

(PRE-FILED)

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By: **Senators Harris and Stone**  
Requested: August 30, 2004  
Introduced and read first time: January 12, 2005  
Assigned to: Budget and Taxation

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A BILL ENTITLED

1 AN ACT concerning

2 **Sales and Use Tax - Exemption - Veterans Organizations**

3 FOR the purpose of providing an exemption from the sales and use tax for sales to  
4 certain veterans organizations; and generally relating to the sales and use tax  
5 and exempting sales to certain veterans organizations.

6 BY repealing and reenacting, with amendments,  
7 Article - Tax - General  
8 Section 11-204  
9 Annotated Code of Maryland  
10 (1997 Replacement Volume and 2004 Supplement)

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

13 **Article - Tax - General**

14 11-204.

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

16 (1) a sale to a cemetery company, as described in § 501(c)(13) of the  
17 Internal Revenue Code in effect on July 1, 1987;

18 (2) a sale to a credit union organized under the laws of the State or of the  
19 United States;

20 (3) a sale to a nonprofit organization made to carry on its work, if the  
21 organization:

22 (i) 1. is located in the State;

23 2. is located in an adjacent jurisdiction and provides its  
24 services within the State on a routine and regular basis; or

- 1                           3.       is located in an adjacent jurisdiction whose law:
- 2                           A.       does not impose a sales or use tax on a sale to a nonprofit  
3 organization made to carry on its work; or
- 4                           B.       contains a reciprocal exemption from sales and use tax for  
5 sales to nonprofit organizations located in adjacent jurisdictions similar to the  
6 exemption allowed under this subsection;
- 7                           (ii)     is a charitable, educational, or religious organization;
- 8                           (iii)    is not the United States; and
- 9                           (iv)     except for the American National Red Cross, is not a unit or  
10 instrumentality of the United States;
- 11                         (4)     a sale, not exceeding \$500, to a nonprofit incorporated senior citizens'  
12 organization made to carry on its work, if the organization:
- 13                           (i)     is located in the State; and
- 14                           (ii)     receives funding from the State or a political subdivision of the  
15 State;
- 16                         (5)     a sale to a volunteer fire company or department or volunteer  
17 ambulance company or rescue squad located in the State made to carry on the work of  
18 the company, department, or squad;
- 19                         (6)     a sale of tangible personal property to a nonprofit parent-teacher  
20 association located in the State if the association makes the purchase to contribute  
21 the property to a school to which a sale is exempt under item (3) of this subsection or  
22 § 11-220 of this subtitle; [or]
- 23                         (7)     a sale to a nonprofit organization made to carry on its work, if the  
24 organization:
- 25                           (i)     is qualified as tax exempt under § 501(c)(4) of the Internal  
26 Revenue Code; and
- 27                           (ii)     is engaged primarily in providing a program to render its best  
28 efforts to contain, clean up, and otherwise mitigate spills of oil or other substances  
29 occurring in United States coastal and tidal waters; OR
- 30                         (8)     A SALE TO A BONA FIDE NATIONALLY ORGANIZED AND RECOGNIZED  
31 ORGANIZATION OF VETERANS OF THE ARMED FORCES OF THE UNITED STATES OR AN  
32 AUXILIARY OF THE ORGANIZATION OR ONE OF ITS UNITS, IF THE ORGANIZATION IS  
33 QUALIFIED AS TAX EXEMPT UNDER § 501(C)(19) OF THE INTERNAL REVENUE CODE.
- 34                         (b)     The sales and use tax does not apply to a sale by:

1 (1) a bona fide church or religious organization, if the sale is made for  
2 the general purposes of the church or organization;

3 (2) a gift shop at a mental hospital that the Department of Health and  
4 Mental Hygiene operates;

5 (3) a hospital thrift shop that:

6 (i) is operated by all volunteer staff;

7 (ii) sells only donated articles;

8 (iii) contributes the profits from sales to the hospital with which the  
9 shop is associated; and

10 (iv) is not operated in conjunction with a gift shop or another retail  
11 establishment;

12 (4) a vending facility operated under the Maryland Vending Program for  
13 the Blind if:

14 (i) the facility is located on property held or acquired by or for the  
15 use of the United States for any military or naval purpose; and

16 (ii) a post exchange or other tax exempt concession is located and  
17 operated on the same property; or

18 (5) an elementary or secondary school in the State or a nonprofit  
19 parent-teacher organization or other nonprofit organization within an elementary or  
20 secondary school in the State for the sale of magazine subscriptions in a fund-raising  
21 campaign, if the net proceeds are used solely for the educational benefit of the school  
22 or its students, including a sale resulting from an agreement or contract with an  
23 organization to participate in a fund-raising campaign for a percentage of the gross  
24 receipts under which students act as agents or salespersons for the organization by  
25 selling or taking orders for the sale.

26 (c) To qualify as an organization to which a sale is exempt under subsection  
27 (a)(3) or (5) of this section, the organization shall file an application for an exemption  
28 certificate with the Comptroller.

29 (d) The Comptroller may treat the possession of an effective determination  
30 letter of status under § 501(c)(3) or (13) of the Internal Revenue Code from the  
31 Internal Revenue Service as evidence that an organization qualifies under subsection  
32 (a)(3) or (5) or (1) of this section, respectively.

33 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
34 July 1, 2005.