1997 Regular Session

7lr2503 Q7 **By: Senator Baker** Introduced and read first time: January 31, 1997 Assigned to: Budget and Taxation Committee Report: Favorable Senate action: Adopted with floor amendments Read second time: March 20, 1997 CHAPTER ____ 1 AN ACT concerning 2 Sales and Use Tax, Vessel Excise Tax, and Property Tax - Marine Spill Response 3 **Organizations** 4 FOR the purpose of providing an exemption under the vessel excise tax for possession within the State of certain vessels owned by certain nonprofit marine spill response 5 organizations; providing an exemption under the sales and use tax for certain sales 6 7 to certain nonprofit marine spill response organizations; providing an exemption from property tax for certain personal property owned by certain nonprofit marine 8 9 spill response organizations; and providing for the application of this Act. 10 BY repealing and reenacting, with amendments, 11 Article - Natural Resources 12 Section 8-716(e) 13 Annotated Code of Maryland (1990 Replacement Volume and 1996 Supplement) 14 15 BY repealing and reenacting, with amendments, Article - Tax - General 16 Section 11-204(a) 17 18 Annotated Code of Maryland 19 (1988 Volume and 1996 Supplement)

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20 BY adding to

Article - Tax - Property

Annotated Code of Maryland

(1994 Replacement Volume and 1996 Supplement)

Section 7-240

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1 2	SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:
3	Article - Natural Resources
4	<u>8-716.</u>
5 6	(e) A person is not required to pay the tax provided for in subsection (c) of this section resulting from:
7 8	(1) A transfer between members of the immediate family as determined by Department regulations:
9 10	(2) A transfer to a licensed dealer of a vessel for resale, rental, or lease purposes:
11	(3) Purchase of a vessel by the State or any political subdivision;
12 13	(4) Purchase of a vessel by an eleemosynary organization which the Secretary has approved;
14 15	(5) The purchase within the State of a vessel if the owner paid or incurred a liability for the Maryland sales and use tax on the vessel prior to July 1, 1986;
	(6) The possession within the State of a vessel which was purchased outside the State if the owner paid or incurred a liability for the Maryland Use Tax on the vessel prior to July 1, 1986:
	(7) The possession of a vessel that was purchased or acquired prior to coming into the State by a nonresident of the State and is not used principally on the waters of the State and if the issuance of a title is not sought; [or]
22 23	(8) The possession within the State of a vessel if the current owner, before July 1, 1986:
	(i) 1. Was licensed by the Department to catch, for commercial purposes, finfish, eels, crabs, conch, terrapin, soft-shell clams, hard-shell clams, oysters, or any other fish; and
27 28	2. Used the vessel for any of the commercial fishing purposes described in item (i)1. of this paragraph; or
29 30	(ii) 1. Was licensed as a commercial fishing guide under the provisions of § 4-210 of this article; and
31 32	2. Used the vessel as a charter boat with a license as provided in § 4-745(d)(2) of this article; OR
33	(9) THE POSSESSION WITHIN THE STATE OF A VESSEL THAT:
34	(I) IS OWNED BY A NONPROFIT ORGANIZATION THAT:
35 36	1. IS QUALIFIED AS TAX EXEMPT UNDER § 501(C)(4) OF THE INTERNAL REVENUE CODE; AND

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2. IS ENGAGED IN PROVIDING A PROGRAM TO RENDER ITS BEST EFFORTS TO CONTAIN, CLEAN UP, AND OTHERWISE MITIGATE SPILLS OF OIL OR OTHER SUBSTANCES OCCURRING IN UNITED STATES COASTAL AND TIDAL WATERS; AND
5 (II) IS USED FOR THE PURPOSES OF THE ORGANIZATION.
6 Article - Tax - General
7 11-204.
8 (a) The sales and use tax does not apply to:
9 (1) a sale to a cemetery company, as described in § 501(c)(13) of the 10 Internal Revenue Code in effect on July 1, 1987;
11 (2) a sale to a credit union organized under the laws of the State or of the 12 United States;
13 (3) a sale to a nonprofit organization made to carry on its work, if the 14 organization:
15 (i) 1. is located in the State; or
2. is located in an adjacent jurisdiction and provides its services within the State on a routine and regular basis;
18 (ii) is a charitable, educational, or religious organization;
19 (iii) is not the United States; and
20 (iv) except for the American National Red Cross, is not a unit or 21 instrumentality of the United States;
22 (4) a sale, not exceeding \$500, to a nonprofit incorporated senior citizens' 23 organization made to carry on its work, if the organization:
24 (i) is located in the State; and
25 (ii) receives funding from the State or a political subdivision of the 26 State;
27 (5) a sale to a volunteer fire company or department or volunteer 28 ambulance company or rescue squad located in the State made to carry on the work of the 29 company, department, or squad; [or]
30 (6) a sale of tangible personal property to a nonprofit parent-teacher 31 association located in the State if the association makes the purchase to contribute the 32 property to a school to which a sale is exempt under item (3) of this subsection or § 33 11-220 of this subtitle; OR
34 (7) A SALE TO A NONPROFIT ORGANIZATION MADE TO CARRY ON ITS

35 WORK, IF THE ORGANIZATION:

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1 2	(I) IS QUALIFIED AS TAX EXEMPT UNDER $\S~501(C)(4)$ OF THE INTERNAL REVENUE CODE; AND
5	(II) IS ENGAGED PRIMARILY IN PROVIDING A PROGRAM TO RENDER ITS BEST EFFORTS TO CONTAIN, CLEAN UP, AND OTHERWISE MITIGATE SPILLS OF OIL OR OTHER SUBSTANCES OCCURRING IN UNITED STATES COASTAL AND TIDAL WATERS.
7	Article - Tax - Property
8	7-240.
9	PERSONAL PROPERTY IS NOT SUBJECT TO PROPERTY TAX IF THE PROPERTY:
10	(1) IS OWNED BY A NONPROFIT ORGANIZATION THAT:
11 12	(I) IS QUALIFIED AS TAX EXEMPT UNDER $\$$ 501(C)(4) OF THE INTERNAL REVENUE CODE; AND
15	(II) IS ENGAGED PRIMARILY IN PROVIDING A PROGRAM TO RENDER ITS BEST EFFORTS TO CONTAIN, CLEAN UP, AND OTHERWISE MITIGATE SPILLS OF OIL OR OTHER SUBSTANCES OCCURRING IN UNITED STATES COASTAL AND TIDAL WATERS; AND
17	(2) IS USED FOR THE PURPOSES OF THE ORGANIZATION.
20	SECTION 2. AND BE IT FURTHER ENACTED, That, notwithstanding § 7-102 of the Tax - Property Article, the property tax exemption under § 7-240 of the Tax - Property Article as enacted under Section 1 of this Act shall be applicable to all taxable years beginning on or after July 1, 1997.
22 23	SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 1997.