

# HOUSE BILL 795

Q8

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CF SB 724

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By: **Delegate Luedtke**

Introduced and read first time: February 3, 2022

Assigned to: Ways and Means

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Committee Report: Favorable

House action: Adopted

Read second time: March 12, 2022

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Gross Receipts Tax on Short-Term Lease or Rental of Heavy Equipment**  
3 **– Alterations**

4 FOR the purpose of exempting governments from the tax on gross receipts from the  
5 short-term lease or rental of heavy equipment property; repealing a requirement  
6 that a person with gross receipts subject to tax to report certain information to the  
7 county or municipal corporation where the heavy equipment rental business is  
8 located; and generally relating to the taxation of short-term leases and rentals of  
9 heavy equipment.

10 BY repealing and reenacting, with amendments,  
11 Article – Local Government  
12 Section 20–609  
13 Annotated Code of Maryland  
14 (2013 Volume and 2021 Supplement)

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

17 **Article – Local Government**

18 20–609.

19 (a) (1) In this section the following words have the meanings indicated.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1            [(2) “Gross receipts shortage” means the amount by which the property tax  
2 calculated under subsection (e)(2) of this section that would have been due exceeds the total  
3 gross receipts tax remitted under subsection (d) of this section.

4            (3) “Gross receipts surplus” means the amount by which the total gross  
5 receipts tax remitted under subsection (d) of this section exceeds the amount of property  
6 tax calculated under subsection (e)(2) of this section that would have been due.]

7            [(4) (2) (i) “Heavy equipment property” means construction,  
8 earthmoving, or industrial equipment that is mobile, including any attachment for the  
9 heavy equipment.

10            (ii) “Heavy equipment property” includes:

11                            1. a self-propelled vehicle that is not designed to be driven  
12 on a highway; and

13                            2. industrial electrical generation equipment, industrial lift  
14 equipment, industrial material handling equipment, or other similar industrial equipment.

15            [(5) (3) “Short-term lease or rental” means the lease or rental of heavy  
16 equipment property for a period of 365 days or less.

17            (b) (1) Except as provided in subsection (c) of this section, there is a tax at a  
18 rate of 2% on the gross receipts from the short-term lease or rental of heavy equipment  
19 property by a person whose principal business is the short-term lease or rental of heavy  
20 equipment property at retail.

21            (2) A person is in the principal business of short-term lease or rental of  
22 heavy equipment property if:

23                            (i) the largest segment of total rental receipts of the business is from  
24 the short-term lease or rental of heavy equipment property; and

25                            (ii) the business is described under Code 532412 of the North  
26 American Industry Classification System as published by the United States Census  
27 Bureau.

28            (c) The tax imposed under this section does not apply to:

29                            (1) a business located in a county or municipality that does not impose a  
30 personal property tax; **OR**

31                            (2) **A SHORT-TERM LEASE OR RENTAL OF HEAVY EQUIPMENT**  
32 **PROPERTY TO THE FEDERAL GOVERNMENT, THE STATE, A COUNTY, OR A**  
33 **MUNICIPALITY.**

1 (d) (1) A person who owns a business with gross receipts subject to the tax  
2 under this section shall collect the tax from the rental customer and remit the tax as  
3 provided in this subsection.

4 (2) The tax is payable quarterly and due by the last day of the month after  
5 the end of the quarter.

6 (3) A person who owns a business with gross receipts subject to the tax  
7 under this section shall remit the tax collected to:

8 (i) the county in which the business is located, if that location is not  
9 within a municipality; or

10 (ii) the county and municipality in which the business is located in  
11 proportion to the personal property tax rate of the county and municipality, if that location  
12 is within a municipality.

13 (4) Notwithstanding any other law and except as otherwise provided in this  
14 section, the gross receipts tax imposed under this section shall be administered and  
15 collected according to the laws applicable to the personal property tax under the  
16 Tax – Property Article.

17 (e) ~~[(1)]~~ A person who owns a business with gross receipts subject to the tax  
18 under subsection (b) of this section shall submit~~[:~~

19 ~~(i)]~~ to the Department of Assessments and Taxation a report on  
20 personal property as required under § 11–101 of the Tax – Property Article~~]; and~~

21 ~~(ii)~~ to the county or municipality where the heavy equipment rental  
22 business is located a list of all personal property, including the original cost and date of  
23 acquisition of the property, that:

24 1. is subject to the gross receipts tax under this section; and

25 2. is exempt from the property tax under § 7–243 of the Tax  
26 – Property Article].

27 ~~[(2)~~ For each person that submits a list under paragraph (1)(ii) of this  
28 subsection, a county or municipality shall calculate the amount of property tax that would  
29 have been due for all property that is exempt under § 7–243 of the Tax – Property Article.

30 (3) A county or municipality shall calculate the difference between:

31 (i) the total gross receipts tax remitted under subsection (d) of this  
32 section by the person during the previous calendar year; and

1 (ii) the amount of property tax calculated under paragraph (2) of this  
2 subsection that would have been due.

3 (4) (i) On or before February 28 of each year, a county or municipality  
4 shall provide a statement to each person who owns a business with gross receipts subject  
5 to the tax under subsection (b) of this section that includes:

6 1. the total gross receipts tax remitted under subsection (d)  
7 of this section during the previous calendar year;

8 2. the total property tax calculated under paragraph (2) of  
9 this subsection that would have been due; and

10 3. the gross receipts shortage or gross receipts surplus.

11 (ii) If the statement includes a gross receipts shortage, the county or  
12 municipality shall include with the statement a bill for the amount of the gross receipts  
13 shortage payable on or before March 31 of each year.

14 (5) The list required under paragraph (1)(ii) of this subsection shall be  
15 submitted with the second quarterly payment required under subsection (d)(2) of this  
16 section.]

17 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
18 1, 2022.

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.