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**By: Senators Green, Lawlah, Trotter, and Currie**

Introduced and read first time: January 16, 1996

Assigned to: Budget and Taxation

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A BILL ENTITLED

1 AN ACT concerning

2 **Prince George's County - Sales Tax for School Construction**

3 FOR the purpose of authorizing the County Council for Prince George's County to  
4 impose a tax on retail sales in the County; defining certain terms; exempting from  
5 the tax sales that are exempt from the State sales and use tax; limiting the rate of  
6 the tax; imposing certain collection and administrative requirements on vendors  
7 who make sales subject to the tax; authorizing certain vendors to deduct a certain  
8 percentage of the gross tax collected for the cost of collection and remittance of the  
9 tax; requiring the State Comptroller to provide certain information to a county  
10 imposing the tax; authorizing the County Council of Prince George's County to  
11 provide by law for imposition of interest and penalties for failure to pay the tax as  
12 required and to provide for collection of unpaid tax, interest, or penalties; requiring  
13 that the net proceeds of the tax revenue be used only for certain purposes; providing  
14 for the termination of the County's authority to impose the tax; making this Act  
15 subject to certain contingencies; requiring the County Council of the County to  
16 submit this Act to the qualified voters of the County; providing for a delayed  
17 effective date; and generally relating to authority for Prince George's County to  
18 impose a tax on retail sales in the County.

19 BY adding to

20 Article 24 - Political Subdivisions - Miscellaneous Provisions  
21 Section 9-606  
22 Annotated Code of Maryland  
23 (1994 Replacement Volume and 1995 Supplement)

24 BY repealing and reenacting, with amendments,

25 Article - Tax - General  
26 Section 11-102(b)  
27 Annotated Code of Maryland  
28 (1988 Volume and 1995 Supplement)

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

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1 **Article 24 - Political Subdivisions - Miscellaneous Provisions**

2 9-606.

3 (A) IN THIS SECTION, "RETAIL SALE", "SALE", AND "TAXABLE PRICE" HAVE  
4 THE MEANINGS STATED IN § 11-101 OF THE TAX - GENERAL ARTICLE.

5 (B) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, THE COUNTY  
6 COUNCIL FOR PRINCE GEORGE'S COUNTY MAY IMPOSE, BY ORDINANCE, AND  
7 COLLECT A SALES TAX ON A RETAIL SALE IN PRINCE GEORGE'S COUNTY.

8 (C) A TAX IMPOSED UNDER THIS SECTION DOES NOT APPLY TO A SALE THAT  
9 IS EXEMPT FROM THE STATE SALES AND USE TAX UNDER TITLE 11 OF THE TAX -  
10 GENERAL ARTICLE.

11 (D) A TAX IMPOSED UNDER THIS SECTION MAY NOT EXCEED 1% OF THE  
12 TAXABLE PRICE OF A SALE THAT IS SUBJECT TO THE TAX.

13 (E) A TAX IMPOSED UNDER THIS SECTION SHALL BE:

14 (1) COLLECTED FROM THE BUYER ON BEHALF OF THE COUNTY BY THE  
15 VENDOR THAT MAKES A SALE THAT IS SUBJECT TO THE TAX; AND

16 (2) HELD IN TRUST BY THE VENDOR FOR THE COUNTY.

17 (F) (1) A VENDOR REQUIRED TO COLLECT A TAX IMPOSED UNDER THIS  
18 SECTION SHALL FILE A RETURN WITH THE COUNTY ON OR BEFORE THE 21ST DAY  
19 OF EACH MONTH.

20 (2) A RETURN REQUIRED UNDER THIS SECTION:

21 (I) SHALL BE MADE ON THE FORM THAT THE COUNTY REQUIRES;  
22 AND

23 (II) SHALL CONTAIN THE INFORMATION THAT THE COUNTY  
24 REQUIRES, INCLUDING:

25 1. THE GROSS PROCEEDS OF THE VENDOR DURING THE  
26 PRECEDING MONTH FROM SALES THAT ARE SUBJECT TO THE TAX;

27 2. THE TAXABLE PRICE OF SALES FOR THAT MONTH ON  
28 WHICH THE TAX IS COMPUTED; AND

29 3. THE TAX DUE.

30 (G) (1) A VENDOR THAT MAKES A SALE THAT IS SUBJECT TO A TAX  
31 IMPOSED UNDER THIS SECTION SHALL PAY THE TAX THAT THE VENDOR COLLECTS  
32 FOR THAT SALE WITH THE RETURN THAT COVERS THE PERIOD IN WHICH THE  
33 VENDOR MAKES THAT SALE.

34 (2) FOR THE EXPENSE OF COLLECTION AND REMITTANCE OF A TAX  
35 IMPOSED UNDER THIS SECTION, A VENDOR THAT TIMELY FILES A RETURN AND  
36 REMITS THE TAX MAY DEDUCT AN AMOUNT EQUAL TO 1.5% OF THE GROSS TAX  
37 COLLECTED BY THE VENDOR.

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1 (H) THE COUNTY COUNCIL MAY PROVIDE BY LAW FOR:

2 (1) THE IMPOSITION OF INTEREST AND PENALTIES FOR FAILURE TO  
3 PAY THE TAX AS REQUIRED; AND

4 (2) COLLECTION OF UNPAID TAX, INTEREST, OR PENALTIES.

5 (I) (1) THE STATE COMPTROLLER SHALL PROVIDE PRINCE GEORGE'S  
6 COUNTY WITH INFORMATION TO HELP THE COUNTY VERIFY LIABILITY FOR THE  
7 TAX.

8 (2) THE COMPTROLLER MAY CHARGE PRINCE GEORGE'S COUNTY A  
9 REASONABLE FEE FOR THE COST OF PROVIDING INFORMATION.

10 (J) THE NET PROCEEDS DERIVED FROM A TAX IMPOSED UNDER THIS  
11 SECTION SHALL BE USED ONLY FOR THE PURPOSE OF FUNDING THE  
12 CONSTRUCTION, RENOVATION, AND UPGRADING OF PUBLIC SCHOOLS IN PRINCE  
13 GEORGE'S COUNTY TO ELIMINATE THE NEED FOR INVOLUNTARY RACE-BASED  
14 SCHOOL BUSING IN THE COUNTY.

15 (K) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, THE  
16 AUTHORITY TO IMPOSE THE TAX UNDER THIS SECTION SHALL TERMINATE AT THE  
17 END OF JUNE 30, 1997.

18 (2) ON AND AFTER JULY 1, 1997, PRINCE GEORGE'S COUNTY MAY  
19 CONTINUE TO COLLECT THE TAX AND ANY PENALTIES AND INTEREST FOR TAX DUE  
20 FOR SALES THAT OCCURRED ON OR BEFORE JUNE 30, 1997.

21 **Article - Tax - General**

22 11-102.

23 (b) (1) A county, municipal corporation, special taxing district, or other political  
24 subdivision of the State may not impose any retail sales or use tax except:

25 (i) a sales tax or use tax that was in effect on January 1, 1971;

26 (ii) a tax on the sale or use of:

27 1. fuels;

28 2. utilities;

29 3. space rentals; or

30 4. any controlled dangerous substance, as defined in Article 27,  
31 § 277 of the Code, unless the sale is made by a person who registers under and complies  
32 with Article 27, § 281 of the Code; [or]

33 (iii) a tax imposed by a code county on the sale or use of food and  
34 beverages authorized under [Art.] ARTICLE 25B, § 13H of the Code; OR

35 (IV) A SALES TAX IMPOSED BY PRINCE GEORGE'S COUNTY UNDER  
36 ARTICLE 24, § 9-606 OF THE CODE.

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1                   (2) Paragraph (1) of this subsection may not be construed as conferring  
2 authority to impose a sales and use tax.

3                   SECTION 2. AND BE IT FURTHER ENACTED, That this Act is contingent on  
4 the Prince George's County Board of Education obtaining a ruling from the federal  
5 district court modifying the court ordered desegregation plan currently in effect in Prince  
6 George's County to eliminate the mandate of involuntary race-based school busing in the  
7 County.

8                   SECTION 3. AND BE IT FURTHER ENACTED, That subject to the occurrence  
9 of the contingency in Section 2 of this Act, the County Council of Prince George's County  
10 shall submit this Act to a referendum of the legally qualified voters of Prince George's  
11 County at an election and date that are determined by the County Council. The County  
12 Council and the Board of Supervisors of Elections of Prince George's County shall do  
13 those things necessary and proper to provide for and hold the referendum required by  
14 this section. If a majority of the votes cast on the question are "For the referred law" the  
15 provisions of this Act shall become effective on the 30th day following the official canvass  
16 of votes for the referendum, but if a majority of the votes cast on the question are  
17 "Against the referred law" the provisions of this Act are of no effect and null and void.  
18 Within 5 days after the official canvass of votes in the referendum, the County Council of  
19 Prince George's County shall forward the results of the referendum to the Department of  
20 Legislative Reference, 90 State Circle, Annapolis, Maryland 21401.

21                   SECTION 4. AND BE IT FURTHER ENACTED, That Sections 2 and 3 of this  
22 Act shall take effect June 1, 1996.

23                   SECTION 5. AND BE IT FURTHER ENACTED, That, subject to the  
24 contingencies in Sections 2 and 3 of this Act, Section 1 of this Act shall take effect  
25 January 1, 1997.