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By: **Delegates Hixson, C. Davis, Healey, Cryor, Bozman, Howard, Franchot,  
and Hurson**

Introduced and read first time: January 28, 2002

Assigned to: Ways and Means

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A BILL ENTITLED

1 AN ACT concerning

2 **900-Type Telecommunications Service - Taxation**

3 FOR the purpose of altering the definition of gross receipts subject to the public  
4 service company franchise tax to exclude certain charges from the sale of certain  
5 inbound toll telecommunications service subject to the sales and use tax;  
6 altering the definition of taxable price for sales and use tax purposes to exclude  
7 certain charges related to certain inbound toll telecommunications service;  
8 altering the taxation of certain inbound toll telecommunications service under  
9 the sales and use tax; and generally relating to the taxation of certain inbound  
10 toll telecommunications service.

11 BY repealing and reenacting, with amendments,  
12 Article - Tax - General  
13 Section 8-401(c)(4) and 11-101(j)(3) and (k)(5)  
14 Annotated Code of Maryland  
15 (1997 Replacement Volume and 2001 Supplement)

16 BY adding to  
17 Article - Tax - General  
18 Section 11-101(n)  
19 Annotated Code of Maryland  
20 (1997 Replacement Volume and 2001 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 8-401.

25 (c) (4) For a public service company engaged in a telephone business in the  
26 State, gross receipts does not include:

1 (i) gross charges from the sale by the public service company to  
2 another public service company subject to the tax imposed by this subtitle of a service  
3 or product for resale;

4 (ii) gross charges from the sale by the public service company of  
5 Internet access service by which a connection is provided between a computer and the  
6 Internet; [or]

7 (iii) gross charges from the sale of telecommunications service  
8 obtained by using a prepaid telephone calling arrangement, as defined in § 11-101 of  
9 this article; OR

10 (IV) GROSS CHARGES FROM THE SALE OF 900-TYPE  
11 TELECOMMUNICATIONS SERVICE SUBJECT TO TAX UNDER TITLE 11 OF THIS  
12 ARTICLE.

13 11-101.

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

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

17 1. a delivery, freight, or other transportation service for  
18 delivery directly to the buyer by the vendor or by another person acting for the  
19 vendor, unless the transportation service is a taxable service;

20 2. a finance charge, interest, or similar charge for credit  
21 extended to the buyer;

22 3. a labor or service for application or installation;

23 4. a mandatory gratuity or service charge in the nature of a  
24 tip for serving food or beverage to a group of 10 or fewer individuals for consumption  
25 on the premises of the vendor;

26 5. a professional service;

27 6. a tax:

28 A. imposed by a county on the sale of coal, electricity, oil,  
29 nuclear fuel assemblies, steam, or artificial or natural gas;

30 B. imposed under § 3-302(a) of the Natural Resources  
31 Article, as a surcharge on electricity, and added to an electric bill;

32 C. imposed under §§ 6-201 through 6-203 of the Tax -  
33 Property Article, on tangible personal property subject to a lease that is for an initial  
34 period that exceeds 1 year and is noncancellable except for cause; or

1 D. imposed under § 4-102 of this article on the gross receipts  
2 derived from an admissions and amusement charge;

3 7. any service for the operation of equipment used for the  
4 production of audio, video, or film recordings; or

5 8. reimbursement of incidental expenses paid to a third  
6 party and incurred in connection with providing a taxable detective service; [or]

7 (ii) the value of a used component or part (core value) received from  
8 a purchaser of the following remanufactured truck parts:

9 1. an air brake system;

10 2. an engine;

11 3. a rear axle carrier; or

12 4. a transmission; OR

13 (III) FOR A 900-TYPE TELECOMMUNICATIONS SERVICE, THE  
14 CHARGE FOR:

15 1. ONE-TIME SERVICE ESTABLISHMENT;

16 2. COLLECTION SERVICES PROVIDED BY THE  
17 TELECOMMUNICATIONS PROVIDER TO THE SUBSCRIBER; OR

18 3. A SERVICE OR PRODUCT SOLD BY THE SUBSCRIBER TO  
19 THE SUBSCRIBER'S CUSTOMER.

20 (k) "Taxable service" means:

21 (5) ["900", "976", "915", and other "900"] 900-type telecommunications  
22 service;

23 (N) "900-TYPE TELECOMMUNICATIONS SERVICE" MEANS AN INBOUND TOLL  
24 TELECOMMUNICATIONS SERVICE PURCHASED BY A SUBSCRIBER THAT ALLOWS THE  
25 SUBSCRIBER'S CUSTOMERS TO CALL IN TO THE SUBSCRIBER'S PRERECORDED  
26 ANNOUNCEMENT OR LIVE SERVICE.

27 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
28 July 1, 2002.