

SENATE BILL 600

Q4

6lr1659

By: Senator Hester

Introduced and read first time: February 5, 2026

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Sales and Use Tax – Definition of Retail Sale – Alterations**

3 FOR the purpose of altering the definition of “retail sale” for purposes of provisions of law
4 governing the sales and use tax to exclude certain sales of technology services under
5 certain circumstances; and generally relating to the sales and use tax.

6 BY repealing and reenacting, without amendments,

7 Article – Tax – General

8 Section 11–101(a), (h)(1), and (m)(14) and (15) and 11–102(a)

9 Annotated Code of Maryland

10 (2022 Replacement Volume and 2025 Supplement)

11 BY repealing and reenacting, with amendments,

12 Article – Tax – General

13 Section 11–101(h)(3)

14 Annotated Code of Maryland

15 (2022 Replacement Volume and 2025 Supplement)

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 11–101.

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

21 (h) (1) “Retail sale” means the sale of:

22 (i) tangible personal property;

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



- (ii) a taxable service;
- (iii) a digital code; or
- (iv) a digital product.

(3) "Retail sale" does not include:

5 (i) a transfer of title to tangible personal property after its use as
6 facilities, tools, tooling, machinery, or equipment, including dies, molds, and patterns, if:

11 (ii) a sale of tangible personal property, a digital code, or a digital
12 product if the buyer intends to:

21 (iii) a sale of a taxable service if the buyer intends to resell the taxable
22 service in the form that the buyer receives or is to receive the service; OR

23 (IV) A SALE OF A TAXABLE SERVICE DESCRIBED UNDER
24 SUBSECTION (M)(14) OR (15) OF THIS SECTION IF:

31 (m) "Taxable service" means:

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

5 11-102.

6 (a) Except as otherwise provided in this title, a tax is imposed on:

7 (1) a retail sale in the State; and

(2) a use, in the State, of tangible personal property, a digital code, a digital product, or a taxable service.

10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
11 1, 2026.