

HOUSE BILL 133

Q3, Q4

6lr0876

(PRE-FILED)

By: **Delegates Bouchat, Valentine, and Wivell**

Requested: September 17, 2025

Introduced and read first time: January 14, 2026

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax and Sales and Use Tax – Rate Reductions and Alterations**

3 FOR the purpose of altering the State individual and corporate income tax rates; repealing
4 a certain income threshold for the application of the income tax on net capital gains;
5 exempting from the income tax on net capital gains a certain amount in net capital
6 gains of an individual who is at least a certain age; altering certain sales and use tax
7 rates; repealing the sales and use tax imposed on certain data or information
8 technology services and system software or application software publishing services;
9 and generally relating to the State income tax and sales and use tax.

10 BY repealing

11 Article – Tax – General

12 Section 2–1302.5, 11–101(c–12) and (m)(14) and (15), 11–246, and 11–403(e)

13 Annotated Code of Maryland

14 (2022 Replacement Volume and 2025 Supplement)

15 BY repealing and reenacting, with amendments,

16 Article – Tax – General

17 Section 2–1303, 4–105(b), 10–105, 11–101(c–1), (c–5), (c–13), (e–1), and (m)(12) and
18 (13), 11–103(c), 11–104, 11–219, 11–301, and 11–403(a)

19 Annotated Code of Maryland

20 (2022 Replacement Volume and 2025 Supplement)

21 BY repealing and reenacting, without amendments,

22 Article – Tax – General

23 Section 11–101(a)

24 Annotated Code of Maryland

25 (2022 Replacement Volume and 2025 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

Article – Tax – General

10–105.

(a) [(1) For an individual other than an individual described in paragraph (2) of this subsection, the State income tax rate is:

- (i) 2% of Maryland taxable income of \$1 through \$1,000;
- (ii) 3% of Maryland taxable income of \$1,001 through \$2,000;
- (iii) 4% of Maryland taxable income of \$2,001 through \$3,000;
- (iv) 4.75% of Maryland taxable income of \$3,001 through \$100,000;
- (v) 5% of Maryland taxable income of \$100,001 through \$125,000;
- (vi) 5.25% of Maryland taxable income of \$125,001 through \$150,000;
- (vii) 5.5% of Maryland taxable income of \$150,001 through \$250,000;
- (viii) 5.75% of Maryland taxable income of \$250,001 through \$500,000;
- (ix) 6.25% of Maryland taxable income of \$500,001 through \$1,000,000; and
- (x) 6.50% of Maryland taxable income in excess of \$1,000,000.

(2) For spouses filing a joint return or for a surviving spouse or head of household as defined in § 2 of the Internal Revenue Code, the State income tax rate is:

- (i) 2% of Maryland taxable income of \$1 through \$1,000;
- (ii) 3% of Maryland taxable income of \$1,001 through \$2,000;
- (iii) 4% of Maryland taxable income of \$2,001 through \$3,000;
- (iv) 4.75% of Maryland taxable income of \$3,001 through \$150,000;
- (v) 5% of Maryland taxable income of \$150,001 through \$175,000;
- (vi) 5.25% of Maryland taxable income of \$175,001 through \$225,000;
- (vii) 5.5% of Maryland taxable income of \$225,001 through \$300,000;

(viii) 5.75% of Maryland taxable income of \$300,001 through \$600,000;

(ix) 6.25% of Maryland taxable income of \$600,001 through \$1,200,000; and

(x) 6.50% of Maryland taxable income in excess of \$1,200,000.]

(1) FOR AN INDIVIDUAL OR FOR SPOUSES FILING A JOINT RETURN WITH FEDERAL ADJUSTED GROSS INCOME IN EXCESS OF \$10,000, THE STATE INCOME TAX RATE IS 3%.

[(3)] (2) (i) Except as provided in subparagraph (ii) of this paragraph, if the Maryland adjusted gross income of an individual described in paragraph (1) **[or (2)]** of this subsection includes any amount of net capital gain, as defined and determined under the Internal Revenue Code, the State income tax for the individual is the sum of:

1. **[the rates specified in paragraph (1) or (2) of this subsection] 3%** applied to Maryland taxable income; and

2. an additional **[2%] 3%** of the amount of net capital gain included in the individual's Maryland adjusted gross income.

(ii) To the extent included in calculating net capital gain for federal income tax purposes, any amount of capital gain from the sale or exchange of the following assets is not subject to the additional **[2%] 3%** tax rate specified in subparagraph (i)2 of this paragraph:

1. any residential dwelling sold for less than \$1,500,000 that is the individual's primary residence, including the land on which the dwelling is located and any accessory dwelling unit associated with the residence, if the dwelling is a single-family home, a town house, a row home, a residential condominium unit, or a residential cooperative unit;

2. assets held in:

A. a cash or deferred arrangement plan under § 401(k) of the Internal Revenue Code;

B. a tax-sheltered annuity or custodial account under § 403(b) of the Internal Revenue Code;

C. a deferred compensation plan under § 457(b) of the Internal Revenue Code;

D. an individual retirement account or individual retirement annuity under § 408 of the Internal Revenue Code;

E. a Roth individual retirement account under § 408A of the Internal Revenue Code; or

F. a defined contribution plan, a defined benefit plan, or a similar retirement savings plan;

3. cattle, horses, or breeding livestock held for more than 12 months if, for the taxable year of the sale or exchange, more than 50% of the individual's gross income for the taxable year, including income from the sale or exchange of capital assets, is from farming or ranching;

4. land that is subject to a conservation, agricultural, or forest preservation easement or that will be subject to a conservation, agricultural, or forest preservation easement on the sale or exchange of the land;

5. property used in a trade or business, the cost of which is deductible under § 179 of the Internal Revenue Code; or

6. affordable housing owned by a nonprofit organization.

[(4) The provisions of paragraph (3) of this subsection shall apply for individuals described in paragraph (1) or (2) of this subsection with a federal adjusted gross income in excess of \$350,000.]

(3) THE PROVISIONS OF PARAGRAPH (2) OF THIS SUBSECTION DO NOT APPLY TO THE FIRST \$10,000 OF NET CAPITAL GAINS OF AN INDIVIDUAL WHO IS AT LEAST 65 YEARS OLD.

(b) The State income tax rate for a corporation is **[8.25%] 3%** of Maryland taxable income.

(c) For a married couple filing a joint income tax return, the **[rates] RATE** specified in subsection (a) of this section **[apply] APPLIES** to the joint Maryland taxable income of the married couple.

(d) For a nonresident:

(1) the **[rates] RATE** specified in subsection (a) of this section **[apply] APPLIES** to the nonresident's Maryland taxable income, calculated without regard to the subtractions under § 10–210(b), (e), and (f) of this title; and

(2) the State income tax imposed equals the result obtained under item (1) of this subsection multiplied times a fraction:

(i) the numerator of which is the nonresident's Maryland taxable income, calculated with the subtractions under § 10–210(b), (e), and (f) of this title; and

(ii) the denominator of which is the nonresident's Maryland taxable income, calculated without regard to the subtractions under § 10–210(b), (e), and (f) of this title.

SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article – Tax – General

[2–1302.5.

After making the distributions required under §§ 2–1301 through 2–1302.4 of this subtitle, of the sales and use tax collected under § 11–104(l) of this article, the Comptroller shall distribute the revenue to the General Fund of the State.]

2–1303.

After making the distributions required under §§ 2–1301 through [2–1302.5] **2–1302.4** of this subtitle, the Comptroller shall pay:

(1) revenues from the hotel surcharge into the Dorchester County Economic Development Fund established under § 10–130 of the Economic Development Article;

(2) to the Blueprint for Maryland's Future Fund established under § 5–206 of the Education Article, the following percentage of the remaining sales and use tax revenues:

(i) for fiscal year 2023, 9.2%;

(ii) for fiscal year 2024, 11.0%;

(iii) for fiscal year 2025, 11.3%;

(iv) for fiscal year 2026, 11.7%; and

(v) for fiscal year 2027 and each fiscal year thereafter, 12.1%; and

(3) the remaining sales and use tax revenue into the General Fund of the State.

4–105.

(b) If gross receipts subject to the admissions and amusement tax are also subject to the sales and use tax, a county or a municipal corporation may not set a rate so that, when combined with the sales and use tax, the total tax rate will exceed ~~[11%]~~ 8% of the gross receipts.

11-101.

(a) In this title the following words have the meanings indicated.

(c-1) "Customer tax address" means, with respect to a sale of a digital code[,] OR digital product[, or taxable service described under subsection (m)(14) or (15) of this section]:

(1) for a digital code[,] OR digital product[, or taxable service described under subsection (m)(14) or (15) of this section] that is received by a buyer at the business location of the vendor, the address of that business location;

(2) if item (1) of this subsection is not applicable and the primary use location of the digital code[,] OR digital product[, or taxable service described under subsection (m)(14) or (15) of this section] is known by the vendor, that primary use location;

(3) if items (1) and (2) of this subsection are not applicable, the location where the digital code[,] OR digital product[, or taxable service described under subsection (m)(14) or (15) of this section] is received by the buyer, or by a donee of the buyer that is identified by the buyer, if known to the vendor and maintained in the ordinary course of the vendor's business;

(4) if items (1) through (3) of this subsection are not applicable, the location indicated by an address for the buyer that is available from the business records of the vendor that are maintained in the ordinary course of business of the vendor's business, when use of the address does not constitute bad faith;

(5) if items (1) through (4) of this subsection are not applicable, the location indicated by an address for the buyer obtained during the consummation of the sale, including the address of the buyer's payment instrument, when use of the address does not constitute bad faith; or

(6) if items (1) through (5) of this subsection are not applicable, including a circumstance in which a vendor is without sufficient information to apply those items, one of the following locations, as selected by the vendor, provided that the location is consistently used by the vendor for all sales to which this item applies:

(i) the location in the United States of the headquarters of the vendor's business;

(ii) the location in the United States where the vendor has the greatest number of employees; or

(iii) the location in the United States from which the vendor makes digital products available for electronic transfer.

(c-5) (1) “End user” means any person who receives or accesses a digital code[,] **OR** digital product code[, or taxable service described under subsection (m)(14) or (15) of this section] for use.

(2) “End user” does not include any person who receives a digital code[,] **OR** digital product[, or taxable service described under subsection (m)(14) or (15) of this section] for further commercial broadcast, rebroadcast, transmission, retransmission, licensing, relicensing, distribution, redistribution, or exhibition of the digital product.

[(c-12)] “NAICS” means the North American Industrial Classification System, United States Manual, 2022 Edition, published by the United States Office of Management and Budget.]

[(c-13)] **(C-12)** “Permanent” means perpetual or for an indefinite or unspecified length of time.

(e-1) (1) “Primary use location” means the street address representative of where the buyer’s use of a digital code[,] **OR** digital product[, or taxable service described under subsection (m)(14) or (15) of this section] will primarily occur, as determined by:

(i) the residential street address or a business street address of the actual end user of the digital code[,] **OR** digital product[, or taxable service described under subsection (m)(14) or (15) of this section] including, if applicable, the address of a donee of the buyer that is designated by the buyer; or

(ii) if the buyer is not an individual, the location of the buyer’s end users, including employees, or equipment that makes use of the digital code[,] **OR** digital product[, or taxable service described under subsection (m)(14) or (15) of this section].

(2) “Primary use location” does not include the location of a person who is not any end user or who uses a digital code[,] **OR** digital product[, or taxable service described under subsection (m)(14) or (15) of this section] as the purchaser of a separate good or service from the buyer.

(m) “Taxable service” means:

(12) a prepaid telephone calling arrangement; **OR**

(13) the privilege given to an individual under § 4–1102 of the Alcoholic Beverages and Cannabis Article to consume wine that is not purchased from or provided by a restaurant, club, or hotel[;

(14) a data or information technology service described under NAICS Sector 518, 519, or 5415; or

(15) a system software or application software publishing service described under NAICS Sector 5132].

11–103.

(c) The retail sale of a digital code[,] OR digital product[, or taxable service described under § 11–101(m)(14) or (15) of this subtitle] shall be presumed to be made in the state in which the customer tax address is located.

11–104.

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

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

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

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

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

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

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

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

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

(i) 6 cents for each exact dollar; and

(ii) 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 but less than 17 cents;

31 4. a shared motor vehicle used for peer-to-peer car sharing
32 and made available on a peer-to-peer car sharing program, as defined in § 19-520 of the

1 Insurance Article and that is subject to sales and use tax under subsection (c-1) of this
2 section.

3 (2) The sales and use tax rate for a short-term vehicle rental for a taxable
4 price of \$2 or more is:

5 (i) if the vehicle is a passenger car, a multipurpose passenger
6 vehicle, or a motorcycle:

7 1. 23 cents for each exact multiple of \$2; and

8 2. for that part of \$2 in excess of an exact multiple of \$2:

9 A. 1 cent if the excess over an exact multiple of \$2 is at least
10 1 cent but less than 9 cents;

11 B. 2 cents if the excess over an exact multiple of \$2 is at least
12 9 cents but less than 18 cents;

13 C. 3 cents if the excess over an exact multiple of \$2 is at least
14 18 cents but less than 27 cents;

15 D. 4 cents if the excess over an exact multiple of \$2 is at least
16 27 cents but less than 35 cents;

17 E. 5 cents if the excess over an exact multiple of \$2 is at least
18 35 cents but less than 44 cents;

19 F. 6 cents if the excess over an exact multiple of \$2 is at least
20 44 cents but less than 53 cents;

21 G. 7 cents if the excess over an exact multiple of \$2 is at least
22 53 cents but less than 61 cents;

23 H. 8 cents if the excess over an exact multiple of \$2 is at least
24 61 cents but less than 70 cents;

25 I. 9 cents if the excess over an exact multiple of \$2 is at least
26 70 cents but less than 79 cents;

27 J. 10 cents if the excess over an exact multiple of \$2 is at least
28 79 cents but less than 87 cents;

29 K. 11 cents if the excess over an exact multiple of \$2 is at least
30 87 cents but less than 96 cents;

- 1 L. 12 cents if the excess over an exact multiple of \$2 is at least
 2 96 cents but less than \$1.05;
- 3 M. 13 cents if the excess over an exact multiple of \$2 is at least
 4 \$1.05 but less than \$1.14;
- 5 N. 14 cents if the excess over an exact multiple of \$2 is at least
 6 \$1.14 but less than \$1.22;
- 7 O. 15 cents if the excess over an exact multiple of \$2 is at least
 8 \$1.22 but less than \$1.31;
- 9 P. 16 cents if the excess over an exact multiple of \$2 is at least
 10 \$1.31 but less than \$1.40;
- 11 Q. 17 cents if the excess over an exact multiple of \$2 is at least
 12 \$1.40 but less than \$1.48;
- 13 R. 18 cents if the excess over an exact multiple of \$2 is at least
 14 \$1.48 but less than \$1.57;
- 15 S. 19 cents if the excess over an exact multiple of \$2 is at least
 16 \$1.57 but less than \$1.66;
- 17 T. 20 cents if the excess over an exact multiple of \$2 is at least
 18 \$1.66 but less than \$1.74;
- 19 U. 21 cents if the excess over an exact multiple of \$2 is at least
 20 \$1.74 but less than \$1.83;
- 21 V. 22 cents if the excess over an exact multiple of \$2 is at least
 22 \$1.83 but less than \$1.92; and
- 23 W. 23 cents if the excess over an exact multiple of \$2 is at least
 24 \$1.92 but less than \$2.00; or
- 25 (ii) if the vehicle is a vehicle that may be registered as a Class E, F,
 26 or G vehicle under Title 13, Subtitle 9 of the Transportation Article:
- 27 1. 8 cents for each exact dollar; and
- 28 2. 2 cents for each 25 cents or part of 25 cents in excess of an
 29 exact dollar.

30 (c-1) The sales and use tax rate for sales and charges made in connection with a
 31 shared motor vehicle used for peer-to-peer car sharing and made available on a
 32 peer-to-peer car sharing program, as defined in § 19-520 of the Insurance Article, is:

(1) except as provided in item (2) of this subsection, 8% of the taxable price;
and

(2) 11.5% of the taxable price, if the vehicle is a passenger car, a multipurpose passenger vehicle, or a motorcycle that is part of a fleet of vehicles that includes more than 10 vehicles owned by the same person.

(d) The sales and use tax rate for the first retail sale of a manufactured home, as defined in § 12–301(g) of the Public Safety Article, is the rate imposed under subsection (a) of this section applied to 60% of the taxable price.

(e) The rate of the hotel surcharge imposed under § 11–102(b) of this subtitle is 2.5% of the taxable price.

(f) (1) In this subsection, “modular building” includes single–family or multifamily houses, apartment units, or commercial buildings, and permanent additions to single–family or multifamily houses, apartment units, or commercial buildings, comprised of one or more sections that are:

(i) intended to become real property;

(ii) primarily constructed at a location other than the permanent site at which they are to be assembled;

(iii) built to comply with the standards for industrialized buildings under Title 12, Subtitle 3 of the Public Safety Article; and

(iv) shipped with most permanent components in place.

(2) The sales and use tax rate for the sale of a modular building is the rate imposed under subsection (a) of this section applied to 60% of the taxable price.

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

(1) [9%] 3% of the charge for the alcoholic beverage; and

(2) [6%] 3% of a charge that is made in connection with the sale of an alcoholic beverage and is stated as a separate item of the consideration and made known to the buyer at the time of sale for:

(i) any labor or service rendered;

(ii) any material used; or

(iii) any property sold.

(h) (1) (i) In this subsection the following words have the meanings indicated.

(ii) “Dyed diesel fuel” means diesel fuel that is dyed under U.S. Environmental Protection Agency rules for high sulfur diesel fuel or is dyed under Internal Revenue Service rules for nontaxable use.

(iii) “Marina” means a person who maintains a place of business where motor fuel is sold primarily to vessels.

(2) If a retail sale of dyed diesel fuel is made by a marina, the sales and use tax rate is ~~[6%]~~ **3%**, applied to ~~[94.5%]~~ **97%** of the gross receipts from the dyed diesel fuel sales.

(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%]~~ **3%**.

(j) (1) (i) In this subsection, the following words have the meanings indicated.

(ii) “Electronic smoking device” has the meaning stated in § 16.7–101 of the Business Regulation Article.

(iii) “Tobacco pipe” means a pipe made primarily of meerschaum, wood, or porcelain, with a bowl designed to be used without a screen or filter.

(iv) “Vaping liquid” has the meaning stated in § 16.7–101 of the Business Regulation Article.

(2) Except as provided in paragraph (3) of this subsection, the sales and use tax rate is 20% of the taxable price for electronic smoking devices.

(3) The sales and use tax for vaping liquid sold in a container that contains 5 milliliters or less of vaping liquid is 60% of the taxable price.

(4) The sales and use tax for tobacco pipes is 12% of the taxable price.

(k) The sales and use tax rate for cannabis, as defined in § 1–101 of the Alcoholic Beverages and Cannabis Article is[:

(1) for fiscal years 2024 through 2025, 9%; and

(2) for fiscal year 2026 and each fiscal year thereafter, ~~12%~~ **3%**.

1 [(l) (1) The sales and use tax for a sale of a taxable service described under §
2 11-101(m)(14) and (15) of this subtitle is 3% of the taxable price.

3 (2) If a different rate from the rate specified under paragraph (1) of this
4 subsection could be applied to a sale or use of tangible personal property, a digital code, a
5 digital product, or a taxable service, the higher rate shall apply to the sale.]

6 11-219.

7 (a) The sales and use tax does not apply to a personal, professional, or insurance
8 service that:

9 (1) is not a taxable service; and

10 (2) involves a sale as an inconsequential element for which no separate
11 charge is made.

12 (b) **THE SALES AND USE TAX DOES NOT APPLY TO A SALE OF CUSTOM**
13 **COMPUTER SOFTWARE, REGARDLESS OF THE METHOD TRANSFERRED OR**
14 **ACCESSED, OR A SERVICE RELATING TO CUSTOM COMPUTER SOFTWARE THAT:**

15 (1) **WOULD OTHERWISE BE TAXABLE UNDER THIS TITLE;**

16 (2) **IS TO BE USED BY A SPECIFIC PERSON;**

17 (3) (I) **IS CREATED FOR THAT PERSON; OR**

18 (II) **CONTAINS STANDARD OR PROPRIETARY ROUTINES**
19 **REQUIRING SIGNIFICANT CREATIVE INPUT TO CUSTOMIZE, CONFIGURE, OR MODIFY**
20 **THE PROCEDURES AND PROGRAMS THAT ARE NECESSARY TO PERFORM THE**
21 **FUNCTIONS REQUIRED FOR THE SOFTWARE TO OPERATE AS INTENDED; AND**

22 (4) **DO NOT CONSTITUTE A PROGRAM, A PROCEDURE, OR**
23 **DOCUMENTATION THAT IS MASS PRODUCED AND SOLD TO:**

24 (I) **THE GENERAL PUBLIC; OR**

25 (II) **PERSONS ENGAGED IN A TRADE, A PROFESSION, OR AN**
26 **INDUSTRY, EXCEPT AS PROVIDED IN ITEM (3) OF THIS SUBSECTION.**

27 (c) The sales and use tax does not apply to the sale of an optional computer
28 software maintenance contract if the buyer does not have a right, as part of the contract, to
29 receive at no additional cost software products that are separately priced and marketed by
30 the vendor.

1 **[(c)] (D)** The sales and use tax does not apply to the use of a taxable service
2 obtained by using a prepaid telephone calling arrangement.

3 **[(d) (1) (i)]** In this subsection the following words have the meanings
4 indicated.

5 (ii) “Cloud computing” means a service that enables on-demand,
6 self-service network access to a shared pool of configurable computer resources, including
7 data storage, analytics, commerce, streaming, e-mail, document sharing, and document
8 editing.

9 (iii) “Qualified cybersecurity business” means an entity organized for
10 profit that is engaged primarily in the development of innovative proprietary cybersecurity
11 technology or the provision of cybersecurity services.

12 (2) The sales and use tax imposed on a taxable service described under §
13 11-101(m)(14) or (15) of this title does not apply to a sale of cloud computing to a qualified
14 cybersecurity business.]

15 [11-246.

16 (a) (1) In this section the following words have the meanings indicated.

17 (2) “Emerging technology development area” means the University of
18 Maryland’s Discovery District located in Prince George’s County.

19 (3) “Qualified company” means a company that contracts with the
20 University of Maryland’s Applied Research Laboratory for Intelligence and Security to
21 develop systems and technologies to advance the use of quantum computers.

22 (b) The sales and use tax imposed on a taxable service described under §
23 11-101(m)(14) or (15) of this title does not apply to a sale:

24 (1) to a qualified company located in an emerging technology development
25 area made in connection with the work of the company; or

26 (2) by a qualified company located in an emerging technology development
27 area.]

28 11-301.

29 The sales and use tax is computed on:

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

(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

(3) if retail sales of tangible personal property or a taxable service are made through vending or other self-service machines, **[94.5%] 97%** of the gross receipts from the retail sales.

11–403.

(a) **[(1)]** In this section **[the following words have the meanings indicated.**

(2) “Affiliated group” has the meaning stated under § 1504 of the Internal Revenue Code and includes related parties described under § 267(b)(10), (11), or (12) of the Internal Revenue Code.

(3) “Pass-through entity” has the meaning stated in § 10–102.1 of this article.

(4) “Related pass-through entities” means one or more pass-through entities connected through ownership with a common parent pass-through entity but only if the common parent:

(i) possesses at least 80% of the total voting power of the pass-through entity; and

(ii) has a value equal to at least 80% of the total value of the pass-through entity.

(5) “Sales”], “SALES” includes a booking transaction made through a short-term rental platform.

[(e) (1)] A buyer may present to the vendor a certificate indicating multiple points of use of a digital code, digital product, or taxable service described under § 11–101(m)(14) or (15) of this title, if:

(i) the buyer knows at the time of purchase that the digital code, digital product, or taxable service described under § 11–101(m)(14) or (15) of this title will be:

1. concurrently available for use by the buyer in more than one taxing jurisdiction; or

2. resold in its original form to a member of an affiliated group or a related pass-through entity of which the buyer is also a member; and

(ii) the buyer delivers to the vendor the certificate indicating multiple points of use at the time of purchase.

(2) On receipt of the fully completed certificate indicating multiple points of use, the vendor is relieved of the obligation to collect, pay, or remit the applicable tax to the Comptroller and, subject to paragraph (4) of this subsection, the buyer is obligated to collect, pay, or remit the applicable tax to the Comptroller.

(3) The buyer delivering the certificate indicating multiple points of use may use any reasonable but consistent and uniform method of apportionment that is supported by the buyer's records as they exist at the time of the sale and accurately reflects the primary use location in the State.

(4) (i) If the apportionment on the certificate indicating multiple points of use is determined based on a subsequent resale to one or more members of an affiliated group or related pass-through entities, the affiliated member or related pass-through entity reselling the digital code, digital product, or taxable service described under § 11-101(m)(14) or (15) of this title to another affiliated member or related pass-through entity shall:

1. assume or absorb the sales and use tax due from the affiliated member or members or related pass-through entity or entities on that portion of the sale apportioned to the State and pay the sales and use tax due on behalf of the affiliated member or members or related pass-through entity or entities; or

2. be liable for the sales and use tax due from the affiliated member or members or related pass-through entity or entities if the sales and use tax due is not paid by the affiliated member or members or related pass-through entity or entities.

(ii) If the sales and use tax is paid as provided in subparagraph (i) of this paragraph, the affiliated member end user or related pass-through entity end user is relieved of the obligation to pay or remit the applicable tax to the Comptroller.

(5) Notwithstanding any other provision of this subsection, if the taxable price of a subsequent resale of a digital code, digital product, or taxable service described under § 11-101(m)(14) or (15) of this title to an affiliated group member or related pass-through entity is higher than the taxable price on which the sales and use tax was paid, the end user shall be liable for the additional sales and use tax due on the difference in the taxable price.

(6) The certificate indicating multiple points of use shall include all information required by the Comptroller.]

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2026, and Section 1 of this Act shall be applicable to all taxable years beginning after December 31, 2025.