

SENATE BILL 852

Q4

2lr2117
CF 2lr1981

By: **Senators King, Brinkley, Colburn, DeGrange, Glassman, Jacobs, and Klausmeier**

Introduced and read first time: February 3, 2012

Assigned to: Education, Health, and Environmental Affairs

A BILL ENTITLED

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)

21 BY repealing and reenacting, with amendments,
22 Article – Tax – General
23 Section 11–104(g)
24 Annotated Code of Maryland
25 (2010 Replacement Volume and 2011 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

3 **Article – Tax – General**

4 11–101.

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

9 (i) any labor or service rendered;

10 (ii) any material used; or

11 (iii) any property sold.

12 **(5) “TAXABLE PRICE” INCLUDES A MANDATORY GRATUITY**
13 **CHARGE OR SERVICE CHARGE IN THE NATURE OF A TIP FOR SERVING FOOD OR**
14 **ANY TYPE OF BEVERAGE TO A GROUP OF 11 OR MORE INDIVIDUALS.**

15 11–104.

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

18 **(1) 9% of the [taxable price of] CHARGE FOR the alcoholic beverage;**
19 **AND**

20 **(2) 6% OF A CHARGE THAT IS MADE IN CONNECTION WITH THE**
21 **SALE OF AN ALCOHOLIC BEVERAGE AND IS STATED AS A SEPARATE ITEM OF THE**
22 **CONSIDERATION AND MADE KNOWN TO THE BUYER AT THE TIME OF SALE FOR:**

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

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

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

26 **(H) THE SALES AND USE TAX RATE FOR A MANDATORY GRATUITY OR**
27 **SERVICE CHARGE IN THE NATURE OF A TIP FOR SERVING FOOD OR ANY TYPE OF**
28 **BEVERAGE TO A GROUP OF 11 OR MORE INDIVIDUALS IS 6%.**

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