

SENATE BILL 545

Q4
SB 457/18 – B&T

9lr1056

By: **Senator Salling**

Introduced and read first time: February 4, 2019

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Sales and Use Tax – Rate Reduction**

3 FOR the purpose of altering the maximum rate of the admissions and amusement tax that
4 a county or municipal corporation may set for gross receipts that are also subject to
5 the State sales and use tax; altering the rate of the sales and use tax; altering the
6 percentage of gross receipts from vending machine sales to which the sales and use
7 tax rate is applied; altering the rate of the sales and use tax applied to certain sales
8 of alcoholic beverages, charges made in connection with sales of alcoholic beverages,
9 and sales of dyed diesel fuel; altering the rate of the sales and use tax applied to
10 certain gratuities and service charges; and generally relating to the sales and use
11 tax.

12 BY repealing and reenacting, with amendments,
13 Article – Tax – General
14 Section 4–105(b), 11–104(a), (b), (g), (h)(2), and (i), and 11–301
15 Annotated Code of Maryland
16 (2016 Replacement Volume and 2018 Supplement)

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

19 **Article – Tax – General**

20 4–105.

21 (b) If gross receipts subject to the admissions and amusement tax are also subject
22 to the sales and use tax, a county or a municipal corporation may not set a rate so that,
23 when combined with the sales and use tax, the total tax rate will exceed [11%] **10%** of the
24 gross receipts.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 11-104.

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

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

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

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

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

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

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

13 (vi) 6 cents if the taxable price is at least 84 cents] **1 CENT FOR EACH**
14 **ADDITIONAL 20 CENTS OR PART OF 20 CENTS;** and

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

16 (i) **[6] 5 cents for each exact dollar;** and

17 (ii) **[for that part of a dollar in excess of an exact dollar:**

18 1. 1 cent if the excess over an exact dollar is at least 1 cent
19 but less than 17 cents;

20 2. 2 cents if the excess over an exact dollar is at least 17 cents
21 but less than 34 cents;

22 3. 3 cents if the excess over an exact dollar is at least 34 cents
23 but less than 51 cents;

24 4. 4 cents if the excess over an exact dollar is at least 51 cents
25 but less than 67 cents;

26 5. 5 cents if the excess over an exact dollar is at least 67 cents
27 but less than 84 cents; and

28 6. 6 cents if the excess over an exact dollar is at least 84
29 cents] **1 CENT FOR EACH 20 CENTS OR PART OF 20 CENTS IN EXCESS OF AN EXACT**

1 DOLLAR.

2 (b) If a retail sale of tangible personal property or a taxable service is made
3 through a vending or other self-service machine, the sales and use tax rate is [6%] 5%,
4 applied to [94.5%] 95.25% of the gross receipts from the vending machine sales.

5 (g) The sales and use tax rate for the sale of an alcoholic beverage, as defined in
6 § 5-101 of this article, is:

7 (1) [9%] 5% of the charge for the alcoholic beverage; and

8 (2) [6%] 5% of a charge that is made in connection with the sale of an
9 alcoholic beverage and is stated as a separate item of the consideration and made known
10 to the buyer at the time of sale for:

11 (i) any labor or service rendered;

12 (ii) any material used; or

13 (iii) any property sold.

14 (h) (2) If a retail sale of dyed diesel fuel is made by a marina, the sales and use
15 tax rate is [6%] 5%, applied to [94.5%] 95.25% of the gross receipts from the dyed diesel
16 fuel sales.

17 (i) The sales and use tax rate for a mandatory gratuity or service charge in the
18 nature of a tip for serving food or any type of beverage to a group of more than 10 individuals
19 is [6%] 5%.

20 11-301.

21 The sales and use tax is computed on:

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

23 (2) if a combined sale is made, the combined taxable price of all retail sales
24 on the same occasion by the same vendor to the same buyer; or

25 (3) if retail sales of tangible personal property or a taxable service are made
26 through vending or other self-service machines, [94.5%] 95.25% of the gross receipts from
27 the retail sales.

28 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
29 1, 2019.