
By: Delegates Hixson, Healey, Heller, and Edwards

Introduced and read first time: February 3, 1997

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Sales and Use Tax - Exemption for Sales by Schools**

3 FOR the purpose of exempting from the sales and use tax certain sales by an elementary
4 or secondary school or certain nonprofit organizations associated with an
5 elementary or secondary school if the net proceeds are used solely for certain
6 purposes; and generally relating to a sales and use tax exemption for certain sales by
7 an elementary or secondary school or certain nonprofit organizations associated
8 with an elementary or secondary school.

9 BY repealing and reenacting, with amendments,
10 Article - Tax - General
11 Section 11-204(b)
12 Annotated Code of Maryland
13 (1988 Volume and 1996 Supplement)

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

16 **Article - Tax - General**

17 11-204.

18 (b) The sales and use tax does not apply to a sale by:

19 (1) a bona fide church or religious organization, if the sale is made for the
20 general purposes of the church or organization;

21 (2) a gift shop at a mental hospital that the Department of Health and
22 Mental Hygiene operates;

23 (3) a hospital thrift shop that:

24 (i) is operated by all volunteer staff;

25 (ii) sells only donated articles;

26 (iii) contributes the profits from sales to the hospital with which the
27 shop is associated; and

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1 (iv) is not operated in conjunction with a gift shop or another retail
2 establishment; [or]

3 (4) a vending facility operated under the Maryland Vending Program for the
4 Blind if:

5 (i) the facility is located on property held or acquired by or for the use
6 of the United States for any military or naval purpose; and

7 (ii) a post exchange or other tax exempt concession is located and
8 operated on the same property; OR

9 (5) AN ELEMENTARY OR SECONDARY SCHOOL IN THE STATE OR A
10 NONPROFIT PARENT-TEACHER ASSOCIATION OR OTHER NONPROFIT
11 ORGANIZATION ASSOCIATED WITH AN ELEMENTARY OR SECONDARY SCHOOL IN
12 THE STATE, IF THE NET PROCEEDS ARE USED SOLELY FOR THE EDUCATIONAL
13 BENEFIT OF THE SCHOOL OR ITS STUDENTS, INCLUDING A SALE RESULTING FROM
14 AN AGREEMENT OR CONTRACT WITH AN ORGANIZATION TO PARTICIPATE IN A
15 FUND-RAISING CAMPAIGN FOR A PERCENTAGE OF THE GROSS RECEIPTS UNDER
16 WHICH STUDENTS ACT AS AGENTS OR SALESPERSONS FOR THE ORGANIZATION BY
17 SELLING OR TAKING ORDERS FOR THE SALE.

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