

HB0005/905960/1

BY: Committee on Ways and Means

AMENDMENTS TO HOUSE BILL 5
(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 2, after “Transportation” insert “and State”; strike beginning with “altering” in line 3 down through “issues;” in line 9 and substitute “altering the tobacco tax rate for cigarettes; altering the maximum rate of the admissions and amusement tax that a county or municipal corporation may set for gross receipts that are also subject to the State sales and use tax; altering the rate of the sales and use tax; altering the sales and use tax rate for the sale of a right to occupy a room or lodgings as a transient guest; altering the percentage of gross receipts from vending machine sales to which the sales and use tax rate applies; altering the calculation of a certain credit relating to collecting and paying the sales and use tax; altering the definition of “taxable service” under the sales and use tax to impose the tax on certain services; designating a certain period each year to be a tax-free period during which an exemption from the sales and use tax is provided for the sale of certain appliances and products that meet or exceed certain applicable energy efficiency guidelines and certain solar water heaters; designating a certain period each year to be a tax-free period during which a certain sales and use tax exemption for the sale of certain clothing or footwear is provided; providing for the distribution of certain sales and use tax revenues to the Transportation Trust Fund; providing for the pledging of certain revenues for certain purposes; altering the definition of “total purchase price” for purposes of the vehicle excise tax to exclude from the computation of the tax, subject to a certain limitation, half the value of a vehicle traded in as part of the consideration for the sale of a vehicle; establishing a Chesapeake Bay 2010 Trust Fund in the Department of Natural Resources as a special fund to be used for certain purposes; providing for the distribution of certain transportation tax revenues to the Fund; establishing a certain special fund to be used to support tourism, the arts, and other cultural activities”; in line 18, strike “defining a certain term;” and substitute “providing for the distribution of certain sales and use tax revenue collected for a

(Over)

certain period to a certain special fund; repealing an obsolete provision of law; stating the intent of the General Assembly that the Maryland Department of Transportation provide a certain report to certain committees and that certain revenues not be included in certain fiscal years budgets until a certain time; making a provision of this Act subject to a certain contingency;”; in line 20, after “to” insert “tax revenues and”; and in line 24, strike “9-305” and substitute “2-1104, 2-1302.2, 2-1303, 4-105(b), 11-101(m), 11-104(a) and (b), 11-105, 11-226, 11-228, 11-301, and 12-105(a)”.

On page 2, in line 5, strike “13-809(c)(1)” and substitute “13-809(a)(3) and (c)(1)”; strike in their entirety lines 18 through 22, inclusive; in line 25, after “4-209(k)” insert “and 8-205”; after line 32, insert:

“BY repealing

Article – State Finance and Procurement
Section 7-313
Annotated Code of Maryland
(2006 Replacement Volume and 2007 Supplement)

BY adding

Article – State Finance and Procurement
Section 7-328
Annotated Code of Maryland
(2006 Replacement Volume and 2007 Supplement)

BY adding to

Article – Tax – General
Section 2-1302.2, 11-101(c-1), and 11-104(g)
Annotated Code of Maryland
(2004 Replacement Volume and 2007 Supplement)”;

strike line 35 in its entirety and substitute:

“Section 2-1104, 2-1302.1, and 2-1303”.

On pages 2 and 3, strike in their entirety the lines beginning with line 38 on page 2 through line 2 on page 3, inclusive.

AMENDMENT NO. 2

On page 3, after line 25, insert:

“4-105.

(b) If gross receipts subject to the admissions and amusement tax are also subject to the sales and use tax, a county or a municipal corporation may not set a rate so that, when combined with the sales and use tax, the total tax rate will exceed [10%] 11% of the gross receipts.

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; and] 2 CENTS IF THE TAXABLE PRICE IS AT LEAST 21 CENTS BUT LESS THAN 34 CENTS;

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

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

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

(vi) 6 CENTS IF THE TAXABLE PRICE IS AT LEAST 84 CENTS;

AND

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

(Over)

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

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

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

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

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

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

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

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

(b) If a retail sale of tangible personal property or a taxable service is made through a vending or other self-service machine, the sales and use tax rate is [5%] 6%, applied to [95.25%] 94.5% of the gross receipts from the vending machine sales.

(G) THE SALES AND USE TAX RATE FOR THE SALE OF A RIGHT TO OCCUPY A ROOM OR LODGINGS AS A TRANSIENT GUEST IS:

(1) 10 CENTS FOR EACH EXACT DOLLAR OF TAXABLE PRICE; AND

(2) 1 CENT FOR EACH 10 CENTS OR PART OF 10 CENTS OF TAXABLE PRICE IN EXCESS OF AN EXACT DOLLAR.

(a) (1) Except as provided in [subsections (b) and (c)] SUBSECTION (B) of this section, a vendor who timely files a sales and use tax return is allowed, for the expense of collecting and paying the tax, a credit equal to **THE LESSER OF:**

(I) 0.9% of the gross amount of sales and use tax that the vendor is to pay to the Comptroller; OR

(II) **\$300 FOR EACH RETURN.**

(2) The credit allowed under this section does not apply to any sales and use tax that a vendor is required to pay to the Comptroller for any purchase or use that the vendor makes that is subject to the tax.

(b) (1) Subject to paragraph (2) of this subsection, the credit allowed under this section is 1.2% of the first \$6,000 of the gross amount of sales and use tax that the vendor is to pay with each return.

(2) For a vendor who files or is eligible to file a consolidated return under § 11-502 of this title [,]:

(I) the credit allowed under paragraph (1) of this subsection is 1.2% of the first \$6,000 of the gross amount of sales and use tax that the vendor is or would be required to pay with the consolidated return; AND

(II) **THE TOTAL MAXIMUM CREDIT THAT THE VENDOR IS ALLOWED UNDER THIS SECTION FOR ALL RETURNS FILED FOR ANY PERIOD IS \$300.**

[(c) From July 1, 2004 through June 30, 2006:

(1) the credit allowed under subsection (a) of this section is 0.45% of the gross amount of sales and use tax that the vendor is to pay to the Comptroller; and

(2) the credit allowed under subsection (b) is:

(Over)

(i) 0.6% of the first \$6,000 of the gross amount of sales and use tax that the vendor is to pay with each return; or

(ii) for a vendor described in subsection (b)(2) of this section, 0.6% of the first \$6,000 of the gross amount of sales and use tax that the vendor is or would be required to pay with the consolidated return.]

11-301.

The sales and use tax is computed on:

- (1) the taxable price of each separate sale;
- (2) if a combined sale is made, the combined taxable price of all retail sales on the same occasion by the same vendor to the same buyer; or
- (3) if retail sales of tangible personal property or a taxable service are made through vending or other self-service machines, [95.25%] 94.5% of the gross receipts from the retail sales.

SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article - Tax - General

11-101.

(C-1) "REPAIR SERVICE" INCLUDES:

(1) LAUNDERING, CLEANING, MENDING, ALTERING, AND FITTING OF CLOTHING AND OTHER TEXTILES, INCLUDING:

(I) FUR STORAGE AND REPAIR; AND

(II) SHOE REPAIR AND SHOE SHINING;

(2) FURNITURE, RUG, CARPET, AND UPHOLSTERY CLEANING AND REPAIR, INCLUDING REUPHOLSTERY;

(3) COMPUTER AND OFFICE MACHINE REPAIR OF ALL TYPES;

(4) MOTOR VEHICLE AND BOAT REPAIR OF ALL TYPES, BUT NOT INCLUDING ROADSIDE ASSISTANCE SERVICES;

(5) ELECTRICAL AND ELECTRONIC REPAIR OF ALL TYPES;

(6) WATCH, CLOCK, AND JEWELRY REPAIR; AND

(7) REPAIR OF ANY OTHER TANGIBLE PERSONAL PROPERTY.

(m) "Taxable service" means:

(1) fabrication, printing, or production of tangible personal property by special order;

(2) commercial cleaning or laundering of textiles for a buyer who is engaged in a business that requires the recurring service of commercial cleaning or laundering of the textiles;

(3) cleaning of a commercial or industrial building;

(4) cellular telephone or other mobile telecommunications service;

(5) "900", "976", "915", and other "900"-type telecommunications service;

(6) custom calling service provided in connection with basic telephone service;

(7) a telephone answering service;

(Over)

- (8) pay per view television service;
- (9) credit reporting;
- (10) a security service, including:
 - (i) a detective, guard, or armored car service; and
 - (ii) a security systems service;

(11) a transportation service for transmission, distribution, or delivery of electricity or natural gas, if the sale or use of the electricity or natural gas is subject to the sales and use tax; [or]

(12) a prepaid telephone calling arrangement;

(13) A REPAIR SERVICE; OR

(14) A PARKING FACILITY OR SERVICE.

11-226.

[(a) The sales and use tax does not apply to the sale of the following electric appliances that meet or exceed the applicable Energy Star efficiency requirements developed by the United States Environmental Protection Agency and the United States Department of Energy:

(1) a clothes washer purchased on or after July 1, 2000, but before July 1, 2003;

(2) a room air conditioner purchased on or after January 1, 2001, but before July 1, 2004; or

(3) a standard size refrigerator purchased on or after July 1, 2001, but before July 1, 2004.

(b) The sales and use tax does not apply to the sale, on or before July 1, 2004, of:

- (1) a fuel cell that:
 - (i) generates electricity and heat using an electrochemical process;
 - (ii) has an electricity-only generation efficiency greater than 35%; and
 - (iii) has a generating capacity of at least 2 kilowatts;
- (2) a natural gas heat pump that has a coefficient of performance of at least 1.25 for heating and at least 0.70 for cooling;
- (3) an electric heat pump hot water heater that yields an energy factor of at least 1.7;
- (4) an electric heat pump that has a heating system performance factor of at least 7.5 and a cooling seasonal energy efficiency ratio of at least 13.5;
- (5) a central air conditioner that has a cooling seasonal energy efficiency ratio of at least 13.5; or
- (6) an advanced natural gas water heater that has an energy factor of at least 0.65.]

(A) (1) IN THIS SUBSECTION, "ENERGY STAR PRODUCT" MEANS AN AIR CONDITIONER, CLOTHES WASHER OR DRYER, FURNACE, HEAT PUMP, STANDARD SIZE REFRIGERATOR, COMPACT FLUORESCENT LIGHT BULB, DEHUMIDIFIER, OR PROGRAMMABLE THERMOSTAT THAT HAS BEEN DESIGNATED AS MEETING OR EXCEEDING THE APPLICABLE ENERGY STAR EFFICIENCY REQUIREMENTS DEVELOPED BY THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY AND THE UNITED STATES DEPARTMENT OF ENERGY.

(2) THE WEEKEND THAT CONSISTS OF THE SATURDAY IMMEDIATELY PRECEDING THE THIRD MONDAY IN FEBRUARY THROUGH THE THIRD MONDAY IN FEBRUARY EACH YEAR SHALL BE A TAX-FREE WEEKEND

(Over)

DURING WHICH THE EXEMPTION UNDER PARAGRAPH (3) OF THIS SUBSECTION SHALL APPLY.

(3) DURING THE TAX-FREE WEEKEND ESTABLISHED UNDER PARAGRAPH (2) OF THIS SUBSECTION, THE SALES AND USE TAX DOES NOT APPLY TO THE SALE OF ANY:

(I) ENERGY STAR PRODUCT; OR

(II) SOLAR WATER HEATER.

[(c)] (B) The sales and use tax does not apply to the sale of a multifuel pellet stove designed to burn agricultural field corn.

11-228.

(a) In this section, "accessory items" includes jewelry, watches, watchbands, handbags, handkerchiefs, umbrellas, scarves, ties, headbands, and belt buckles.

(b) (1) The [5-day period from August 23, 2006 through August 27, 2006,] 7-DAY PERIOD FROM THE SECOND SUNDAY IN AUGUST THROUGH THE FOLLOWING SATURDAY shall be a tax-free period for back-to-school shopping in Maryland during which the exemption under paragraph (2) of this subsection shall apply.

(2) During the tax-free period for back-to-school shopping established under paragraph (1) of this subsection, the sales and use tax does not apply to the sale of any item of clothing or footwear, excluding accessory items, if the taxable price of the item of clothing or footwear is \$100 or less.

SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article - Tax - General

12-105.

- (a) The tobacco tax rate for cigarettes is:
- (1) [50 cents] **\$1.00** for each package of 10 or fewer cigarettes;
 - (2) [\$1.00] **\$2.00** for each package of at least 11 and not more than 20 cigarettes;
 - (3) [5.0] **10.0** cents for each cigarette in a package of more than 20 cigarettes; and
 - (4) [5.0] **10.0** cents for each cigarette in a package of free sample cigarettes.

SECTION 4. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:".

AMENDMENT NO. 3

On pages 3 through 5, strike in their entirety the lines beginning with line 26 on page 3 through line 8 on page 5, inclusive.

AMENDMENT NO. 4

On page 5, in line 16, strike the brackets; in the same line, strike "**\$3.0**" and substitute "**\$2.0**"; after line 22, insert:

"3-215.

(b) The tax levied and imposed by this section consists of that part of the following taxes that are retained to the credit of the Department after distributions to the political subdivisions:

- (1) The motor fuel tax revenue distributed under §§ 2-1103(2) and 2-1104(4) of the Tax – General Article;
- (2) The income tax revenue distributed under § 2-614 of the Tax – General Article;

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(3) The excise tax imposed on vehicles by Part II of Title 13, Subtitle 8 of this article; and

(4) The sales and use tax revenues distributed under [§ 2-1302.1] §§ 2-1302.1 AND 2-1302.2 of the Tax – General Article.”;

and after line 23, insert:

“(a) (3) (I) “Total purchase price” means the price of a vehicle agreed on by the buyer and the seller, including any dealer processing charge, [with no] LESS AN allowance for trade-in [or] AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH, BUT WITH NO ALLOWANCE FOR other nonmonetary consideration.

(II) A TRADE-IN ALLOWANCE SHALL EQUAL 50% OF THE VALUE, NOT TO EXCEED 50% OF THE VALUE SHOWN IN A NATIONAL PUBLICATION OF USED VEHICLE VALUES ADOPTED FOR USE BY THE DEPARTMENT, OF ANY VEHICLE THAT IS TRADED IN AS PART OF THE CONSIDERATION OF THE SALE.”.

AMENDMENT NO. 5

On page 6, strike in their entirety lines 7 through 11, inclusive; after line 16, insert:

“8-205.

(A) THERE IS A CHESAPEAKE BAY 2010 TRUST FUND.

(B) THE PURPOSE OF THE FUND IS TO PROVIDE THE FINANCIAL ASSISTANCE NECESSARY TO MEET, BY 2010, THE GOALS ESTABLISHED IN THE CHESAPEAKE 2000 AGREEMENT FOR THE RESTORATION OF THE CHESAPEAKE BAY AND ITS TRIBUTARIES, INCLUDING THE PATUXENT RIVER.

(C) THE SECRETARY SHALL ADMINISTER THE FUND.

(D) (1) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

(2) THE TREASURER SHALL HOLD THE FUND SEPARATELY, AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.

(E) THE FUND CONSISTS OF:

(1) MONEY APPROPRIATED IN THE STATE BUDGET FOR THE FUND;

(2) MONEY DISTRIBUTED TO THE FUND UNDER §§ 2-1104 AND 2-1302.2 OF THE TAX-GENERAL ARTICLE;

(3) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR THE BENEFIT OF THE FUND.

(F) THE FUND MAY BE USED ONLY FOR THE IMPLEMENTATION OF THE STATE'S TRIBUTARY STRATEGY DEVELOPED IN ACCORDANCE WITH THE CHESAPEAKE 2000 AGREEMENT.

(G) (1) THE TREASURER SHALL INVEST THE MONEY OF THE FUND IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.

(2) ANY INVESTMENT EARNINGS OF THE FUND SHALL BE RETAINED TO THE CREDIT OF THE FUND.

(Over)

(H) MONEY EXPENDED FROM THE FUND FOR THE RESTORATION OF THE CHESAPEAKE BAY AND ITS TRIBUTARIES, INCLUDING THE PATUXENT RIVER, IS SUPPLEMENTAL TO AND IS NOT INTENDED TO TAKE THE PLACE OF FUNDING THAT OTHERWISE WOULD BE APPROPRIATED FOR BAY RESTORATION.

On pages 6 and 7, strike in their entirety the lines beginning with line 22 on page 6 through line 17 on page 7, inclusive.

On page 7, in lines 18 and 26, in each instance, strike the bracket; strike in their entirety lines 21 and 22; in lines 23 and 25, strike “(3)” and “(4)”, respectively, and substitute “**(1)**” and “**(2)**”, respectively; strike beginning with “General” in line 23 down through “programs” in line 24 and substitute “**CHESAPEAKE BAY 2010 TRUST FUND**”; in line 29, strike “the Comptroller monthly shall distribute” and substitute “**OF**”; in line 30, after “article” insert “**THE COMPTROLLER SHALL DISTRIBUTE:**

(1) 45%;

in line 31, after “Article” insert “**; AND**

(2) THE REMAINDER TO THE CHESAPEAKE BAY 2010 TRUST FUND”;

and after line 31, insert:

“2-1302.2.

AFTER MAKING THE DISTRIBUTIONS REQUIRED UNDER § 2-1301 THROUGH 2-1302.1 OF THIS SUBTITLE, THE COMPTROLLER SHALL PAY 8% OF THE REMAINING SALES AND USE TAX REVENUE INTO THE TRANSPORTATION

TRUST FUND ESTABLISHED UNDER § 3-216 OF THE TRANSPORTATION 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.”.**

On pages 8 and 9, strike in their entirety the lines beginning with line 22 on page 8 through line 17 on page 9, inclusive.

AMENDMENT NO. 6

On page 6, in line 1, strike “2.” and substitute “5.”.

On page 6, after line 20, insert:

“Article – State Finance and Procurement

7-328.

(A) IN THIS SECTION, “FUND” MEANS THE TOURISM, ARTS, AND CULTURAL DEVELOPMENT FUND.

(B) (1) THERE IS A TOURISM, ARTS, AND CULTURAL DEVELOPMENT FUND.

(2) THE PURPOSE OF THE FUND IS TO ENRICH THE LIVES OF MARYLAND CITIZENS BY INVESTING IN TOURISM, THE ARTS, AND OTHER CULTURAL ACTIVITIES.

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

(4) THE TREASURER SHALL HOLD THE FUND AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.

(5) THE PROCEEDS OF THE FUND SHALL BE INVESTED AND REINVESTED.

(6) ANY INVESTMENT EARNINGS SHALL BE PAID INTO THE FUND.

(7) THE FUND CONSISTS OF:

(I) ANY MONEY APPROPRIATED TO THE FUND; AND

(II) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR THE BENEFIT OF THE FUND.

(8) MONEY IN THE FUND MAY BE EXPENDED ONLY TO SUPPORT TOURISM, THE ARTS, AND OTHER CULTURAL ACTIVITIES.”.

AMENDMENT NO. 7

On page 10, after line 6, insert:

“SECTION 6. AND BE IT FURTHER ENACTED, That, notwithstanding any other provision of law, from the sales and use tax revenue collected from January 1, 2008, through the end of June 30, 2008, the Comptroller shall distribute \$110,000,000 to the State Police Helicopter Replacement Fund established under §2-801 of the Public Safety Article. It is the intent of the General Assembly that the Governor

include in the annual budget bill in fiscal years 2009 through 2012, an amount sufficient from the Fund, to purchase 3 helicopters each fiscal year. It is the further intent of the General Assembly that the State Police purchase a flight simulator to use for helicopter pilot training.

SECTION 7. AND BE IT FURTHER ENACTED, That:

(a) On or before February 1, 2008, the Maryland Department of Transportation shall submit a report for the proposed projects included in the 2008 through 2013 Consolidated Transportation Program. The report shall:

(1) include:

(i) the specific major, minor, and system preservation transportation capital projects, along with a listing of fund source by project; and

(ii) an estimate of the cash flow for each project for each of fiscal years 2009 through 2013; and

(2) demonstrate how the major projects contribute toward a comprehensive approach to meeting the State's overall transportation needs; and

(3) be provided to the Senate Budget & Taxation Committee, the House Appropriations Committee, and the House Committee on Ways and Means.

(b) It is the intent of the General Assembly that:

(1) any additional revenue dedicated to the Transportation Trust Fund through enactment of legislation during the First Special Session of 2007 not be programmed by the Department in fiscal years 2008 or 2009 in the Consolidated Transportation Program or appropriated in either of the fiscal years 2008 or 2009 State budgets, except for projects needed:

(i) to respond to an act of God or natural disaster;

(ii) to respond to acts of terrorism;

(iii) to implement critical system preservation projects;

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(iv) to implement repair or replacement of structurally deficient or functionally obsolete bridges; or

(v) for any other purpose to insure the public safety and economic interests of the state.

(2) (i) the Senate Budget and Taxation Committee and the House Appropriations Committee shall review the report in subsection (a) of this section during the fiscal 2009 budget hearings for the Department; and

(ii) after review and comment by the budget committees, the Governor may provide funding in fiscal years 2008 or 2009 through a supplemental budget to implement elements of the report.

SECTION 8. AND BE IT FURTHER ENACTED, That the Comptroller shall adopt regulations that will exempt from the increase in the rate of the sales and use tax under § 11–104 of the Tax – General Article as enacted by Section 1 of this Act any otherwise taxable sales of tangible personal property to contractors or builders to be used for the construction, repair, or alteration of real property, on contracts entered into prior to the effective date of the sales and use tax increase under § 11–104 of the Tax – General Article as enacted by Section 1 of this Act. The exemption may be in the form of a refund, credit, or, to the extent practicable, deduction at the time of sale. The regulations shall be applicable only with respect to the 1% increase in the rate of the sales and use tax which becomes effective January 3, 2008.

SECTION 9. AND BE IT FURTHER ENACTED, That all cigarettes used, possessed, or held in the State on or after January 1, 2008, by any person for sale or use in the State, shall be subject to the full tobacco tax of \$2.00 on cigarettes imposed by this Act. This requirement includes: (1) cigarettes in vending machines or other mechanical dispensers; and (2) cigarettes (generally referred to as “floor stock”) in packages which already bear stamps issued by the Comptroller under the State Tobacco Tax Act but for an amount less than the full tax imposed on \$1 for each 10 cigarettes or fractional part thereof; all cigarettes held for sale by any person in the State on or after January 1, 2008, that bear a stamp issued by the Comptroller of a value less than \$2.00 for each pack of 20 cigarettes must be stamped with the additional stamps necessary to make the aggregate tax value equal to \$2.00. The Comptroller may provide an alternative method of collecting the additional tax. The revenue attributable to this requirement shall be remitted to the Comptroller by April 30, 2008. Except as otherwise provided in this Section, on or after January 1, 2008, no

Maryland stamp shall be used except the stamp issued by the Comptroller to evidence the tobacco tax on cigarettes of \$2.00 imposed by this Act.”; in line 7, strike “3.” and substitute “10.”; in line 8, strike “1” and substitute “4”; and strike in their entirety lines 13 through 17, inclusive, and substitute:

“SECTION 11. AND BE IT FURTHER ENACTED, That, notwithstanding the provisions of Section 4 of this Act, the modified definition of “total purchase price” for the purposes of the calculation of the motor vehicle excise tax imposed on a vehicle under § 13–809(a) of the Transportation Article as enacted under Section 4 of this Act does not apply until any Consolidated Transportation Bonds that were issued by the Department of Transportation before January 1, 2008 no longer remain outstanding and unpaid; provided, however, that in any fiscal year for which funds are appropriated by the General Assembly to pay the principal of and interest on the Department of Transportation’s Consolidated Transportation Bonds due and payable in that fiscal year, the Motor Vehicle Administration shall collect the reduced motor vehicle excise tax imposed on a vehicle by utilizing the modified definition as enacted under Section 4 of this Act.

SECTION 12. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall take effect January 3, 2008.”;

in line 18, strike “5.” and substitute “13.”; in the same line, strike “Section 2” and substitute “Sections 2 and 5”; in line 19, after “2008.” insert “Section 5 of this Act shall be applicable to the fiscal year beginning July 1, 2008, and each subsequent fiscal year. Section 8-205 of the Natural Resource Article as enacted by Section 5 of this Act shall take effect contingent on the failure of House Bill 23 during the 2007 Special Session of the General Assembly. If House Bill 23 is enacted, § 8-205 of the Natural Resources Article as enacted by Section 5 of this Act shall be null and void without the necessity of further action by the General Assembly.”; in line 20, strike “6.” and substitute “14.”; and in line 21, strike “Section 5” and substitute “Sections 12 and 13”.