
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~~ Zirkin, Bozman, Cardin, Goodwin, Gordon, Healey, Heller, Hixson, Holmes, Kaiser, King, Marriott, Patterson, Ramirez, and Ross**

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

Committee Report: Favorable with amendments
House action: Adopted
Read second time: March 19, 2006

CHAPTER _____

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; providing for the termination of this Act; and
5 generally relating to a sales and use tax exemption for certain sales to veterans'
6 organizations.

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

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

1 **Article - Tax - General**

2 11-204.

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

4 (1) a sale to a cemetery company, as described in § 501(c)(13) of the
5 Internal Revenue Code in effect on July 1, 1987;6 (2) a sale to a credit union organized under the laws of the State or of the
7 United States;8 (3) a sale to a nonprofit organization made to carry on its work, if the
9 organization:

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

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

13 3. is located in an adjacent jurisdiction whose law:

14 A. does not impose a sales or use tax on a sale to a nonprofit
15 organization made to carry on its work; or16 B. contains a reciprocal exemption from sales and use tax for
17 sales to nonprofit organizations located in adjacent jurisdictions similar to the
18 exemption allowed under this subsection;

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

20 (iii) is not the United States; and

21 (iv) except for the American National Red Cross, is not a unit or
22 instrumentality of the United States;23 (4) a sale, not exceeding \$500, to a nonprofit incorporated senior citizens'
24 organization made to carry on its work, if the organization:

25 (i) is located in the State; and

26 (ii) receives funding from the State or a political subdivision of the
27 State;28 (5) a sale to a volunteer fire company or department or volunteer
29 ambulance company or rescue squad located in the State made to carry on the work of
30 the company, department, or squad;31 (6) a sale of tangible personal property to a nonprofit parent-teacher
32 association located in the State if the association makes the purchase to contribute

1 the property to a school to which a sale is exempt under item (3) of this subsection or
2 § 11-220 of this subtitle; [or]

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

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

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

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

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

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

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

19 (3) a hospital thrift shop that:

20 (i) is operated by all volunteer staff;

21 (ii) sells only donated articles;

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

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

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

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

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

32 (5) an elementary or secondary school in the State or a nonprofit
33 parent-teacher organization or other nonprofit organization within an elementary or
34 secondary school in the State for the sale of magazine subscriptions in a fund-raising
35 campaign, if the net proceeds are used solely for the educational benefit of the school

1 or its students, including a sale resulting from an agreement or contract with an
2 organization to participate in a fund-raising campaign for a percentage of the gross
3 receipts under which students act as agents or salespersons for the organization by
4 selling or taking orders for the sale.

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

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

12 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
13 effect July 1, 2006. It shall remain effective for a period of 3 years and, at the end of
14 June 30, 2009, with no further action required by the General Assembly, this Act shall
15 be abrogated and of no further force and effect.