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6lr0168 CF 6lr0169

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

20 organization:

(i)

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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 certain veterans' organizations.					
5 6 7 8 9	Section 11-204 Annotated Code of Maryland (2004 Replacement Volume and 2005 Supplement)					
	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 16	a sale to a cemetery company, as described in § 501(c)(13) of the Internal Revenue Code in effect on July 1, 1987;					
17 18	(2) a sale to a credit union organized under the laws of the State or of the United States;					
19	(3) a sale to a nonprofit organization made to carry on its work, if the					

is located in the State;

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1 2	services within the Sta	ate on a r	2. coutine an	is located in an adjacent jurisdiction and provides its and regular basis; or		
3			3.	is located in an adjacent jurisdiction whose law:		
4 5	organization made to	carry on	A. its work;	does not impose a sales or use tax on a sale to a nonprofit or		
	B. contains a reciprocal exemption from sales and use tax for sales to nonprofit organizations located in adjacent jurisdictions similar to the exemption allowed under this subsection;					
9		(ii)	is a char	ritable, educational, or religious organization;		
10		(iii)	is not th	e United States; and		
11 12	1 (iv) except for the American National Red Cross, is not a unit or 2 instrumentality of the United States;					
13 14	3 (4) a sale, not exceeding \$500, to a nonprofit incorporated senior citizens' 4 organization made to carry on its work, if the organization:					
15		(i)	is locate	ed in the State; and		
16 17	State;	(ii)	receives	s funding from the State or a political subdivision of the		
	8 (5) a sale to a volunteer fire company or department or volunteer 9 ambulance company or rescue squad located in the State made to carry on the work of 0 the company, department, or squad;					
23	1 (6) a sale of tangible personal property to a nonprofit parent-teacher 2 association located in the State if the association makes the purchase to contribute 3 the property to a school to which a sale is exempt under item (3) of this subsection or 4 § 11-220 of this subtitle; [or]					
25 26	(7) organization:	a sale to	a nonpro	ofit organization made to carry on its work, if the		
27 28	Revenue Code; and	(i)	is qualif	fied as tax exempt under § 501(c)(4) of the Internal		
	(ii) is engaged primarily in providing a program to render its best efforts to contain, clean up, and otherwise mitigate spills of oil or other substances occurring in United States coastal and tidal waters; OR					
34	AUXILIARY OF TH	F VETE IE ORG <i>A</i>	RANS O ANIZATI	SONA FIDE NATIONALLY ORGANIZED AND RECOGNIZED F THE ARMED FORCES OF THE UNITED STATES OR AN ION OR ONE OF ITS UNITS, IF THE ORGANIZATION IS DER § 501(C)(19) OF THE INTERNAL REVENUE CODE.		

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1 (b) The sales and use tax does not apply to a sale by: 2 a bona fide church or religious organization, if the sale is made for (1) 3 the general purposes of the church or organization; a gift shop at a mental hospital that the Department of Health and (2) 5 Mental Hygiene operates; (3) a hospital thrift shop that: 6 7 is operated by all volunteer staff; (i) 8 (ii) sells only donated articles; 9 (iii) contributes the profits from sales to the hospital with which the 10 shop is associated; and (iv) is not operated in conjunction with a gift shop or another retail 11 12 establishment: a vending facility operated under the Maryland Vending Program for 13 14 the Blind if: 15 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 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 To qualify as an organization to which a sale is exempt under subsection (c) 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 (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.