Q4 3lr1463

By: Delegates Munoz, Adams, Arentz, Baker, Buckel, Chisholm, Ghrist, Griffith, Hornberger, Kipke, Mangione, McComas, Metzgar, Miller, T. Morgan, Nawrocki, Pippy, Schmidt, Stonko, and Valentine

Introduced and read first time: February 10, 2023

Assigned to: Ways and Means

A BILL ENTITLED

4	A TAT		•
ı	AN	\mathbf{ACT}	concerning
_			00110011111

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 the State sales and use tax; altering the rate of the sales and use tax; altering the 5 6 percentages 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 applied to certain charges made in connection with sales of alcoholic beverages and sales of 8 9 dyed diesel fuel; altering the rate of sales tax applied to certain gratuities and service 10 charges; and generally relating to the sales and use tax rate.

- 11 BY repealing and reenacting, with amendments,
- 12 Article Tax General
- 13 Section 4–105(b), 11–104(a), (b), (g), (h)(2), and (i), and 11–301
- 14 Annotated Code of Maryland
- 15 (2022 Replacement Volume)

16 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

- 17 That the Laws of Maryland read as follows:
- 18 Article Tax General
- 19 4–105.
- 20 (b) If gross receipts subject to the admissions and amusement tax are also subject 21 to the sales and use tax, a county or a municipal corporation may not set a rate so that,
- 22 when combined with the sales and use tax, the total tax rate will exceed [11%] 10% of the
- 23 gross receipts.



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 6	cents;	[(ii)	2 cents if the taxable price is at least 21 cents but less than 34
7 8	cents;	(iii)	3 cents if the taxable price is at least 34 cents but less than 51
9 10	cents;	(iv)	4 cents if the taxable price is at least 51 cents but less than 67
11 12	cents; and	(v)	5 cents if the taxable price is at least 67 cents but less than 84
13		(vi)	6 cents if the taxable price is at least 84 cents; and]
14 15	CENTS; AND	(II)	1 CENT FOR EACH ADDITIONAL 20 CENTS OR PART OF 20
16	(2) for a	taxable price of \$1 or more:
16 17	(2) for a (i)	taxable price of \$1 or more: [6] 5 cents for each exact dollar; and
	(2		
17	but less than 1	(i) [(ii)	[6] 5 cents for each exact dollar; and
17 18 19		(i) [(ii) 7 cents;	[6] 5 cents for each exact dollar; and for that part of a dollar in excess of an exact dollar:
17 18 19 20 21	but less than 1	(i) [(ii) 7 cents; 4 cents;	 [6] 5 cents for each exact dollar; and for that part of a dollar in excess of an exact dollar: 1. 1 cent if the excess over an exact dollar is at least 1 cent
17 18 19 20 21 22 23	but less than 1 but less than 3	(i) [(ii) 7 cents; 4 cents; 1 cents;	 [6] 5 cents for each exact dollar; and for that part of a dollar in excess of an exact dollar: 1. 1 cent if the excess over an exact dollar is at least 1 cent 2. 2 cents if the excess over an exact dollar is at least 17 cents

1 2	6. 6 cents if the excess over an exact dollar is at least 84 cents]					
3 4	(II) 1 CENT FOR EACH 20 CENTS OR PART OF 20 CENTS IN EXCESS OF AN EXACT DOLLAR.					
5 6 7	(b) If a retail sale of tangible personal property or a taxable service is made through a vending or other self–service machine, the sales and use tax rate is [6%] 5%, applied to [94.5%] 95.25% of the gross receipts from the vending machine sales.					
8	(e)					
0	(1) 9% of the charge for the alcoholic beverage; and					
11 12 13	alcoholic beverage and is stated as a separate item of the consideration and made known					
4	(i) any labor or service rendered;					
5	(ii) any material used; or					
16	(iii) any property sold.					
17 18 19	(h) (2) If a retail sale of dyed diesel fuel is made by a marina, the sales and use tax rate is [6%] 5%, applied to [94.5%] 95.25% of the gross receipts from the dyed diesel fuel sales.					
20 21 22	(i) The sales and use tax rate for a mandatory gratuity or service charge in the nature of a tip for serving food or any type of beverage to a group of more than 10 individuals is $[6\%]$ 5%.					
23	11–301.					
24	The sales and use tax is computed on:					
25	(1) the taxable price of each separate sale;					
26 27	(2) if a combined sale is made, the combined taxable price of all retail sales on the same occasion by the same vendor to the same buyer; or					
28 29 30	(3) if retail sales of tangible personal property or a taxable service are made through vending or other self–service machines, [94.5%] 95.25 % of the gross receipts from the retail sales.					

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 2 $\,$ 1, 2023.