

HOUSE BILL 918

Q4

2lr1981
CF SB 852

By: **Delegates Hixson, Afzali, Barve, Cardin, Frick, George, Howard, Ivey, Kaiser, Kipke, Luedtke, McDonough, McMillan, A. Miller, W. Miller, Rosenberg, Ross, Rudolph, Stocksdales, and Summers**

Introduced and read first time: February 10, 2012

Assigned to: Ways and Means

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 20, 2012

CHAPTER _____

1 AN ACT concerning

2 **Sales and Use Tax – Alcoholic Beverages – Calculation of Tax**

3 FOR the purpose of ~~altering the definition of “taxable price” under the sales and use~~
4 ~~tax to include a mandatory gratuity charge or service charge in the nature of a~~
5 ~~tip for serving certain items to a group containing at least a certain number of~~
6 ~~individuals~~; altering the sales and use tax rate for a mandatory gratuity charge
7 or service charge in the nature of a tip under certain circumstances; modifying
8 the calculation of the sales and use tax rate applicable to charges for labor,
9 materials, or property used in connection with the sale of an alcoholic beverage;
10 and generally relating to the sales and use tax and alcoholic beverages.

11 ~~BY repealing and reenacting, without amendments,~~
12 ~~Article – Tax – General~~
13 ~~Section 11–101(l)(1)~~
14 ~~Annotated Code of Maryland~~
15 ~~(2010 Replacement Volume and 2011 Supplement)~~

16 BY adding to
17 Article – Tax – General
18 Section ~~11–101(l)(5)~~ and 11–104(h)
19 Annotated Code of Maryland
20 (2010 Replacement Volume and 2011 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 BY repealing and reenacting, with amendments,
 2 Article – Tax – General
 3 Section 11–104(g)
 4 Annotated Code of Maryland
 5 (2010 Replacement Volume and 2011 Supplement)

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

8 **Article – Tax – General**

9 ~~11–101.~~

10 ~~(1) (1) “Taxable price” means the value, in money, of the consideration of~~
 11 ~~any kind that is paid, delivered, payable, or deliverable by a buyer to a vendor in the~~
 12 ~~consummation and complete performance of a sale without deduction for any expense~~
 13 ~~or cost, including the cost of:~~

14 ~~(i) any labor or service rendered;~~

15 ~~(ii) any material used; or~~

16 ~~(iii) any property sold.~~

17 ~~(5) “TAXABLE PRICE” INCLUDES A MANDATORY GRATUITY~~
 18 ~~CHARGE OR SERVICE CHARGE IN THE NATURE OF A TIP FOR SERVING FOOD OR~~
 19 ~~ANY TYPE OF BEVERAGE TO A GROUP OF 11 OR MORE INDIVIDUALS.~~

20 11–104.

21 (g) The sales and use tax rate for the sale of an alcoholic beverage, as defined
 22 in § 5–101 of this article, is:

23 (1) 9% of the [taxable price of] **CHARGE FOR** the alcoholic beverage;

24 **AND**

25 (2) **6% OF A CHARGE THAT IS MADE IN CONNECTION WITH THE**
 26 **SALE OF AN ALCOHOLIC BEVERAGE AND IS STATED AS A SEPARATE ITEM OF THE**
 27 **CONSIDERATION AND MADE KNOWN TO THE BUYER AT THE TIME OF SALE FOR:**

28 (I) **ANY LABOR OR SERVICE RENDERED;**

29 (II) **ANY MATERIAL USED; OR**

30 (III) **ANY PROPERTY SOLD.**

1 **(H) THE SALES AND USE TAX RATE FOR A MANDATORY GRATUITY OR**
2 **SERVICE CHARGE IN THE NATURE OF A TIP FOR SERVING FOOD OR ANY TYPE OF**
3 **BEVERAGE TO A GROUP OF ~~11 OR MORE~~ MORE THAN 10 INDIVIDUALS IS 6%.**

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

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.