

HOUSE BILL 232

Q4

3lr0969

By: **Delegates Vitale, Costa, George, Kipke, McConkey, O'Donnell, Schuh, and Wilson**

Introduced and read first time: January 23, 2013

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Sales and Use Tax – Exemption – Parent–Teacher Organization Fundraisers**

3 FOR the purpose of providing that the sales and use tax does not apply to a sale by
4 certain nonprofit parent–teacher organizations or other nonprofit organizations
5 within an elementary or secondary school in the State; and generally relating to
6 a sales and use tax exemption for certain nonprofit parent–teacher
7 organizations.

8 BY repealing and reenacting, with amendments,
9 Article – Tax – General
10 Section 11–204(b)
11 Annotated Code of Maryland
12 (2010 Replacement Volume and 2012 Supplement)

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

15 **Article – Tax – General**

16 11–204.

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

18 (1) a bona fide church or religious organization, if the sale is made for
19 the general purposes of the church or organization;

20 (2) a gift shop at a mental hospital that the Department of Health and
21 Mental Hygiene operates;

22 (3) a hospital thrift shop that:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (i) is operated by all volunteer staff;
2 (ii) sells only donated articles;
3 (iii) contributes the profits from sales to the hospital with which
4 the shop is associated; and

5 (iv) is not operated in conjunction with a gift shop or another
6 retail establishment;

7 (4) a vending facility operated under the Maryland Vending Program
8 for the Blind if:

9 (i) the facility is located on property held or acquired by or for
10 the use of the United States for any military or naval purpose; and

11 (ii) a post exchange or other tax-exempt concession is located
12 and operated on the same property;

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

21 **(6) A NONPROFIT PARENT-TEACHER ORGANIZATION OR OTHER**
22 **NONPROFIT ORGANIZATION WITHIN AN ELEMENTARY OR SECONDARY SCHOOL**
23 **IN THE STATE; or**

24 **[(6)] (7)** subject to subsection (e) of this section, a bona fide church,
25 religious organization, or other nonprofit organization exempt from taxation under §
26 501(c)(3) of the Internal Revenue Code if:

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

28 (ii) the proceeds of the sale are used to carry on the exempt
29 purposes of the church or organization.

30 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
31 July 1, 2013.