
By: **The President (By Request - Administration) and Senators Astle, Brinkley, Colburn, Forehand, Garagiola, Giannetti, Green, Greenip, Hafer, Haines, Hooper, Jacobs, Kittleman, Klausmeier, Mooney, Munson, Schrader, Stoltzfus, Stone, and Teitelbaum**

Introduced and read first time: January 23, 2006

Rules suspended

Assigned to: Budget and Taxation

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;

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

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

- 1 (b) The sales and use tax does not apply to a sale by:
- 2 (1) a bona fide church or religious organization, if the sale is made for
3 the general purposes of the church or organization;
- 4 (2) a gift shop at a mental hospital that the Department of Health and
5 Mental Hygiene operates;
- 6 (3) a hospital thrift shop that:
- 7 (i) is operated by all volunteer staff;
- 8 (ii) sells only donated articles;
- 9 (iii) contributes the profits from sales to the hospital with which the
10 shop is associated; and
- 11 (iv) is not operated in conjunction with a gift shop or another retail
12 establishment;
- 13 (4) a vending facility operated under the Maryland Vending Program for
14 the Blind if:
- 15 (i) the facility is located on property held or acquired by or for the
16 use of the United States for any military or naval purpose; and
- 17 (ii) a post exchange or other tax exempt concession is located and
18 operated on the same property; or
- 19 (5) an elementary or secondary school in the State or a nonprofit
20 parent-teacher organization or other nonprofit organization within an elementary or
21 secondary school in the State for the sale of magazine subscriptions in a fund-raising
22 campaign, if the net proceeds are used solely for the educational benefit of the school
23 or its students, including a sale resulting from an agreement or contract with an
24 organization to participate in a fund-raising campaign for a percentage of the gross
25 receipts under which students act as agents or salespersons for the organization by
26 selling or taking orders for the sale.
- 27 (c) To qualify as an organization to which a sale is exempt under subsection
28 (a)(3) or (5) of this section, the organization shall file an application for an exemption
29 certificate with the Comptroller.
- 30 (d) The Comptroller may treat the possession of an effective determination
31 letter of status under § 501(c)(3) or (13) of the Internal Revenue Code from the
32 Internal Revenue Service as evidence that an organization qualifies under subsection
33 (a)(3) or (5) or (1) of this section, respectively.

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