

SENATE BILL 403

Q4

6lr1167
CF HB 358

By: Senator McCray

Introduced and read first time: January 28, 2026

Assigned to: Budget and Taxation

A BILL ENTITLED

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)

22 Annotated Code of Maryland

23 (2022 Replacement Volume and 2025 Supplement)

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

26 **Article – Tax – General**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 11–204.

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

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

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

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

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

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

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

23 **(9) AN ELEMENTARY OR SECONDARY SCHOOL IN THE STATE OR A**
24 **NONPROFIT PARENT–TEACHER ORGANIZATION OR OTHER NONPROFIT**
25 **ORGANIZATION WITHIN AN ELEMENTARY OR SECONDARY SCHOOL IN THE STATE IF**
26 **THE SALE IS MADE AT A BOOK FAIR HELD IN–PERSON ON THE PREMISES OF THE**
27 **SCHOOL AND THE NET PROCEEDS ARE USED SOLELY FOR THE EDUCATIONAL**
28 **BENEFIT OF THE SCHOOL OR ITS STUDENTS, INCLUDING A SALE RESULTING FROM**
29 **AN AGREEMENT OR A CONTRACT WITH AN ORGANIZATION TO PARTICIPATE IN A**
30 **BOOK FAIR FOR A PERCENTAGE OF THE GROSS RECEIPTS UNDER WHICH STUDENTS,**
31 **TEACHERS, SCHOOL STAFF, OR MEMBERS OF THE**
32 **PARENT–TEACHER ORGANIZATION OR OTHER NONPROFIT ORGANIZATION WITHIN**
33 **AN ELEMENTARY OR SECONDARY SCHOOL ACT AS AGENTS OR SALESPERSONS FOR**
34 **THE THIRD–PARTY VENDOR BY MANAGING THE BOOK FAIR.**

35 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
36 1, 2026.