

SENATE BILL 385

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1999 Regular Session  
9r1043

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By: **Senators Harris, Haines, Hooper, Roesser, Mooney, Ferguson, Jacobs, Stoltzfus, Madden, McCabe, and Colburn**

Introduced and read first time: February 5, 1999

Assigned to: Budget and Taxation

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A BILL ENTITLED

1 AN ACT concerning

2 **Sales and Use Tax - Elimination of Revenue Surplus**

3 FOR the purpose of requiring the Board of Revenue Estimates to establish a reduced  
4 sales and use tax rate in a certain report in a certain year in which a certain  
5 revenue surplus is forecasted in order to eliminate the forecasted revenue  
6 surplus; requiring that the reduced sales and use tax rate be rounded to a  
7 certain number; requiring that the reduced sales and use tax rate apply in lieu  
8 of another sales and use tax rate; requiring the Comptroller to establish the  
9 appropriate sales and use tax rate on certain taxable sales; defining a certain  
10 term; providing for the application of this Act; and generally relating to a  
11 reduced sales and use tax rate which will eliminate a certain revenue surplus.

12 BY repealing and reenacting, without amendments,  
13 Article - Tax - General  
14 Section 11-104(a)  
15 Annotated Code of Maryland  
16 (1997 Replacement Volume and 1998 Supplement)

17 BY adding to  
18 Article - Tax - General  
19 Section 11-104(e)  
20 Annotated Code of Maryland  
21 (1997 Replacement Volume and 1998 Supplement)

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

24 **Article - Tax - General**

25 11-104.

26 (a) Except as otherwise provided in this section, the sales and use tax rate is:

27 (1) for a taxable price of less than \$1:

- 1 (i) 1 cent if the taxable price is 20 cents; and  
2 (ii) 1 cent for each additional 20 cents or part of 20 cents; and  
3 (2) for a taxable price of \$1 or more:  
4 (i) 5 cents for each exact dollar; and  
5 (ii) 1 cent for each 20 cents or part of 20 cents in excess of an exact  
6 dollar.

7 (E) (1) IN THIS SUBSECTION, "BOARD OF REVENUE ESTIMATES' REPORT"  
8 MEANS THE REPORT OF THE MARYLAND BOARD OF REVENUE ESTIMATES ON  
9 ESTIMATED MARYLAND REVENUES ISSUED ANNUALLY IN DECEMBER UNDER §  
10 6-106(B) OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

11 (2) IF A SURPLUS OF REVENUES RECEIVED FROM GENERAL FUND  
12 REVENUE SOURCES OVER BUDGETED EXPENDITURES IS FORECASTED IN THE BOARD  
13 OF REVENUE ESTIMATES' REPORT FOR THE FISCAL YEAR IN WHICH THE REPORT IS  
14 ISSUED, THE BOARD OF REVENUE ESTIMATES SHALL ESTABLISH IN THE REPORT A  
15 REDUCED SALES AND USE TAX RATE FOR EACH EXACT DOLLAR OF A TAXABLE PRICE  
16 WHICH WILL, WHEN IMPLEMENTED FOR THE FINAL 6 MONTHS OF THE FISCAL YEAR,  
17 ELIMINATE THE FORECASTED SURPLUS OF REVENUES FROM GENERAL FUND  
18 REVENUE SOURCES OVER BUDGETED EXPENDITURES.

19 (3) THE REDUCED SALES AND USE TAX RATE ESTABLISHED UNDER  
20 PARAGRAPH (2) OF THIS SUBSECTION SHALL APPLY IN LIEU OF THE SALES AND USE  
21 TAX RATE ESTABLISHED UNDER SUBSECTION (A) OF THIS SECTION.

22 (4) THE REDUCED SALES AND USE TAX RATE ESTABLISHED UNDER  
23 PARAGRAPH (2) OF THIS SUBSECTION SHALL BE ROUNDED UP TO THE NEAREST 1/4  
24 CENT.

25 (5) BASED ON THE REDUCED SALES AND USE TAX RATE ESTABLISHED  
26 UNDER PARAGRAPH (2) OF THIS SUBSECTION, THE COMPTROLLER SHALL ESTABLISH  
27 APPROPRIATE SALES AND USE TAX RATES APPLICABLE FOR INCREMENTS OF A  
28 TAXABLE PRICE OF:

- 29 (I) LESS THAN \$1; AND  
30 (II) IN EXCESS OF AN EXACT DOLLAR.

31 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
32 July 1, 1999 and shall be applicable to all fiscal years beginning on or after July 1,  
33 1999.