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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~~ Teitelbaum, Currie, DeGrange, Hogan, Jones, Kasemeyer, Kramer, Lawlah, McFadden, and Ruben Ruben, and Harris**

Introduced and read first time: January 23, 2006  
Rules suspended  
Assigned to: Budget and Taxation

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Committee Report: Favorable with amendments  
Senate action: Adopted with floor amendments  
Read second time: March 22, 2006

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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:

14 **Article - Tax - General**

15 11-204.

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

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

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

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

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

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

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

11 A. does not impose a sales or use tax on a sale to a nonprofit  
12 organization made to carry on its work; or

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

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

17 (iii) is not the United States; and

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

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

22 (i) is located in the State; and

23 (ii) receives funding from the State or a political subdivision of the  
24 State;

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

28 (6) a sale of tangible personal property to a nonprofit parent-teacher  
29 association located in the State if the association makes the purchase to contribute  
30 the property to a school to which a sale is exempt under item (3) of this subsection or  
31 § 11-220 of this subtitle; [or]

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

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

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

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

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

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

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

15 (3) a hospital thrift shop that:

16 (i) is operated by all volunteer staff;

17 (ii) sells only donated articles;

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

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

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

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

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

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

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

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

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