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By: **The Speaker (By Request - Administration) and Delegates Aumann, Bartlett, Bates, Benson, Bohanan, Boschert, Boteler, Bromwell, Cadden, Cluster, Conroy, Conway, Cryor, C. Davis, DeBoy, Donoghue, Dumais, Dwyer, Eckardt, Edwards, Elliott, Elmore, Frank, Gilleland, Glassman, Haddaway, Hogan, Howard, Hubbard, Impallaria, James, Jameson, Jennings, Kach, Kelly, Kohl, Krebs, Leopold, Love, Malone, Mayer, McComas, McConkey, McDonough, McHale, McKee, McMillan, Miller, Minnick, Moe, Myers, O'Donnell, Parrott, Proctor, Shank, Shewell, Sophocleus, Sossi, Stocksdale, Stull, Taylor, Trueschler, Vallario, Weir, Weldon, Wood, and Zirkin**

Introduced and read first time: January 25, 2006  
Assigned to: Ways and Means

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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 for an exemption from the sales and use tax for sales to  
4 certain veterans' organizations.

5 BY repealing and reenacting, with amendments,  
6 Article - Tax - General  
7 Section 11-204  
8 Annotated Code of Maryland  
9 (2004 Replacement Volume and 2005 Supplement)

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

12 **Article - Tax - General**

13 11-204.

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

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

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

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

3 (i) 1. is located in the State;  
4 2. is located in an adjacent jurisdiction and provides its  
5 services within the State on a routine and regular basis; or

6 3. is located in an adjacent jurisdiction whose law:  
7 A. does not impose a sales or use tax on a sale to a nonprofit  
8 organization made to carry on its work; or

9 B. contains a reciprocal exemption from sales and use tax for  
10 sales to nonprofit organizations located in adjacent jurisdictions similar to the  
11 exemption allowed under this subsection;

12 (ii) is a charitable, educational, or religious organization;

13 (iii) is not the United States; and

14 (iv) except for the American National Red Cross, is not a unit or  
15 instrumentality of the United States;

16 (4) a sale, not exceeding \$500, to a nonprofit incorporated senior citizens'  
17 organization made to carry on its work, if the organization:

18 (i) is located in the State; and

19 (ii) receives funding from the State or a political subdivision of the  
20 State;

21 (5) a sale to a volunteer fire company or department or volunteer  
22 ambulance company or rescue squad located in the State made to carry on the work of  
23 the company, department, or squad;

24 (6) a sale of tangible personal property to a nonprofit parent-teacher  
25 association located in the State if the association makes the purchase to contribute  
26 the property to a school to which a sale is exempt under item (3) of this subsection or  
27 § 11-220 of this subtitle; [or]

28 (7) a sale to a nonprofit organization made to carry on its work, if the  
29 organization:

30 (i) is qualified as tax exempt under § 501(c)(4) of the Internal  
31 Revenue Code; and

32 (ii) is engaged primarily in providing a program to render its best  
33 efforts to contain, clean up, and otherwise mitigate spills of oil or other substances  
34 occurring in United States coastal and tidal waters; OR

1 (8) A SALE TO A BONA FIDE NATIONALLY ORGANIZED AND RECOGNIZED  
2 ORGANIZATION OF VETERANS OF THE ARMED FORCES OF THE UNITED STATES OR AN  
3 AUXILIARY OF THE ORGANIZATION OR ONE OF ITS UNITS, IF THE ORGANIZATION IS  
4 QUALIFIED AS TAX EXEMPT UNDER § 501(C)(19) OF THE INTERNAL REVENUE CODE.

5 (b) The sales and use tax does not apply to a sale by:

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

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

10 (3) a hospital thrift shop that:

11 (i) is operated by all volunteer staff;

12 (ii) sells only donated articles;

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

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

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

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

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

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

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

34 (d) The Comptroller may treat the possession of an effective determination  
35 letter of status under § 501(c)(3) or (13) of the Internal Revenue Code from the

1 Internal Revenue Service as evidence that an organization qualifies under subsection  
2 (a)(3) or (5) or (1) of this section, respectively.

3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take  
4 effect July 1, 2006.