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**By: Delegate C. Davis**

Introduced and read first time: January 30, 1997

Assigned to: Ways and Means

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A BILL ENTITLED

1 AN ACT concerning

2 **Add-On Cable Television Service - Taxation**

3 FOR the purpose of authorizing a county to impose an admissions and amusement tax on  
4 charges for certain cable television services; providing for the distribution of the  
5 proceeds from the admissions and amusement tax imposed on certain cable  
6 television services; imposing the sales and use tax on certain cable television  
7 services; providing for the distribution of the sales and use tax imposed on certain  
8 cable television services; requiring county boards of education to use the proceeds  
9 from the admissions and amusement tax exclusively for the purchase and  
10 installation of informational and technological equipment and for related services;  
11 establishing a Technology for Education Fund as a special continuing, nonlapsing  
12 fund administered by the State Superintendent of Schools; requiring that the Fund  
13 be used exclusively for certain purposes; defining certain terms; and generally  
14 relating to taxes imposed on certain add-on cable television services.

15 BY adding to

16 Article - Education  
17 Section 5-114 and 7-910  
18 Annotated Code of Maryland  
19 (1997 Replacement Volume)

20 BY adding to

21 Article - Tax - General  
22 Section 2-201.1 and 2-1302.1  
23 Annotated Code of Maryland  
24 (1988 Volume and 1996 Supplement)

25 BY repealing and reenacting, with amendments,

26 Article - Tax - General  
27 Section 2-202, 2-1303, 4-101(b), 4-103(a), and 11-101(k)  
28 Annotated Code of Maryland  
29 (1988 Volume and 1996 Supplement)

30 BY repealing and reenacting, without amendments,

31 Article - Tax - General

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1 Section 4-102(a) and 4-105(a) and (b)  
2 Annotated Code of Maryland  
3 (1988 Volume and 1996 Supplement)

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

6 **Article - Education**

7 5-114.

8 EACH COUNTY BOARD SHALL USE FUNDS DERIVED FROM THE ADMISSIONS  
9 AND AMUSEMENT TAX ON CHARGES FOR ADD-ON CABLE TELEVISION SERVICE  
10 UNDER TITLE 4 OF THE TAX - GENERAL ARTICLE EXCLUSIVELY FOR THE PURCHASE  
11 AND INSTALLATION OF INFORMATIONAL AND TECHNOLOGICAL EQUIPMENT AND  
12 FOR RELATED SERVICES.

13 7-910.

14 (A) THERE IS A TECHNOLOGY FOR EDUCATION FUND.

15 (B) THE TECHNOLOGY FOR EDUCATION FUND SHALL CONSIST OF PROCEEDS  
16 FROM THE SALES AND USE TAX IMPOSED ON ADD-ON CABLE TELEVISION SERVICE  
17 UNDER TITLE 11 OF THE TAX - GENERAL ARTICLE.

18 (C) THE TECHNOLOGY FOR EDUCATION FUND IS A SPECIAL CONTINUING,  
19 NONLAPSING FUND THAT IS NOT SUBJECT TO § 7-302 OF THE STATE FINANCE AND  
20 PROCUREMENT ARTICLE.

21 (D) THE STATE SUPERINTENDENT SHALL ADMINISTER THE TECHNOLOGY  
22 FOR EDUCATION FUND.

23 (E) THE TECHNOLOGY FOR EDUCATION FUND SHALL BE USED EXCLUSIVELY  
24 FOR THE PURPOSES OF THIS SUBTITLE.

25 **Article - Tax - General**

26 2-201.1.

27 AFTER MAKING THE DISTRIBUTION REQUIRED UNDER § 2-201 OF THIS  
28 SUBTITLE, WITHIN 20 DAYS AFTER THE END OF EACH QUARTER, THE COMPTROLLER  
29 SHALL DISTRIBUTE THE REMAINING ADMISSIONS AND AMUSEMENT TAX REVENUE  
30 THAT IS DERIVED FROM CHARGES FOR ADD-ON CABLE TELEVISION SERVICE TO  
31 COUNTY BOARDS OF EDUCATION TO BE USED AS PROVIDED IN § 5-114 OF THE  
32 EDUCATION ARTICLE.

33 2-202.

34 After making the distribution required under [§ 2-201] §§ 2-201 AND 2-201.1 of this  
35 subtitle, within 20 days after the end of each quarter, the Comptroller shall distribute the  
36 remaining admissions and amusement tax revenue:

37 (1) to the Maryland Stadium Authority, county, or municipal corporation  
38 that is the source of the revenue; or

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1 (2) if the Maryland Stadium Authority and also a county or municipal  
2 corporation tax a reduced charge or free admission:

3 (i) 80% of that revenue to the Authority; and

4 (ii) 20% to the county or municipal corporation.

5 2-1302.1.

6 AFTER MAKING THE DISTRIBUTIONS REQUIRED UNDER §§ 2-1301 AND 2-1302 OF  
7 THIS SUBTITLE, THE COMPTROLLER SHALL PAY THE REMAINING SALES AND USE  
8 TAX REVENUE DERIVED FROM CHARGES FOR ADD-ON CABLE TELEVISION SERVICE  
9 INTO THE TECHNOLOGY FOR EDUCATION FUND UNDER § 7-910 OF THE EDUCATION  
10 ARTICLE.

11 2-1303.

12 After making the distributions required under §§ 2-1301 [and], 2-1302, AND  
13 2-1302.1 of this subtitle, the Comptroller shall pay the remaining sales and use tax revenue  
14 into the General Fund of the State.

15 4-101.

16 (b) "Admissions and amusement charge", unless expressly provided otherwise,  
17 means a charge for:

18 (1) admission to a place, including any additional separate charge for  
19 admission within an enclosure;

20 (2) use of a game of entertainment;

21 (3) use of a recreational or sports facility;

22 (4) use or rental of recreational or sports equipment; [and]

23 (5) merchandise, refreshments, or a service sold or served in connection  
24 with entertainment at a nightclub or room in a hotel, restaurant, hall, or other place  
25 where dancing privileges, music, or other entertainment is provided; AND

26 (6) CABLE TELEVISION SERVICE FOR ADD-ON CHANNELS NOT  
27 INCLUDING BASIC CABLE TELEVISION SERVICE.

28 4-102.

29 (a) A county may impose, by resolution, a tax on:

30 (1) the gross receipts derived from any admissions and amusement charge in  
31 that county; and

32 (2) an admission in that county for a reduced charge or at no charge to a  
33 place if there is a charge for other admissions to the place.

34 4-103.

35 (a) The admissions and amusement tax may not be imposed by:

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1 (1) a county on gross receipts derived from any source within a municipal  
2 corporation located in that county, if the municipal corporation imposes an admissions  
3 and amusement tax on any gross receipts or specifically exempts any gross receipts from  
4 the admissions and amusement tax;

5 (2) Baltimore County on gross receipts of a not for profit community  
6 association that is organized and operated to promote the general welfare of the  
7 community that the association serves and the net earnings of which do not inure to the  
8 benefit of any stockholder or member of the association;

9 (3) Calvert County on gross receipts that are subject to the sales and use tax;  
10 [and]

11 (4) Washington County on gross receipts from an amusement device that is  
12 subject to the license and permit requirements of Article 24, § 11-202 of the Code; OR

13 (5) A MUNICIPAL CORPORATION ON GROSS RECEIPTS DERIVED FROM  
14 CHARGES FOR CABLE TELEVISION SERVICE FOR ADD-ON CHANNELS NOT  
15 INCLUDING BASIC CABLE TELEVISION SERVICE.

16 4-105.

17 (a) Except as otherwise provided in this section, the admissions and amusement  
18 tax rate is:

19 (1) the rate that a county or municipal corporation sets, not exceeding 10%  
20 of gross receipts subject to the admissions and amusement tax; or

21 (2) the rate that the Stadium Authority sets, not exceeding 8% of gross  
22 receipts subject to the admissions and amusement tax.

23 (b) If gross receipts subject to the admissions and amusement tax are also subject  
24 to the sales and use tax, a county or a municipal corporation may not set a rate so that,  
25 when combined with the sales and use tax, the total tax rate will exceed 10% of the gross  
26 receipts.

27 11-101.

28 (k) "Taxable service" means:

29 (1) fabrication, printing, or production of tangible personal property by  
30 special order;

31 (2) commercial cleaning or laundering of textiles for a buyer who is engaged  
32 in a business that requires the recurring service of commercial cleaning or laundering of  
33 the textiles;

34 (3) cleaning of a commercial or industrial building;

35 (4) cellular telephone or other mobile telecommunications service;

36 (5) "900", "976", "915", and other "900"- type telecommunications service;

37 (6) custom calling service provided in connection with basic telephone  
38 service;

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1 (7) a telephone answering service;

2 (8) pay per view television service;

3 (9) CABLE TELEVISION SERVICE FOR ADD-ON CHANNELS NOT  
4 INCLUDING BASIC CABLE TELEVISION SERVICE;

5 (10) credit reporting; or

6 ~~[(10)]~~ (11) a security service, including:

7 (i) a detective, guard, or armored car service; and

8 (ii) a security systems service.

9 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
10 July 1, 1997.