

HOUSE BILL 429

Q4, Q3

2lr0992

By: **Delegates Schuh, Costa, Dwyer, George, Kipke, McConkey, McMillan, and Vitale**

Introduced and read first time: February 1, 2012

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Sales and Corporate Income Tax Relief**
3 **(Better Maryland – Tax Relief)**

4 FOR the purpose of altering the State income tax rate on the Maryland taxable income
5 of corporations; altering the rate of the sales and use tax; providing for the
6 termination of certain provisions of this Act; providing for a delayed effective
7 date for certain provisions of this Act; providing for the application of this Act;
8 and generally relating to the Maryland corporate income tax and sales and use
9 tax.

10 BY repealing and reenacting, with amendments,
11 Article – Tax – General
12 Section 4–105(b), 10–105(b), 11–104(a) and (b), and 11–301
13 Annotated Code of Maryland
14 (2010 Replacement Volume and 2011 Supplement)

15 BY repealing and reenacting, with amendments,
16 Article – Tax – General
17 Section 4–105(b), 11–104(a) and (b), and 11–301
18 Annotated Code of Maryland
19 (2010 Replacement Volume and 2011 Supplement)
20 (As enacted by Section 2 of this Act)

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

23 **Article – Tax – General**

24 10–105.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (b) The State income tax rate for a corporation is [8.25%] **7.25%** of Maryland
2 taxable income.

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

5 **Article – Tax – General**

6 4–105.

7 (b) If gross receipts subject to the admissions and amusement tax are also
8 subject to the sales and use tax, a county or a municipal corporation may not set a rate
9 so that, when combined with the sales and use tax, the total tax rate will exceed [11%]
10 **10.5%** of the gross receipts.

11 11–104.

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

13 (1) for a taxable price of less than [\$1] **\$2**:

14 (i) 1 cent if the taxable price is [20] **18** cents;

15 (ii) 2 cents if the taxable price is [at least 21 cents but less than
16 34 cents] **MORE THAN 18 CENTS BUT LESS THAN 37 CENTS**;

17 (iii) 3 cents if the taxable price is at least [34] **37** cents but less
18 than [51] **55** cents;

19 (iv) 4 cents if the taxable price is at least [51] **55** cents but less
20 than [67] **73** cents;

21 (v) 5 cents if the taxable price is at least [67] **73** cents but less
22 than [84] **91** cents; [and]

23 (vi) 6 cents if the taxable price is at least [84] **91** cents **BUT**
24 **LESS THAN \$1.10**; [and]

25 (VII) **7 CENTS IF THE TAXABLE PRICE IS AT LEAST \$1.10 BUT**
26 **LESS THAN \$1.28**;

27 (VIII) **8 CENTS IF THE TAXABLE PRICE IS AT LEAST \$1.28 BUT**
28 **LESS THAN \$1.46**;

1 **(IX) 9 CENTS IF THE TAXABLE PRICE IS AT LEAST \$1.46 BUT**
2 **LESS THAN \$1.64;**

3 **(X) 10 CENTS IF THE TAXABLE PRICE IS AT LEAST \$1.64 BUT**
4 **LESS THAN \$1.82; AND**

5 **(XI) 11 CENTS IF THE TAXABLE PRICE IS AT LEAST \$1.82 BUT**
6 **LESS THAN \$2.00; AND**

7 (2) for a taxable price of [~~\$1~~] **\$2** or more:

8 (i) [~~6~~] **11** cents for each exact [dollar] **MULTIPLE OF \$2**; and

9 (ii) for [that] **EACH** part of [a dollar] **\$2** in excess of an exact
10 [dollar] **MULTIPLE OF \$2**:

11 1. 1 cent if the excess over an exact [dollar] **MULTIPLE**
12 **OF \$2** is [at least 1 cent but] less than [~~17~~] **19** cents;

13 2. 2 cents if the excess over an exact [dollar] **MULTIPLE**
14 **OF \$2** is at least [~~17~~] **19** cents but less than [~~34~~] **37** cents;

15 3. 3 cents if the excess over an exact [dollar] **MULTIPLE**
16 **OF \$2** is at least [~~34~~] **37** cents but less than [~~51~~] **55** cents;

17 4. 4 cents if the excess over an exact [dollar] **MULTIPLE**
18 **OF \$2** is at least [~~51~~] **55** cents but less than [~~67~~] **73** cents;

19 5. 5 cents if the excess over an exact [dollar] **MULTIPLE**
20 **OF \$2** is at least [~~67~~] **73** cents but less than [~~84~~] **91** cents; [and]

21 6. 6 cents if the excess over an exact [dollar] **MULTIPLE**
22 **OF \$2** is at least [~~84 cents~~] **91 CENTS BUT LESS THAN \$1.10;**

23 7. **7 CENTS IF THE EXCESS OVER AN EXACT**
24 **MULTIPLE OF \$2 IS AT LEAST \$1.10 BUT LESS THAN \$1.28;**

25 8. **8 CENTS IF THE EXCESS OVER AN EXACT**
26 **MULTIPLE OF \$2 IS AT LEAST \$1.28 BUT LESS THAN \$1.46;**

27 9. **9 CENTS IF THE EXCESS OVER AN EXACT**
28 **MULTIPLE OF \$2 IS AT LEAST \$1.46 BUT LESS THAN \$1.64;**

1 **10. 10 CENTS IF THE EXCESS OVER AN EXACT**
2 **MULTIPLE OF \$2 IS AT LEAST \$1.64 BUT LESS THAN \$1.82; AND**

3 **11. 11 CENTS IF THE EXCESS OVER AN EXACT**
4 **MULTIPLE OF \$2 IS AT LEAST \$1.82 BUT LESS THAN \$2.00.**

5 (b) If a retail sale of tangible personal property or a taxable service is made
6 through a vending or other self-service machine, the sales and use tax rate is [6%]
7 **5.5%**, applied to [94.5%] **94.8%** of the gross receipts from the vending machine sales.

8 11-301.

9 The sales and use tax is computed on:

10 (1) the taxable price of each separate sale;

11 (2) if a combined sale is made, the combined taxable price of all retail
12 sales on the same occasion by the same vendor to the same buyer; or

13 (3) if retail sales of tangible personal property or a taxable service are
14 made through vending or other self-service machines, [94.5%] **94.8%** of the gross
15 receipts from the retail sales.

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

18 **Article – Tax – General**

19 4-105.

20 (b) If gross receipts subject to the admissions and amusement tax are also
21 subject to the sales and use tax, a county or a municipal corporation may not set a rate
22 so that, when combined with the sales and use tax, the total tax rate will exceed
23 [10.5%] **10%** of the gross receipts.

24 11-104.

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

26 (1) for a taxable price of less than [**\$2**] **\$1**:

27 (i) 1 cent if the taxable price is [18] **20** cents; AND

28 (ii) [2 cents if the taxable price is more than 18 cents but less
29 than 37 cents;

- 1 (iii) 3 cents if the taxable price is at least 37 cents but less than
 2 55 cents;
- 3 (iv) 4 cents if the taxable price is at least 55 cents but less than
 4 73 cents;
- 5 (v) 5 cents if the taxable price is at least 73 cents but less than
 6 91 cents;
- 7 (vi) 6 cents if the taxable price is at least 91 cents but less than
 8 \$1.10;
- 9 (vii) 7 cents if the taxable price is at least \$1.10 but less than
 10 \$1.28;
- 11 (viii) 8 cents if the taxable price is at least \$1.28 but less than
 12 \$1.46;
- 13 (ix) 9 cents if the taxable price is at least \$1.46 but less than
 14 \$1.64;
- 15 (x) 10 cents if the taxable price is at least \$1.64 but less than
 16 \$1.82; and
- 17 (xi) 11 cents if the taxable price is at least \$1.82 but less than
 18 \$2.00] **1 CENT FOR EACH ADDITIONAL 20 CENTS OR PART OF 20 CENTS;** and
- 19 (2) for a taxable price of [\$2] **\$1** or more:
- 20 (i) **[11] 5 cents** for each exact **[multiple of \$2] DOLLAR;** and
- 21 (ii) **[for each part of \$2 in excess of an exact multiple of \$2:**
- 22 1. 1 cent if the excess over an exact multiple of \$2 is less
 23 than 19 cents;
- 24 2. 2 cents if the excess over an exact multiple of \$2 is at
 25 least 19 cents but less than 37 cents;
- 26 3. 3 cents if the excess over an exact multiple of \$2 is at
 27 least 37 cents but less than 55 cents;
- 28 4. 4 cents if the excess over an exact multiple of \$2 is at
 29 least 55 cents but less than 73 cents;
- 30 5. 5 cents if the excess over an exact multiple of \$2 is at
 31 least 73 cents but less than 91 cents;

1 6. 6 cents if the excess over an exact multiple of \$2 is at
2 least 91 cents but less than \$1.10;

3 7. 7 cents if the excess over an exact multiple of \$2 is at
4 least \$1.10 but less than \$1.28;

5 8. 8 cents if the excess over an exact multiple of \$2 is at
6 least \$1.28 but less than \$1.46;

7 9. 9 cents if the excess over an exact multiple of \$2 is at
8 least \$1.46 but less than \$1.64;

9 10. 10 cents if the excess over an exact multiple of \$2 is at
10 least \$1.64 but less than \$1.82; and

11 11. 11 cents if the excess over an exact multiple of \$2 is at
12 least \$1.82 but less than \$2.00] **1 CENT FOR EACH 20 CENTS OR PART OF 20 CENTS**
13 **IN EXCESS OF AN EXACT DOLLAR.**

14 (b) If a retail sale of tangible personal property or a taxable service is made
15 through a vending or other self-service machine, the sales and use tax rate is [5.5%]
16 **5%**, applied to [94.8%] **95.25%** of the gross receipts from the vending machine sales.

17 11-301.

18 The sales and use tax is computed on:

19 (1) the taxable price of each separate sale;

20 (2) if a combined sale is made, the combined taxable price of all retail
21 sales on the same occasion by the same vendor to the same buyer; or

22 (3) if retail sales of tangible personal property or a taxable service are
23 made through vending or other self-service machines, [94.8%] **95.25%** of the gross
24 receipts from the retail sales.

25 SECTION 4. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall
26 be applicable to all taxable years beginning after December 31, 2011.

27 SECTION 5. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall
28 take effect July 1, 2012. It shall remain effective for a period of 1 year and, at the end
29 of June 30, 2013, with no further action required by the General Assembly, Section 2
30 of this Act shall be abrogated and of no further force and effect.

1 SECTION 6. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall
2 take effect July 1, 2013.

3 SECTION 7. AND BE IT FURTHER ENACTED, That, except as provided in
4 Sections 5 and 6 of this Act, this Act shall take effect July 1, 2012.