$\begin{array}{c} \mathrm{Q4} \\ \mathrm{CF} \ \mathrm{SB} \ \mathrm{1045} \end{array}$ 

By: Delegate Moon

Introduced and read first time: February 25, 2025 Assigned to: Rules and Executive Nominations

## A BILL ENTITLED

Sales and Use Tax - Taxable Business Services - Alterations

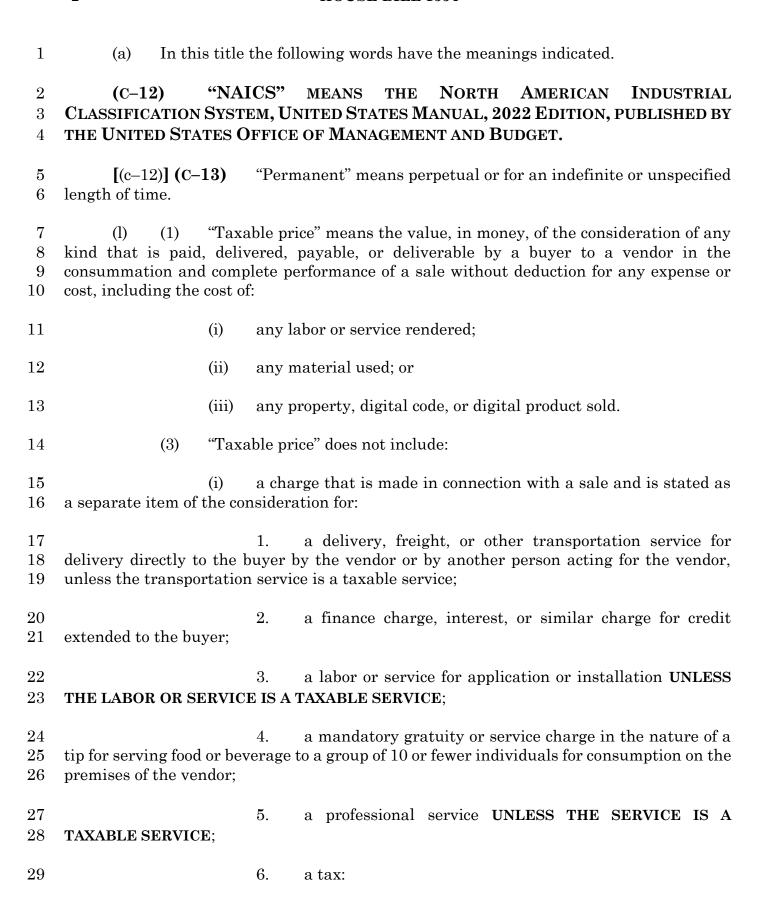
1 AN ACT concerning

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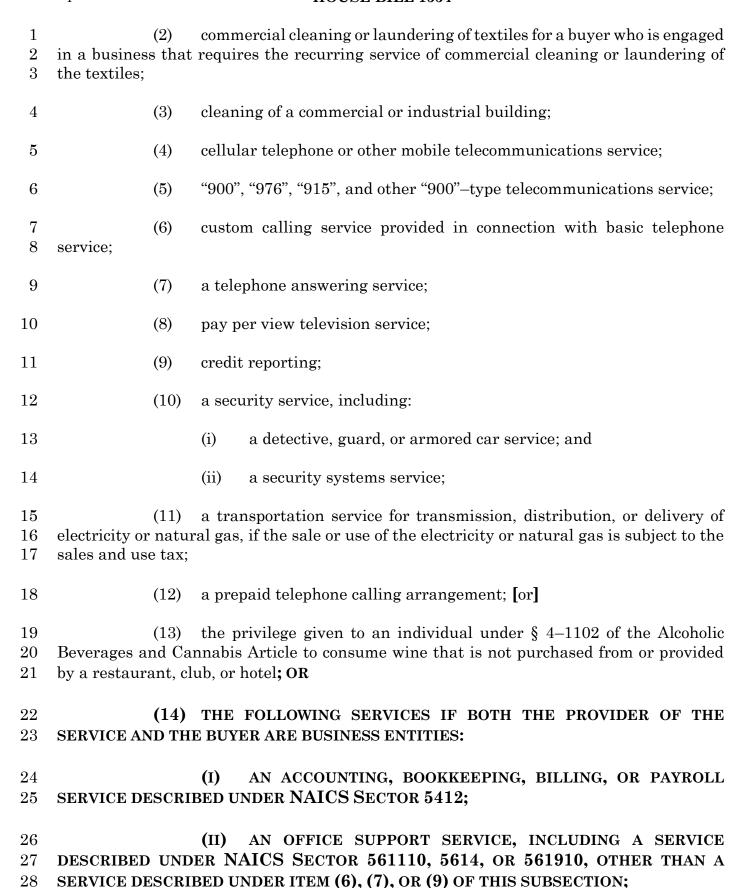
3	FOR the purpose of altering the definitions of "taxable price" and "taxable service" for the
4	purposes of certain provisions of law governing the sales and use tax to impose the

- 5 tax on certain labor and services; specifying the rate of the sales and use tax for
- 6 certain labor and services; and generally relating to the sales and use tax.
- 7 BY repealing and reenacting, without amendments,
- 8 Article Tax General
- 9 Section 11–101(a) and (l)(1)
- 10 Annotated Code of Maryland
- 11 (2022 Replacement Volume and 2024 Supplement)
- 12 BY adding to
- 13 Article Tax General
- 14 Section 11–101(c–12) and 11–104(l)
- 15 Annotated Code of Maryland
- 16 (2022 Replacement Volume and 2024 Supplement)
- 17 BY repealing and reenacting, with amendments,
- 18 Article Tax General
- 19 Section 11–101(c–12), (l)(3), and (m)
- 20 Annotated Code of Maryland
- 21 (2022 Replacement Volume and 2024 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 11–101.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.



1 2	A. imposed by a county on the sale of coal, electricity, oil, nuclear fuel assemblies, steam, or artificial or natural gas;
3 4	B. imposed under § 3–302(a) of the Natural Resources Article, as a surcharge on electricity, and added to an electric bill;
5 6 7	C. imposed under §§ 6–201 through 6–203 of the Tax $-$ Property Article, on tangible personal property subject to a lease that is for an initial period that exceeds 1 year and is noncancellable except for cause; or
8	D. imposed under $\S$ 4–102 of this article on the gross receipts derived from an admissions and amusement charge;
$egin{array}{c} 10 \\ 11 \\ 2 \end{array}$	7. any service for the operation of equipment used for the production of audio, video, or film recordings UNLESS THE SERVICE IS A TAXABLE SERVICE; or
13 14	8. reimbursement of incidental expenses paid to a third party and incurred in connection with providing a taxable detective service;
15 16	(ii) the value of a used component or part (core value) received from a purchaser of the following remanufactured truck parts:
17	1. an air brake system;
18	2. an engine;
9	3. a rear axle carrier; or
20	4. a transmission;
21 22 23 24 25	(iii) a charge for a nontaxable service that is made in connection with a sale of a taxable communication service, even if the nontaxable charges are aggregated with and not separately stated from the taxable charges for communications services, if the vendor can reasonably identify charges not subject to tax from its books and records that are kept in the regular course of business; or
26 27	(iv) a transportation network company impact fee imposed under $\$ 10–408 of the Public Utilities Article.
28	(m) "Taxable service" means:
29 30	(1) fabrication, printing, or production of tangible personal property or a digital product by special order;



- 1 (III) A PERMANENT OR TEMPORARY EMPLOYEE OR CONTRACTOR
- 2 PLACEMENT, INCLUDING A SERVICE DESCRIBED UNDER NAICS SECTOR 5613;
- 3 (IV) A DATA OR INFORMATION TECHNOLOGY SERVICE
- 4 DESCRIBED UNDER NAICS SECTOR 518, 519, OR 5415;
- 5 (V) A SYSTEM SOFTWARE OR APPLICATION SOFTWARE
- 6 PUBLISHING SERVICE DESCRIBED UNDER NAICS SECTOR 5415;
- 7 (VI) A CONSULTING SERVICE DESCRIBED UNDER NAICS
- 8 **SECTOR 5416**;
- 9 (VII) AN EXPERIMENTAL DEVELOPMENT SERVICE DESCRIBED
- 10 UNDER NAICS SECTOR 5417;
- 11 (VIII) A PHOTOGRAPHY, DESIGN, OR PRINTING SERVICE,
- 12 INCLUDING A SERVICE DESCRIBED UNDER NAICS SECTOR 541420, 541430, OR
- 13 **541490**;
- 14 (IX) A LOBBYING, PUBLIC RELATIONS, OR MARKETING SERVICE
- 15 DESCRIBED UNDER NAICS SECTOR 5418;
- 16 (X) A LANDSCAPING AND NONRESIDENTIAL BUILDING OR
- 17 PROPERTY MAINTENANCE SERVICE, INCLUDING A SERVICE DESCRIBED UNDER
- 18 NAICS SECTOR 561210, 5616, OR 5617, OTHER THAN A SERVICE DESCRIBED
- 19 UNDER ITEM (3) OR (10) OF THIS SUBSECTION:
- 20 (XI) A HEAVY TRUCK OR BUS REPAIR SERVICE DESCRIBED
- 21 UNDER NAICS SECTOR 8111;
- 22 (XII) A REPAIR SERVICE DESCRIBED UNDER NAICS SECTOR
- 23 **8112 OR 8113**;
- 24 (XIII) A FINANCIAL PLANNING OR TAX PREPARATION SERVICE
- 25 DESCRIBED UNDER NAICS SECTOR 5239 OR 5412;
- 26 (XIV) AN APPRAISAL SERVICE DESCRIBED UNDER NAICS
- 27 **SECTOR 541990**;
- 28 (XV) A SPORTS OR PERFORMING ARTS ADVERTISING SERVICE;
- 29 **OR**

- 1 (XVI) A VALET OR PARKING SERVICE DESCRIBED UNDER NAICS
- 2 SECTOR 812930, OTHER THAN A PUBLIC PARKING GARAGE.
- 3 11–104.
- 4 (L) (1) THE SALES AND USE TAX FOR A SALE OF A TAXABLE SERVICE
- 5 DESCRIBED UNDER § 11–101(M)(14) OF THIS SUBTITLE IS 2.5% OF THE TAXABLE
- 6 PRICE.
- 7 (2) If A DIFFERENT RATE FROM THE RATE SPECIFIED UNDER
- 8 PARAGRAPH (1) OF THIS SUBSECTION COULD BE APPLIED TO A SALE OR USE OF
- 9 TANGIBLE PERSONAL PROPERTY, A DIGITAL CODE, A DIGITAL PRODUCT, OR A
- 10 TAXABLE SERVICE, THE HIGHER RATE SHALL APPLY TO THE SALE.
- 11 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
- 12 1, 2025.