

HOUSE BILL 1057

Q4

11r2250
CF 11r2948

By: **Delegate Buckel**

Introduced and read first time: February 5, 2021

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

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

3 FOR the purpose of altering the maximum rate of the admissions and amusement tax that
4 a county or municipal corporation may set for gross receipts that are also subject to
5 the State sales and use tax; altering the rate of the sales and use tax; altering the
6 percentage of gross receipts from vending or other self-service machine sales to
7 which the sales and use tax rate is applied; altering the sales and use tax rate applied
8 to certain charges made in connection with sales of alcoholic beverages and sales of
9 dyed diesel fuel; altering the rate of sales and use tax applied to certain gratuities
10 and service charges; specifying the sales and use tax rate for certain online sales;
11 and generally relating to the sales and use tax rate.

12 BY repealing and reenacting, with amendments,
13 Article – Tax – General
14 Section 4–105(b), 11–104(a), (b), (g), (h)(2), and (i), and 11–301
15 Annotated Code of Maryland
16 (2016 Replacement Volume and 2020 Supplement)

17 BY adding to
18 Article – Tax – General
19 Section 11–104(j)
20 Annotated Code of Maryland
21 (2016 Replacement Volume and 2020 Supplement)

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

24 **Article – Tax – General**

25 4–105.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

5 11–104.

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

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

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

9 [(ii) 2 cents if the taxable price is at least 21 cents but less than 34
 10 cents;

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

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

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

17 (vi) 6 cents if the taxable price is at least 84 cents; and]

18 **(II) 1 CENT FOR EACH ADDITIONAL 20 CENTS OR PART OF 20**
 19 **CENTS; AND**

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

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

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

23 1. 1 cent if the excess over an exact dollar is at least 1 cent
 24 but less than 17 cents;

25 2. 2 cents if the excess over an exact dollar is at least 17 cents
 26 but less than 34 cents;

27 3. 3 cents if the excess over an exact dollar is at least 34 cents
 28 but less than 51 cents;

29 4. 4 cents if the excess over an exact dollar is at least 51 cents

1 but less than 67 cents;

2 5. 5 cents if the excess over an exact dollar is at least 67 cents
3 but less than 84 cents; and

4 6. 6 cents if the excess over an exact dollar is at least 84
5 cents.]

6 **(II) 1 CENT FOR EACH 20 CENTS OR PART OF 20 CENTS IN**
7 **EXCESS OF AN EXACT DOLLAR.**

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

11 (g) The sales and use tax rate for the sale of an alcoholic beverage, as defined in
12 § 5–101 of this article, is:

13 (1) 9% of the charge for the alcoholic beverage; and

14 (2) [6%] 5% of a charge that is made in connection with the sale of an
15 alcoholic beverage and is stated as a separate item of the consideration and made known
16 to the buyer at the time of sale for:

17 (i) any labor or service rendered;

18 (ii) any material used; or

19 (iii) any property sold.

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

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

26 **(J) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, IF**
27 **A RETAIL SALE OF TANGIBLE PERSONAL PROPERTY OR A TAXABLE SERVICE IS MADE**
28 **THROUGH THE INTERNET, THE SALES AND USE TAX RATE IS 6%.**

29 **(2) THIS SUBSECTION DOES NOT APPLY IF:**

30 **(I) THE TANGIBLE PERSONAL PROPERTY PURCHASED ONLINE**
31 **IS NOT INTENDED, BY THE PURCHASER OR RETAILER, TO BE DELIVERED,**

1 TRANSPORTED, OR SHIPPED TO THE STATE BY THE RETAILER; OR

2 (II) A TAXABLE SERVICE PURCHASED ONLINE WILL NOT OCCUR
3 IN THE STATE.

4 11-301.

5 The sales and use tax is computed on:

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

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

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

12 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
13 1, 2021.