

SENATE BILL 589

Q4, R2

2lr2083

By: **Senator Edwards**

Introduced and read first time: February 3, 2012

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Sales and Use Tax – Mass Transit**

3 FOR the purpose of increasing the sales and use tax rate by a certain amount in
4 certain counties; altering the percentage of gross receipts from vending machine
5 sales to which the sales and use tax rate applies in certain counties; creating
6 the Mass Transit Account in the Transportation Trust Fund to pay the cost of
7 light rail and subway transit facilities and transit service operated by the
8 Maryland Transit Administration in certain counties; requiring that revenue
9 from the increase in the sales and use tax rate under this Act be credited to the
10 Mass Transit Account; prohibiting the Department of Transportation from
11 budgeting more than a certain amount of certain funds in the Transportation
12 Trust Fund to pay certain transit costs; authorizing the Department to budget
13 funds in the Transportation Trust Fund to pay certain transit costs in excess of
14 a certain amount only if the excess amount is paid from the Mass Transit
15 Account; repealing certain obsolete provisions; defining a certain term; and
16 generally relating to increasing the sales and use tax rate in certain counties
17 and dedicating the revenue to mass transit in certain counties.

18 BY adding to

19 Article – Tax – General
20 Section 2–1302.2 and 11–104(a–1)
21 Annotated Code of Maryland
22 (2010 Replacement Volume and 2011 Supplement)

23 BY repealing and reenacting, with amendments,

24 Article – Tax – General
25 Section 2–1303, 11–104(b), (d), and (f)(2), and 11–301
26 Annotated Code of Maryland
27 (2010 Replacement Volume and 2011 Supplement)

28 BY repealing and reenacting, without amendments,

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Article – Tax – General
 2 Section 11–104(a)
 3 Annotated Code of Maryland
 4 (2010 Replacement Volume and 2011 Supplement)

5 BY repealing and reenacting, with amendments,
 6 Article – Transportation
 7 Section 3–216(c)(2)(i) and (d)(1)
 8 Annotated Code of Maryland
 9 (2008 Replacement Volume and 2011 Supplement)

10 BY repealing
 11 Article – Transportation
 12 Section 3–216(d)(3)
 13 Annotated Code of Maryland
 14 (2008 Replacement Volume and 2011 Supplement)

15 BY adding to
 16 Article – Transportation
 17 Section 3–216(d)(3) and 7–309
 18 Annotated Code of Maryland
 19 (2008 Replacement Volume and 2011 Supplement)

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

22 **Article – Tax – General**

23 **2–1302.2.**

24 **AFTER MAKING THE DISTRIBUTIONS REQUIRED UNDER §§ 2–1301**
 25 **THROUGH 2–1302.1 OF THIS SUBTITLE, THE COMPTROLLER SHALL PAY INTO**
 26 **THE MASS TRANSIT ACCOUNT IN THE TRANSPORTATION TRUST FUND 7.7% OF**
 27 **THE SALES AND USE TAX REVENUE COLLECTED ON SALES IN ANNE ARUNDEL**
 28 **COUNTY, BALTIMORE CITY, BALTIMORE COUNTY, MONTGOMERY COUNTY, AND**
 29 **PRINCE GEORGE’S COUNTY.**

30 2–1303.

31 After making the distributions required under §§ 2–1301 through [2–1302.1]
 32 **2–1302.2** of this subtitle, the Comptroller shall pay:

33 (1) revenues from the hotel surcharge into the Dorchester County
 34 Economic Development Fund established under § 10–130 of the Economic
 35 Development Article; and

1 (2) the remaining sales and use tax revenue into the General Fund of
2 the State.

3 11–104.

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

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

6 (i) 1 cent if the taxable price is 20 cents;

7 (ii) 2 cents if the taxable price is at least 21 cents but less than
8 34 cents;

9 (iii) 3 cents if the taxable price is at least 34 cents but less than
10 51 cents;

11 (iv) 4 cents if the taxable price is at least 51 cents but less than
12 67 cents;

13 (v) 5 cents if the taxable price is at least 67 cents but less than
14 84 cents; and

15 (vi) 6 cents if the taxable price is at least 84 cents; and

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

17 (i) 6 cents for each exact dollar; and

18 (ii) for that part of a dollar in excess of an exact dollar:

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

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

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

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

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

1 **(XIII) 13 CENTS IF THE TAXABLE PRICE IS AT LEAST \$1.84 BUT**
2 **LESS THAN \$2; AND**

3 **(2) FOR A TAXABLE PRICE OF \$2 OR MORE;**

4 **(I) 13 CENTS FOR EACH EXACT MULTIPLE OF \$2; AND**

5 **(II) FOR EACH PART OF \$2 IN EXCESS OF AN EXACT**
6 **MULTIPLE OF \$2:**

7 **1. 1 CENT IF THE EXCESS OVER AN EXACT MULTIPLE**
8 **OF \$2 IS AT LEAST 1 CENT BUT LESS THAN 16 CENTS;**

9 **2. 2 CENTS IF THE EXCESS OVER AN EXACT**
10 **MULTIPLE OF \$2 IS AT LEAST 16 CENTS BUT LESS THAN 31 CENTS;**

11 **3. 3 CENTS IF THE EXCESS OVER AN EXACT**
12 **MULTIPLE OF \$2 IS AT LEAST 31 CENTS BUT LESS THAN 46 CENTS;**

13 **4. 4 CENTS IF THE EXCESS OVER AN EXACT**
14 **MULTIPLE OF \$2 IS AT LEAST 46 CENTS BUT LESS THAN 61 CENTS;**

15 **5. 5 CENTS IF THE EXCESS OVER AN EXACT**
16 **MULTIPLE OF \$2 IS AT LEAST 61 CENTS BUT LESS THAN 77 CENTS;**

17 **6. 6 CENTS IF THE EXCESS OVER AN EXACT**
18 **MULTIPLE OF \$2 IS AT LEAST 77 CENTS BUT LESS THAN 92 CENTS;**

19 **7. 7 CENTS IF THE EXCESS OVER AN EXACT**
20 **MULTIPLE OF \$2 IS AT LEAST 92 CENTS BUT LESS THAN \$1.07;**

21 **8. 8 CENTS IF THE EXCESS OVER AN EXACT**
22 **MULTIPLE OF \$2 IS AT LEAST \$1.07 BUT LESS THAN \$1.22;**

23 **9. 9 CENTS IF THE EXCESS OVER AN EXACT**
24 **MULTIPLE OF \$2 IS AT LEAST \$1.22 BUT LESS THAN \$1.38;**

25 **10. 10 CENTS IF THE EXCESS OVER AN EXACT**
26 **MULTIPLE OF \$2 IS AT LEAST \$1.38 BUT LESS THAN \$1.53;**

27 **11. 11 CENTS IF THE EXCESS OVER AN EXACT**
28 **MULTIPLE OF \$2 IS AT LEAST \$1.53 BUT LESS THAN \$1.68;**

1 **12. 12 CENTS IF THE EXCESS OVER AN EXACT**
 2 **MULTIPLE OF \$2 IS AT LEAST \$1.68 BUT LESS THAN \$1.84; AND**

3 **13. 13 CENTS IF THE EXCESS OVER AN EXACT**
 4 **MULTIPLE OF \$2 IS AT LEAST \$1.84 BUT LESS THAN \$2.**

5 (b) (1) **[If] EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS**
 6 **SUBSECTION, IF** a retail sale of tangible personal property or a taxable service is
 7 made through a vending or other self-service machine, the sales and use tax rate is
 8 6%, applied to 94.5% of the gross receipts from the vending machine sales.

9 **(2) IF A RETAIL SALE OF TANGIBLE PERSONAL PROPERTY OR A**
 10 **TAXABLE SERVICE IS MADE THROUGH A VENDING OR OTHER SELF-SERVICE**
 11 **MACHINE IN ANNE ARUNDEL COUNTY, BALTIMORE CITY, BALTIMORE COUNTY,**
 12 **MONTGOMERY COUNTY, OR PRINCE GEORGE'S COUNTY, THE SALES AND USE**
 13 **TAX RATE IS 6.5%, APPLIED TO 93.9% OF THE GROSS RECEIPTS FROM THE**
 14 **VENDING MACHINE SALES.**

15 (d) The sales and use tax rate for the first retail sale of a manufactured
 16 home, as defined in § 12-301(g) of the Public Safety Article, is the rate imposed under
 17 subsection (a) **OR (A-1)** of this section applied to 60% of the taxable price.

18 (f) (2) The sales and use tax rate for the sale of a modular building is the
 19 rate imposed under subsection (a) **OR (A-1)** of this section applied to 60% of the
 20 taxable price.

21 11-301.

22 **(A) [The] EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION,**
 23 **THE** sales and use tax is computed on:

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

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

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

30 **(B) IF A RETAIL SALE OF TANGIBLE PERSONAL PROPERTY OR A**
 31 **TAXABLE SERVICE IS MADE THROUGH A VENDING OR OTHER SELF-SERVICE**
 32 **MACHINE IN ANNE ARUNDEL COUNTY, BALTIMORE CITY, BALTIMORE COUNTY,**
 33 **MONTGOMERY COUNTY, OR PRINCE GEORGE'S COUNTY, THE SALES AND USE**

1 TAX RATE IS 6.5%, APPLIED TO 93.9% OF THE GROSS RECEIPTS FROM THE
2 VENDING MACHINE SALES.

3 **Article – Transportation**

4 3–216.

5 (c) (2) (i) The Gasoline and Motor Vehicle Revenue Account, the
6 Driver Education Account, **THE MASS TRANSIT ACCOUNT**, and the Motorcycle
7 Safety Program Account shall be maintained in the Transportation Trust Fund.

8 (d) (1) **[After] SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION,**
9 **AFTER** meeting its debt service requirements, the Department may use the funds in
10 the Transportation Trust Fund for any lawful purpose related to the exercise of its
11 rights, powers, duties, and obligations.

12 [(3) (i) During the period of fiscal years 1988 through 1992 as
13 included in the annual State Report on Transportation, the Department shall utilize
14 all of its share of the revenues attributable to the 5 cent increase of the motor fuel tax
15 under the provisions of Chapter 291 of the Acts of 1987 and credited to the
16 Transportation Trust Fund under § 2–1104 of the Tax – General Article and the
17 proceeds of any increased indebtedness based on that revenue and credited to the
18 Transportation Trust Fund to fund Department projects for the construction,
19 reconstruction, and rehabilitation of the State highway system.

20 (ii) During the period of fiscal year 1988 through fiscal year
21 1992 the total level of State funds appropriated to the State Highway Administration
22 for construction, reconstruction and rehabilitation of the State highway system,
23 including the revenues referred to in subparagraph (i) above, shall be at least 70
24 percent of the total appropriation of State funds in the consolidated transportation
25 capital program.

26 (iii) The Secretary of the Department shall submit, subject to §
27 2–1246 of the State Government Article, to the Legislative Policy Committee and the
28 Department of Legislative Services a report:

29 1. Prior to the beginning of each session through the
30 1991 session, detailing the intended use of the new revenues; and

31 2. Prior to the beginning of each session beginning with
32 the 1989 session and through the 1993 session, detailing the actual use of the new
33 revenues in the prior fiscal year.]

34 **(3) (I) IN THIS PARAGRAPH, “TRANSIT COSTS” MEANS THE**
35 **COST OF LIGHT RAIL AND METRO SUBWAY TRANSIT FACILITIES AND TRANSIT**
36 **SERVICE OPERATED BY THE MARYLAND TRANSIT ADMINISTRATION IN ANNE**

1 ARUNDEL COUNTY, BALTIMORE CITY, BALTIMORE COUNTY, MONTGOMERY
2 COUNTY, AND PRINCE GEORGE'S COUNTY.

3 (II) FOR EACH FISCAL YEAR:

4 1. OF THE FUNDS IN THE TRANSPORTATION TRUST
5 FUND THAT ARE NOT CREDITED TO THE MASS TRANSIT ACCOUNT, THE
6 DEPARTMENT MAY NOT BUDGET AN AMOUNT TO PAY TRANSIT COSTS IN EXCESS
7 OF THE AMOUNT BUDGETED FOR THAT PURPOSE IN FISCAL YEAR 2012; AND

8 2. THE DEPARTMENT MAY BUDGET FUNDS IN THE
9 TRANSPORTATION TRUST FUND TO PAY TRANSIT COSTS IN EXCESS OF THE
10 AMOUNT BUDGETED FOR THAT PURPOSE IN FISCAL YEAR 2012 ONLY IF THE
11 EXCESS AMOUNT IS PAID FROM THE MASS TRANSIT ACCOUNT.

12 7-309.

13 (A) THERE IS A MASS TRANSIT ACCOUNT IN THE TRANSPORTATION
14 TRUST FUND.

15 (B) THERE SHALL BE CREDITED TO THE MASS TRANSIT ACCOUNT THE
16 PORTION OF SALES AND USE TAX REVENUE AS PROVIDED IN § 2-1302.2 OF THE
17 TAX - GENERAL ARTICLE.

18 (C) FUNDS IN THE MASS TRANSIT ACCOUNT SHALL BE USED TO PAY
19 THE COST OF LIGHT RAIL AND METRO SUBWAY TRANSIT FACILITIES AND
20 TRANSIT SERVICE OPERATED BY THE ADMINISTRATION IN ANNE ARUNDEL
21 COUNTY, BALTIMORE CITY, BALTIMORE COUNTY, MONTGOMERY COUNTY, AND
22 PRINCE GEORGE'S COUNTY.

23 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
24 July 1, 2012.