

# SENATE BILL 852

Q4

2lr2117  
CF HB 918

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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

Reassigned: Budget and Taxation, February 9, 2012

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 20, 2012

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## 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)

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### 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:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.