

HOUSE BILL 790

Q4

71r3060
CF SB 592

By: **Delegate McKee**

Introduced and read first time: February 9, 2007

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Sales and Use Tax – Exemption for Sales by Religious and Nonprofit**
3 **Organizations**

4 FOR the purpose of altering a certain exemption under the sales and use tax for
5 certain sales by certain organizations under certain circumstances; and
6 generally relating to an exemption under the sales and use tax for certain sales
7 by certain organizations.

8 BY repealing and reenacting, with amendments,
9 Article – Tax – General
10 Section 11–204(b)
11 Annotated Code of Maryland
12 (2004 Replacement Volume and 2006 Supplement)

13 BY repealing
14 Article – Tax – General
15 Section 11–204(e)
16 Annotated Code of Maryland
17 (2004 Replacement Volume and 2006 Supplement)

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

20 **Article – Tax – General**

21 11–204.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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
10 the shop is associated; and

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

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

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

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

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; or

27 (6) [subject to subsection (e) of this section, a bona fide church,
28 religious organization, or other] A nonprofit organization exempt from taxation under
29 § 501(c)(3) of the Internal Revenue Code if [:

1 (i) the sale is made at an auction sale; and

2 (ii)] the proceeds of the sale are used to carry on the exempt
3 purposes of the [church or] organization.

4 [(e) For a sale described under subsection (b)(6) of this section that is not
5 otherwise exempt under this section, only that part of the sale price that qualifies for a
6 deduction under the federal income tax as a charitable contribution under the
7 regulations and guidelines of the Internal Revenue Service is exempt from the sales
8 and use tax under this section.]

9 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
10 July 1, 2007.