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By: **Senators Hafer, Astle, Brinkley, Britt, Brochin, Colburn, Dyson, Forehand, Garagiola, Giannetti, Gladden, Green, Greenip, Haines, Hooper, Jones, Kelley, Kittleman, Klausmeier, Kramer, Lawlah, Munson, Schrader, and Stone**

Introduced and read first time: February 2, 2005

Assigned to: Budget and Taxation

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A BILL ENTITLED

1 AN ACT concerning

2 **Sales and Use Tax - Tax-Free Weekend**

3 FOR the purpose of designating a certain weekend to be a tax-free weekend during  
 4 which a certain sales and use tax exemption will apply; altering a certain sales  
 5 and use tax exemption to include certain school supplies and to remove a certain  
 6 limitation; altering the tax exemption to include certain personal computers,  
 7 subject to a certain limitation; defining certain terms; requiring the Comptroller  
 8 to submit a certain report by a certain date; and generally relating to the  
 9 designation of a certain annual tax-free weekend in the State.

10 BY repealing and reenacting, with amendments,

11 Article - Tax - General

12 Section 11-228

13 Annotated Code of Maryland

14 (2004 Replacement Volume)

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

17 **Article - Tax - General**

18 11-228.

19 (a) (1) In this section[, "accessory items"] THE FOLLOWING WORDS HAVE  
 20 THE MEANINGS INDICATED.

21 (2) "ACCESSORY ITEMS" includes jewelry, watches, watchbands,  
 22 handbags, handkerchiefs, umbrellas, scarves, ties, headbands, and belt buckles.

23 (3) (I) "PERSONAL COMPUTER" MEANS A LAPTOP, DESKTOP, OR  
 24 TOWER COMPUTER SYSTEM PURCHASED FOR NONBUSINESS USE THAT CONTAINS AT

1 A MINIMUM A CENTRAL PROCESSING UNIT, RANDOM ACCESS MEMORY, A STORAGE  
2 DRIVE, A DISPLAY MONITOR, AND A KEYBOARD.

3 (II) "PERSONAL COMPUTER" INCLUDES ALL COMPUTER HARDWARE  
4 AND SOFTWARE SOLD TOGETHER WITH A COMPUTER SYSTEM IN THE SAME RETAIL  
5 SALE.

6 (4) "SCHOOL SUPPLY" MEANS ANY ITEM, INCLUDING ELECTRONIC  
7 DEVICES, PURCHASED FOR USE IN THE CLASSROOM, FOR SCHOOLWORK COMPLETED  
8 IN SCHOOL, OR FOR ANY SCHOOL ACTIVITY.

9 (b) (1) The [week from August 10, 2001 through August 16, 2001]  
10 WEEKEND THAT BEGINS ON THE SECOND FRIDAY IN AUGUST AND ENDS ON THE  
11 FOLLOWING SUNDAY IN AUGUST EACH YEAR shall be a tax-free [week] WEEKEND  
12 for back-to-school shopping in Maryland during which the exemption under  
13 paragraph (2) of this subsection shall apply.

14 (2) During the tax-free [week] WEEKEND for back-to-school shopping  
15 established under paragraph (1) of this subsection, the sales and use tax does not  
16 apply to the sale of:

17 (I) ANY SCHOOL SUPPLY OR any item of clothing or footwear,  
18 excluding accessory items; OR

19 (II) ANY PERSONAL COMPUTER, if the taxable price of the [item of  
20 clothing or footwear] PERSONAL COMPUTER is less than [\$100] \$1,000.

21 SECTION 2. AND BE IT FURTHER ENACTED, That the State Comptroller  
22 shall report to the General Assembly on or before December 1, 2006, in accordance  
23 with § 2-1246 of the State Government Article, on the fiscal impact of this Act.

24 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
25 July 1, 2005.