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By: **Delegates Workman, Cadden, and B. Hughes**  
Introduced and read first time: January 23, 1998  
Assigned to: Ways and Means

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Committee Report: Favorable with amendments  
House action: Adopted  
Read second time: March 27, 1998

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Sales and Use Tax - Shipping and Handling Charges**

3 FOR the purpose of ~~including in the taxable price that is subject to the sales and use~~  
4 ~~tax for certain purchases only a certain portion of the amount of a separately~~  
5 ~~stated shipping and handling charge~~ requiring the Comptroller to conduct a  
6 study to determine how shipping and handling charges on mail-order purchases  
7 are taxed by other states and how the charges are stated in relation to the  
8 taxable price by direct marketers; requiring the Comptroller to report on the  
9 results of the study to certain committees of the General Assembly; and  
10 generally relating to a study on shipping and handling charges on mail-order  
11 purchases.

12 ~~BY repealing and reenacting, with amendments,~~  
13 ~~Article Tax General~~  
14 ~~Section 11-101(j)(2)~~  
15 ~~Annotated Code of Maryland~~  
16 ~~(1997 Replacement Volume)~~

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

19 **~~Article Tax General~~**

20 ~~11-101.~~

21 (j) (2) "Taxable price" includes[.];

1                   (4)       for tangible personal property acquired by a sale for use in the  
2 ~~State by the person who assembles, fabricates, or manufactures the property, only the~~  
3 ~~price of the raw materials and component parts contained in the property; OR~~

4                   (H)       ~~FOR A PURCHASE ORDERED BY MAIL OR BY TELEPHONE OR~~  
5 ~~OTHER ELECTRONIC MEANS, ONLY ONE HALF OF THE AMOUNT OF A CHARGE FOR~~  
6 ~~SHIPPING AND HANDLING THAT IS STATED AS A SEPARATE ITEM OF THE~~  
7 ~~CONSIDERATION.~~

8       (a)       The Office of the Comptroller shall conduct a study of the sales and use  
9 taxation of shipping and handling charges on mail-order purchases which shall  
10 include:

11               (1)       a survey of other states to determine the treatment of shipping and  
12 handling charges on mail-order purchases for purposes of sales and use taxation; and

13               (2)       a survey of the current treatment of shipping and handling charges  
14 by direct marketers.

15       (b)       The Comptroller shall complete and report the results of the study to the  
16 House Committee on Ways and Means and the Senate Budget and Taxation  
17 Committee by October 15, 1998.

18       SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
19 July 1, 1998.