

**Letter of Information – Senate Bill 314 – Sales and Use Tax – Musical Instruments -  
Exemption**

*Budget and Tax Committee  
February 8, 2023*

This bill provides that a sale or rental of a musical instrument is exempt from the sales and use tax if that instrument is to be used by a student who is: (1) enrolled in an elementary school, a secondary school, or a postsecondary institution; or (2) registered with a local school system as receiving home instruction.

The Comptroller notes that the language of this would require a business selling or renting musical instruments to know, at the time of sale or rental, the educational status of a potential user of the instrument. In many cases, a parent or guardian may be the purchaser rather than the student.

The Comptroller anticipates it may not reliably be able to audit whether this particular exemption has been appropriately allowed by businesses selling or renting musical instruments due to a lack of information about the individual who will use the musical instrument, absent the addition of an information-gathering requirement imposed on the seller.

As always, the Comptroller's Office is willing and available to discuss these concerns or any questions you may have at your convenience. Please contact Justin Hayes, Director of State Affairs at [jhayes@marylandtaxes.gov](mailto:jhayes@marylandtaxes.gov) or 410-260-7696.

