

HOUSE BILL 846

Q4
HB 103/04 – W&M

71r2495

By: **Delegate Simmons**

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 – Rate – Education Trust Fund**

3 FOR the purpose of altering the rate of the sales and use tax; establishing an
4 Education Trust Fund; requiring certain distributions from the sales and use
5 tax revenue to the Education Trust Fund to be used for a certain purpose; and
6 generally relating to altering the rate of the sales and use tax and distributing
7 certain sales and use tax revenue for certain education funding.

8 BY adding to

9 Article – Education

10 Section 5–201.1

11 Annotated Code of Maryland

12 (2006 Replacement Volume)

13 BY adding to

14 Article – Tax – General

15 Section 2–1302.2

16 Annotated Code of Maryland

17 (2004 Replacement Volume and 2006 Supplement)

18 BY repealing and reenacting, with amendments,

19 Article – Tax – General

20 Section 2–1303 and 11–104(a) and (b)

21 Annotated Code of Maryland

22 (2004 Replacement Volume and 2006 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



Preamble

WHEREAS, During the 2002 Session, the General Assembly passed legislation that essentially codified the recommendations of the Commission on Education Finance, Equity, and Excellence (The Thornton Commission); and

WHEREAS, In order to help the State achieve the goals of the legislation that was enacted into law and entitled the "Bridge to Excellence in Public Schools Act", the General Assembly finds and declares that this Act is necessary to help generate, at least in part, revenues required to fund the 2002 enactment; and

WHEREAS, The Maryland Constitution guarantees to all Maryland school children an adequate education; and

WHEREAS, The General Assembly reaffirms its support for the principle of equal educational opportunity; now, therefore,

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

Article – Education**5-201.1.**

(A) THERE IS AN EDUCATION TRUST FUND THAT IS A SPECIAL CONTINUING, NONLAPSING FUND THAT IS NOT SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

(B) (1) THERE SHALL BE CREDITED TO THE EDUCATION TRUST FUND ALL SALES AND USE TAX REVENUE DISTRIBUTED TO THE FUND UNDER § 2-1302.2 OF THE TAX – GENERAL ARTICLE.

(2) THE MONEY IN THE EDUCATION TRUST FUND SHALL BE INVESTED AND REINVESTED BY THE TREASURER, AND INTEREST AND EARNINGS SHALL ACCRUE TO THE FUND.

(C) THE MONEY IN THE EDUCATION TRUST FUND SHALL BE USED TO OFFSET THE TOTAL FUNDING REQUIRED TO PROVIDE AN ADEQUATE EDUCATION FOR CHILDREN ATTENDING PUBLIC SCHOOLS IN THE STATE IN PREKINDERGARTEN THROUGH GRADE 12, THROUGH IMPLEMENTATION OF THE PROGRAMS COMMONLY KNOWN AS THE BRIDGE TO EXCELLENCE IN PUBLIC

**SCHOOLS ACT, FIRST ENACTED BY CHAPTER 288 OF THE ACTS OF THE
GENERAL ASSEMBLY OF 2002.**

**(D) EXPENDITURES FROM THE EDUCATION TRUST FUND SHALL BE
MADE EACH FISCAL YEAR IN ACCORDANCE WITH THE STATE BUDGET.**

Article – Tax – General

2–1302.2.

**AFTER MAKING THE DISTRIBUTIONS REQUIRED UNDER §§ 2–1301
THROUGH 2–1302.1 OF THIS SUBTITLE, THE COMPTROLLER SHALL DISTRIBUTE
MONTHLY 16.67% OF THE REMAINING SALES AND USE TAX REVENUE TO THE
EDUCATION TRUST FUND ESTABLISHED UNDER § 5–201.1 OF THE EDUCATION
ARTICLE.**

2–1303.

After making the distributions required under §§ 2–1301 through [2–1302.1]
2–1302.2 of this subtitle, the Comptroller shall pay:

(1) revenues from the hotel surcharge into the Dorchester County
Economic Development Fund established under Article 83A, § 5–216 of the Code; and

(2) the remaining sales and use tax revenue into the General Fund of
the State.

11–104.

(a) Except as otherwise provided in this section, the sales and use tax rate is:

(1) for a taxable price of less than \$1:

(i) 1 cent if the taxable price is 20 cents; [and]

(ii) [1 cent for each additional 20 cents or part of 20 cents] **2
CENTS IF THE TAXABLE PRICE IS AT LEAST 21 CENTS BUT LESS THAN 34 CENTS;
[and]**

(iii) **3 CENTS IF THE TAXABLE PRICE IS AT LEAST 34 CENTS
BUT LESS THAN 51 CENTS;**

1 (IV) 4 CENTS IF THE TAXABLE PRICE IS AT LEAST 51 CENTS
2 BUT LESS THAN 67 CENTS;

3 (V) 5 CENTS IF THE TAXABLE PRICE IS AT LEAST 67 CENTS
4 BUT LESS THAN 84 CENTS; AND

5 (VI) 6 CENTS IF THE TAXABLE PRICE IS AT LEAST 84 CENTS;
6 AND

7 (2) for a taxable price of \$1 or more:

8 (i) [5] 6 cents for each exact dollar; and

9 (ii) [1 cent for each 20 cents or part of 20 cents] FOR THAT
10 PART OF A DOLLAR in excess of an exact dollar:

11 1. 1 CENT IF THE EXCESS OVER AN EXACT DOLLAR IS
12 AT LEAST 1 CENT BUT LESS THAN 17 CENTS;

13 2. 2 CENTS IF THE EXCESS OVER AN EXACT DOLLAR
14 IS AT LEAST 17 CENTS BUT LESS THAN 34 CENTS;

15 3. 3 CENTS IF THE EXCESS OVER AN EXACT DOLLAR
16 IS AT LEAST 34 CENTS BUT LESS THAN 51 CENTS;

17 4. 4 CENTS IF THE EXCESS OVER AN EXACT DOLLAR
18 IS AT LEAST 51 CENTS BUT LESS THAN 67 CENTS;

19 5. 5 CENTS IF THE EXCESS OVER AN EXACT DOLLAR
20 IS AT LEAST 67 CENTS BUT LESS THAN 84 CENTS; AND

21 6. 6 CENTS IF THE EXCESS OVER AN EXACT DOLLAR
22 IS AT LEAST 84 CENTS.

23 (b) If a retail sale of tangible personal property or a taxable service is made
24 through a vending or other self-service machine, the sales and use tax rate is [5%]
25 6%, applied to 95.25% of the gross receipts from the vending machine sales.

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