

SENATE BILL 467

Q4

8lr2390
CF HB 671

By: **Senators Eckardt, Hershey, and King**

Introduced and read first time: January 26, 2018

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 31, 2018

CHAPTER _____

1 AN ACT concerning

2 ~~Sales and Use Tax – Tax Free Period for Back to School Shopping – School~~
3 ~~Supplies~~
4 Income Tax – Subtraction Modification – Classroom Supplies Purchased by
5 Teachers

6 FOR the purpose of ~~altering a certain sales and use tax exemption to include certain school~~
7 ~~supplies; defining a certain term; and generally relating to the annual sales tax free~~
8 ~~period for back to school shopping in the State.~~ allowing a subtraction modification
9 under the Maryland income tax for up to a certain amount of expenses paid or
10 incurred by certain teachers during a taxable year for certain classroom supplies;
11 defining a certain term; providing for the application of this Act; and generally
12 relating to a Maryland income tax subtraction modification for certain classroom
13 supplies.

14 ~~BY repealing and reenacting, with amendments,~~
15 ~~Article – Tax – General~~
16 ~~Section 11-228~~
17 ~~Annotated Code of Maryland~~
18 ~~(2016 Replacement Volume and 2017 Supplement)~~

19 BY repealing and reenacting, without amendments,
20 Article – Tax – General
21 Section 10-208(a)
22 Annotated Code of Maryland
23 (2016 Replacement Volume and 2017 Supplement)

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 BY adding to
 2 Article – Tax – General
 3 Section 10–208(w)
 4 Annotated Code of Maryland
 5 (2016 Replacement Volume and 2017 Supplement)

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

8 **Article – Tax – General**

9 ~~11–228.~~

10 ~~(a) (1) In this section, “accessory items” THE FOLLOWING WORDS HAVE~~
 11 ~~THE MEANINGS INDICATED.~~

12 ~~(2) “ACCESSORY ITEMS” includes jewelry, watches, watchbands,~~
 13 ~~handbags, handkerchiefs, umbrellas, scarves, ties, headbands, and belt buckles.~~

14 ~~(3) “SCHOOL SUPPLIES” MEANS PENS, PENCILS, CRAYONS, BINDERS,~~
 15 ~~FOLDERS, NOTEBOOKS, AND LOOSE-LEAF PAPER.~~

16 ~~(b) (1) Beginning in calendar year 2010, the 7-day period from the second~~
 17 ~~Sunday in August through the following Saturday shall be a tax-free period for~~
 18 ~~back-to-school shopping in Maryland during which the exemption under paragraph (2) of~~
 19 ~~this subsection shall apply.~~

20 ~~(2) During the tax-free period for back-to-school shopping established~~
 21 ~~under paragraph (1) of this subsection, the sales and use tax does not apply to:~~

22 ~~(i) the sale of any item of clothing or footwear, excluding accessory~~
 23 ~~items, if the taxable price of the item of clothing or footwear is \$100 or less; [or]~~

24 ~~(ii) the first \$40 of the taxable price of any backpack or bookbag; OR~~

25 ~~(iii) THE SALE OF ANY SCHOOL SUPPLIES.~~

26 10–208.

27 (a) In addition to the modification under § 10–207 of this subtitle, the amounts
 28 under this section are subtracted from the federal adjusted gross income of a resident to
 29 determine Maryland adjusted gross income.

30 (w) (1) IN THIS SUBSECTION, “ELIGIBLE TEACHER” MEANS AN
 31 INDIVIDUAL WHO IS A KINDERGARTEN THROUGH GRADE 12 CLASSROOM TEACHER

1 IN AN ELEMENTARY OR SECONDARY SCHOOL IN THE STATE ON A FULL-TIME BASIS
2 FOR AN ACADEMIC YEAR ENDING DURING THE TAXABLE YEAR.

3 (2) SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION, THE
4 SUBTRACTION ALLOWED UNDER SUBSECTION (A) OF THIS SECTION INCLUDES UP TO
5 \$250 OF THE UNREIMBURSED EXPENSES PAID OR INCURRED BY AN ELIGIBLE
6 TEACHER DURING A TAXABLE YEAR FOR THE PURCHASE OF CLASSROOM SUPPLIES
7 IF THE SUPPLIES ARE USED BY:

8 (I) STUDENTS IN THE CLASSROOM; OR

9 (II) THE ELIGIBLE TEACHER TO PREPARE FOR OR DURING
10 CLASSROOM TEACHING.

11 (3) THE AMOUNT ALLOWED AS A SUBTRACTION UNDER PARAGRAPH
12 (2) OF THIS SUBSECTION DOES NOT INCLUDE AN EXPENSE THAT IS SUBTRACTED
13 FROM FEDERAL ADJUSTED GROSS INCOME UNDER § 62 OF THE INTERNAL REVENUE
14 CODE.

15 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
16 1, 2018, and shall be applicable to all taxable years beginning after December 31, 2017.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.