

SENATE BILL 403

Q4

6lr1167
CF HB 358

By: ~~Senator McCray~~ Senators McCray, Augustine, Bailey, Guzzone, Hettleman,
King, Lewis Young, Rosapepe, Salling, and Zucker

Introduced and read first time: January 28, 2026

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 15, 2026

CHAPTER _____

1 AN ACT concerning

2 **Sales and Use Tax – Elementary or Secondary School Book Fairs – Exemption**

3 FOR the purpose of providing that the sales and use tax does not apply to a sale made at a
4 book fair by an elementary or secondary school in the State or a nonprofit
5 parent–teacher organization or other nonprofit organization within an elementary
6 or secondary school at an elementary or secondary school in the State, subject to
7 certain limitations; and generally relating to a sales and use tax exemption for
8 elementary or secondary school book fairs.

9 BY repealing and reenacting, without amendments,
10 Article – Tax – General
11 Section 11–204(b)(5) and (6)
12 Annotated Code of Maryland
13 (2022 Replacement Volume and 2025 Supplement)

14 BY repealing and reenacting, with amendments,
15 Article – Tax – General
16 Section 11–204(b)(7) and (8)
17 Annotated Code of Maryland
18 (2022 Replacement Volume and 2025 Supplement)

19 BY adding to
20 Article – Tax – General
21 Section 11–204(b)(9)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 Annotated Code of Maryland
2 (2022 Replacement Volume and 2025 Supplement)

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

5 **Article – Tax – General**

6 11–204.

7 (b) The sales and use tax does not apply to a sale by:

8 (5) an elementary or secondary school in the State or a nonprofit
9 parent–teacher organization or other nonprofit organization within an elementary or
10 secondary school in the State for the sale of magazine subscriptions in a fund–raising
11 campaign, if the net proceeds are used solely for the educational benefit of the school or its
12 students, including a sale resulting from an agreement or contract with an organization to
13 participate in a fund–raising campaign for a percentage of the gross receipts under which
14 students act as agents or salespersons for the organization by selling or taking orders for
15 the sale;

16 (6) a parent–teacher organization or other organization within an
17 elementary or secondary school in the State or within a school system in the State;

18 (7) subject to subsection (e) of this section, a bona fide church, religious
19 organization, or other nonprofit organization exempt from taxation under § 501(c)(3) of the
20 Internal Revenue Code if:

21 (i) the sale is made at an auction sale; and

22 (ii) the proceeds of the sale are used to carry on the exempt purposes
23 of the church or organization; [or]

24 (8) a nonprofit organization exempt from taxation under § 501(c)(3) of the
25 Internal Revenue Code that maintains a memorial on property that is owned by the State
26 if the proceeds of the sale are used to maintain a memorial on property that is owned by
27 the State; **OR**

28 **(9) AN ELEMENTARY OR SECONDARY SCHOOL IN THE STATE OR A**
29 **NONPROFIT PARENT–TEACHER ORGANIZATION OR OTHER NONPROFIT**
30 **ORGANIZATION WITHIN AN ELEMENTARY OR SECONDARY SCHOOL IN THE STATE IF**
31 **THE SALE IS MADE AT A BOOK FAIR HELD IN–PERSON ON THE PREMISES OF THE**
32 **SCHOOL AND THE NET PROCEEDS ARE USED SOLELY FOR THE EDUCATIONAL**
33 **BENEFIT OF THE SCHOOL OR ITS STUDENTS, INCLUDING A SALE RESULTING FROM**
34 **AN AGREEMENT OR A CONTRACT WITH AN ORGANIZATION TO PARTICIPATE IN A**
35 **BOOK FAIR FOR A PERCENTAGE OF THE GROSS RECEIPTS UNDER WHICH STUDENTS,**

1 **TEACHERS, SCHOOL STAFF, OR MEMBERS OF THE**
2 **PARENT-TEACHER ORGANIZATION OR OTHER NONPROFIT ORGANIZATION WITHIN**
3 **AN ELEMENTARY OR SECONDARY SCHOOL ACT AS AGENTS OR SALESPERSONS FOR**
4 **THE THIRD-PARTY VENDOR BY MANAGING THE BOOK FAIR.**

5 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
6 1, 2026.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.