

SENATE BILL 586

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Q7

1998 Regular Session
8lr2338
CF 8lr2284

By: **Senator Ruben**

Introduced and read first time: February 6, 1998

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Prepaid Telephone Calling Cards - Taxation**

3 FOR the purpose of excluding certain gross charges from the definition of "gross
4 receipts" subject to the public service company franchise tax; imposing the sales
5 and use tax on the sale of prepaid telephone calling cards; defining a certain
6 term; providing for the effective date of this Act; and generally relating to the
7 taxation of prepaid telephone calling cards.

8 BY repealing and reenacting, with amendments,
9 Article - Tax - General
10 Section 8-401(b)(3) and 11-101(i)(1)
11 Annotated Code of Maryland
12 (1997 Replacement Volume)

13 BY adding to
14 Article - Tax - General
15 Section 11-101(c-1)
16 Annotated Code of Maryland
17 (1997 Replacement Volume)

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

20 **Article - Tax - General**

21 8-401.

22 (b) (3) "Gross receipts" does not include:

23 (i) any revenue that a public service company derives from an
24 activity other than an electric, gas, oil pipeline, telegraph, or telephone business;

25 (ii) net uncollectible revenue;

1 (iii) gross charges from the sale by a public service company to
2 another public service company subject to the tax imposed by this subtitle of:

3 1. a service or product for resale; or

4 2. natural gas or natural gas delivery service that is used by
5 the other public service company in the generation of electricity; [or]

6 (iv) gross charges from the sale by a public service company of
7 internet access service by which a connection is provided between a computer and the
8 internet; OR

9 (V) GROSS CHARGES FROM THE SALE OF PREPAID TELEPHONE
10 CALLING CARDS OR TELECOMMUNICATIONS SERVICE OBTAINED USING A PREPAID
11 TELEPHONE CALLING CARD.

12 11-101.

13 (C-1) "PREPAID TELEPHONE CALLING CARD" MEANS A RIGHT TO MAKE
14 TELEPHONE CALLS, PREPAID IN INCREMENTAL AMOUNTS, WHETHER OR NOT
15 REPRESENTED BY CORPOREAL PERSONAL PROPERTY.

16 (i) (1) "Tangible personal property" means:

17 (i) corporeal personal property of any nature; [or]

18 (ii) a right to occupy a room or lodgings as a transient guest; OR

19 (III) A PREPAID TELEPHONE CALLING CARD.

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
21 January 1, 1999.