unions

How Will It Work: An organization may use its exemption certificate to purchase tangible personal property needed in connection with and for use solely at a conference or convention in the State. This would include office supplies and equipment and supplies used in fundraising activities, but would not include items used to conduct an “unrelated trade or business” as defined by Section 513 of the U.S. Internal Revenue Code.

The exemption certificate is a wallet-sized card, bearing the holder’s eight-digit exemption number and an expiration date. An exemption certificate is not transferable and applies only to purchases made by the registered organization.

SB567 is simply a bill meant to encourage more out-of-state non-profits to come to Maryland to hold their events.

In Partnership,

A handwritten signature in blue ink, appearing to read 'Mary L. Washington'.

Mary Washington