

SENATE BILL 514

Unofficial Copy  
Q4

1999 Regular Session  
9r1341  
CF 9r1342

---

By: **Senator Hoffman (Chairman, Budget and Taxation Committee)**

Introduced and read first time: February 5, 1999

Assigned to: Budget and Taxation

---

A BILL ENTITLED

1 AN ACT concerning

2 **Sales and Use Tax - Natural Gas and Electricity**

3 FOR the purpose of clarifying the definition of "production activity" under the sales  
4 and use tax in regard to the generation of electricity; altering the definition of  
5 taxable price under the sales and use tax to include a separately stated charge  
6 for a taxable delivery service; making the delivery of electricity or natural gas a  
7 taxable service under the sales and use tax if the sale of the electricity or  
8 natural gas is taxable; clarifying a certain exemption under the sales and use  
9 tax for sales of certain energy for use in residential property; and generally  
10 relating to the sales and use taxation of certain sales of energy.

11 BY repealing and reenacting, with amendments,  
12 Article - Tax - General  
13 Section 11-101(d)(1)(ii), (j)(3)(i)1., and (k)(9) and (10) and 11-207(a)(2)  
14 Annotated Code of Maryland  
15 (1997 Replacement Volume and 1998 Supplement)

16 BY adding to  
17 Article - Tax - General  
18 Section 11-101(k)(11)  
19 Annotated Code of Maryland  
20 (1997 Replacement Volume and 1998 Supplement)

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

23 **Article - Tax - General**

24 11-101.

25 (d) (1) "Production activity" means:

26 (ii) generating electricity FOR SALE OR FOR USE IN ANOTHER  
27 PRODUCTION ACTIVITY;

1 (j) (3) "Taxable price" does not include:

2 (i) a charge that is made in connection with a sale and is stated as  
3 a separate item of the consideration for:

4 1. a delivery, freight, or other transportation service for  
5 delivery directly to the buyer by the vendor or by another person acting for the  
6 vendor, UNLESS THE TRANSPORTATION SERVICE IS A TAXABLE SERVICE;

7 (k) "Taxable service" means:

8 (9) credit reporting; [or]

9 (10) a security service, including:

10 (i) a detective, guard, or armored car service; and

11 (ii) a security systems service[.]; OR

12 (11) A TRANSPORTATION SERVICE FOR TRANSMISSION, DISTRIBUTION,  
13 OR DELIVERY OF ELECTRICITY OR NATURAL GAS, IF THE SALE OR USE OF THE  
14 ELECTRICITY OR NATURAL GAS IS SUBJECT TO THE SALES AND USE TAX.

15 11-207.

16 (a) The sales and use tax does not apply to:

17 (2) a sale of electricity, steam, or artificial or natural gas:

18 (I) made under a residential or domestic rate schedule on file with  
19 the Public Service Commission;

20 (II) FOR USE IN RESIDENTIAL PROPERTY THAT CONTAINS NOT  
21 MORE THAN 4 UNITS, COOPERATIVE HOUSING, CONDOMINIUMS, OR OTHER SIMILAR  
22 RESIDENTIAL LIVING ARRANGEMENTS; OR

23 (III) FOR USE IN RESIDENTIAL PROPERTY THAT CONTAINS MORE  
24 THAN 4 UNITS IF THE SALE IS MADE DIRECTLY TO THE OCCUPANT OF THE PROPERTY  
25 OR DWELLING;

26 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
27 July 1, 1999.