

# HOUSE BILL 272

Q4

8lr1065

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By: **Delegates Cluster, Adams, Aumann, Buckel, Carozza, Cassilly, Clark, Corderman, Ghrist, Grammer, Hornberger, S. Howard, Kittleman, Long, Malone, McKay, Metzgar, Miele, Morgan, Parrott, Rey, Rose, Shoemaker, Szeliga, and West**

Introduced and read first time: January 19, 2018

Assigned to: Ways and Means

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## A BILL ENTITLED

1 AN ACT concerning

2 **Sales and Use Tax – Rate Reduction**

3 FOR the purpose of altering the rate of the sales and use tax; altering the rate of the sales  
4 and use tax applied to certain sales of dyed diesel fuel; altering the rate of the sales  
5 and use tax applied to certain gratuities and service charges; altering the maximum  
6 rate of the admissions and amusement tax that a county or municipal corporation  
7 may set for gross receipts that are also subject to the State sales and use tax; and  
8 generally relating to the Maryland sales and use tax.

9 BY repealing and reenacting, with amendments,  
10 Article – Tax – General  
11 Section 4–105(b), 11–104(a), (b), (h)(2), and (i), and 11–301  
12 Annotated Code of Maryland  
13 (2016 Replacement Volume and 2017 Supplement)

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

16 **Article – Tax – General**

17 4–105.

18 (b) If gross receipts subject to the admissions and amusement tax are also subject  
19 to the sales and use tax, a county or a municipal corporation may not set a rate so that,  
20 when combined with the sales and use tax, the total tax rate will exceed [11%] **10%** of the  
21 gross receipts.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 11–104.

2 (a) Except as otherwise provided in this section, the sales and use tax rate is:

3 (1) for a taxable price of less than \$1:

4 (i) 1 cent if the taxable price is 20 cents; **AND**

5 (ii) **[2 cents if the taxable price is at least 21 cents but less than 34**  
6 **cents;**

7 (iii) 3 cents if the taxable price is at least 34 cents but less than 51  
8 cents;

9 (iv) 4 cents if the taxable price is at least 51 cents but less than 67  
10 cents;

11 (v) 5 cents if the taxable price is at least 67 cents but less than 84  
12 cents; and

13 (vi) 6 cents if the taxable price is at least 84 cents] **1 CENT FOR EACH**  
14 **ADDITIONAL 20 CENTS OR PART OF 20 CENTS;** and

15 (2) for a taxable price of \$1 or more:

16 (i) **[6] 5 cents** for each exact dollar; and

17 (ii) **[for that part of a dollar in excess of an exact dollar:**

18 1. 1 cent if the excess over an exact dollar is at least 1 cent  
19 but less than 17 cents;

20 2. 2 cents if the excess over an exact dollar is at least 17 cents  
21 but less than 34 cents;

22 3. 3 cents if the excess over an exact dollar is at least 34 cents  
23 but less than 51 cents;

24 4. 4 cents if the excess over an exact dollar is at least 51 cents  
25 but less than 67 cents;

26 5. 5 cents if the excess over an exact dollar is at least 67 cents  
27 but less than 84 cents; and

1                   6.       6 cents if the excess over an exact dollar is at least 84  
2 cents] **1 CENT FOR EACH 20 CENTS OR PART OF 20 CENTS IN EXCESS OF AN EXACT**  
3 **DOLLAR.**

4           (b)     If a retail sale of tangible personal property or a taxable service is made  
5 through a vending or other self-service machine, the sales and use tax rate is **[6%] 5%**,  
6 applied to **[94.5%] 95.25%** of the gross receipts from the vending machine sales.

7           (h)     (2)    If a retail sale of dyed diesel fuel is made by a marina, the sales and use  
8 tax rate is **[6%] 5%**, applied to **[94.5%] 95.25%** of the gross receipts from the dyed diesel  
9 fuel sales.

10          (i)     The sales and use tax rate for a mandatory gratuity or service charge in the  
11 nature of a tip for serving food or any type of beverage to a group of more than 10 individuals  
12 is **[6%] 5%**.

13 11-301.

14           The sales and use tax is computed on:

15                   (1)    the taxable price of each separate sale;

16                   (2)    if a combined sale is made, the combined taxable price of all retail sales  
17 on the same occasion by the same vendor to the same buyer; or

18                   (3)    if retail sales of tangible personal property or a taxable service are made  
19 through vending or other self-service machines, **[94.5%] 95.25%** of the gross receipts from  
20 the retail sales.

21           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
22 1, 2018.