

Chapter 466

(House Bill 671)

AN ACT concerning

~~Sales and Use Tax – Tax Free Period for Back-to-School Shopping – School Supplies~~
Income Tax – Subtraction Modification – Classroom Supplies Purchased by Teachers

FOR the purpose of ~~altering a certain sales and use tax exemption to include certain school supplies; defining a certain term; and generally relating to the annual sales tax free period for back-to-school shopping in the State.~~ allowing a subtraction modification under the Maryland income tax for up to a certain amount of expenses paid or incurred by certain teachers during a taxable year for certain classroom supplies; defining a certain term; providing for the application of this Act; and generally relating to a Maryland income tax subtraction modification for certain classroom supplies.

~~BY repealing and reenacting, with amendments,~~
~~Article – Tax – General~~
~~Section 11-228~~
~~Annotated Code of Maryland~~
~~(2016 Replacement Volume and 2017 Supplement)~~

BY repealing and reenacting, without amendments,
Article – Tax – General
Section 10-208(a)
Annotated Code of Maryland
(2016 Replacement Volume and 2017 Supplement)

BY adding to
Article – Tax – General
Section 10-208(w)
Annotated Code of Maryland
(2016 Replacement Volume and 2017 Supplement)

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

Article – Tax – General

~~11-228.~~

~~(a) (1) In this section, “accessory items” THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.~~

~~(2) “ACCESSORY ITEMS” includes jewelry, watches, watchbands, handbags, handkerchiefs, umbrellas, scarves, ties, headbands, and belt buckles.~~

~~(3) “SCHOOL SUPPLIES” MEANS PENS, PENCILS, CRAYONS, BINDERS, FOLDERS, NOTEBOOKS, AND LOOSE-LEAF PAPER.~~

~~(b) (1) Beginning in calendar year 2010, the 7-day period from the second Sunday in August through the following Saturday shall be a tax-free period for back-to-school shopping in Maryland during which the exemption under paragraph (2) of this subsection shall apply.~~

~~(2) During the tax-free period for back-to-school shopping established under paragraph (1) of this subsection, the sales and use tax does not apply to:~~

~~(i) the sale of any item of clothing or footwear, excluding accessory items, if the taxable price of the item of clothing or footwear is \$100 or less; [or]~~

~~(ii) the first \$40 of the taxable price of any backpack or bookbag; OR~~

~~(iii) THE SALE OF ANY SCHOOL SUPPLIES.~~

10-208.

(a) In addition to the modification under § 10-207 of this subtitle, the amounts under this section are subtracted from the federal adjusted gross income of a resident to determine Maryland adjusted gross income.

(W) (1) IN THIS SUBSECTION, “ELIGIBLE TEACHER” MEANS AN INDIVIDUAL WHO IS A KINDERGARTEN THROUGH GRADE 12 CLASSROOM TEACHER IN AN ELEMENTARY OR SECONDARY SCHOOL IN THE STATE ON A FULL-TIME BASIS FOR AN ACADEMIC YEAR ENDING DURING THE TAXABLE YEAR.

(2) TO THE EXTENT THAT AN EXPENSE IS NOT ALLOWED AS AN EDUCATOR EXPENSE UNDER § 62 OF THE INTERNAL REVENUE CODE, SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION, THE SUBTRACTION ALLOWED UNDER SUBSECTION (A) OF THIS SECTION INCLUDES UP TO \$250 OF THE UNREIMBURSED EXPENSES PAID OR INCURRED BY AN ELIGIBLE TEACHER DURING A TAXABLE YEAR FOR THE PURCHASE OF CLASSROOM SUPPLIES IF THE SUPPLIES ARE USED BY:

(I) STUDENTS IN THE CLASSROOM; OR

(II) THE ELIGIBLE TEACHER TO PREPARE FOR OR DURING CLASSROOM TEACHING.

(3) THE AMOUNT ALLOWED AS A SUBTRACTION UNDER PARAGRAPH (2) OF THIS SUBSECTION DOES NOT INCLUDE AN EXPENSE THAT IS SUBTRACTED FROM FEDERAL ADJUSTED GROSS INCOME UNDER § 62 OF THE INTERNAL REVENUE CODE.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2018, and shall be applicable to all taxable years beginning after December 31, 2017.

Approved by the Governor, May 8, 2018.