

HOUSE BILL 826

Q4

2lr2744

By: **Delegates K. Kelly and Bromwell**

Introduced and read first time: February 9, 2012

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Sales and Use Tax – Taxable Price – Mandatory Gratuity**

3 FOR the purpose of altering a certain exclusion from the definition of “taxable price”
4 under the sales and use tax for certain mandatory gratuities or service charges
5 for serving food or beverage for consumption on the premises of the vendor; and
6 generally relating to the sales and use taxation of certain mandatory gratuities
7 and service charges.

8 BY repealing and reenacting, with amendments,
9 Article – Tax – General
10 Section 11–101(l)(3)(i)4.
11 Annotated Code of Maryland
12 (2010 Replacement Volume and 2011 Supplement)

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

15 **Article – Tax – General**

16 11–101.

17 (l) (3) “Taxable price” does not include:

18 (i) a charge that is made in connection with a sale and is stated
19 as a separate item of the consideration for:

20 4. a mandatory gratuity or service charge in the nature
21 of a tip for serving food or beverage [to a group of 10 or fewer individuals] for
22 consumption on the premises of the vendor;

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 July 1, 2012.