

SENATE BILL 789

Q4

5lr2862

By: **Senator Muse**

Introduced and read first time: February 19, 2015

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Sales and Use Tax – Exemption – Nonprofit Organizations Authorized to**
3 **Perform Auxiliary Library Services**

4 FOR the purpose of providing an exemption under the sales and use tax for certain
5 nonprofit organizations authorized to perform certain services for certain libraries;
6 and generally relating to an exemption under the sales and use tax for certain
7 nonprofit organizations authorized to perform certain services for certain libraries.

8 BY repealing and reenacting, with amendments,
9 Article – Tax – General
10 Section 11–204(a) and (b)
11 Annotated Code of Maryland
12 (2010 Replacement Volume and 2014 Supplement)

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

15 **Article – Tax – General**

16 11–204.

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

18 (1) a sale to a cemetery company, as described in § 501(c)(13) of the Internal
19 Revenue Code in effect on July 1, 1987;

20 (2) a sale to a credit union organized under the laws of the State or of the
21 United States;

22 (3) a sale to a nonprofit organization made to carry on its work, if the
23 organization:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



- 1 (i) 1. is located in the State;
- 2 2. is located in an adjacent jurisdiction and provides its
3 services within the State on a routine and regular basis; or
- 4 3. is located in an adjacent jurisdiction whose law:
- 5 A. does not impose a sales or use tax on a sale to a nonprofit
6 organization made to carry on its work; or
- 7 B. contains a reciprocal exemption from sales and use tax for
8 sales to nonprofit organizations located in adjacent jurisdictions similar to the exemption
9 allowed under this subsection;
- 10 (ii) is a charitable, educational, or religious organization;
- 11 (iii) is not the United States; and
- 12 (iv) except for the American National Red Cross, is not a unit or
13 instrumentality of the United States;
- 14 (4) a sale, not exceeding \$500, to a nonprofit incorporated senior citizens'
15 organization made to carry on its work, if the organization:
- 16 (i) is located in the State; and
- 17 (ii) receives funding from the State or a political subdivision of the
18 State;
- 19 (5) a sale to a volunteer fire company or department or volunteer
20 ambulance company or rescue squad located in the State made to carry on the work of the
21 company, department, or squad;
- 22 (6) a sale of tangible personal property to a nonprofit parent-teacher
23 association located in the State if the association makes the purchase to contribute the
24 property to a school to which a sale is exempt under item (3) of this subsection or § 11-220
25 of this subtitle;
- 26 (7) a sale to a nonprofit organization made to carry on its work, if the
27 organization:
- 28 (i) is qualified as tax exempt under § 501(c)(4) of the Internal
29 Revenue Code; and

1 (ii) is engaged primarily in providing a program to render its best
2 efforts to contain, clean up, and otherwise mitigate spills of oil or other substances occurring
3 in United States coastal and tidal waters; [or]

4 (8) a sale to a bona fide nationally organized and recognized organization
5 of veterans of the armed forces of the United States or an auxiliary of the organization or
6 one of its units, if the organization is qualified as tax exempt under § 501(c)(4) or §
7 501(c)(19) of the Internal Revenue Code; **OR**

8 **(9) A SALE TO A NONPROFIT ORGANIZATION THAT IS AUTHORIZED BY**
9 **THE GOVERNING AUTHORITY OF A PUBLIC LIBRARY DISTRICT, MUNICIPAL LIBRARY,**
10 **OR COUNTY LIBRARY IN THE STATE TO PERFORM AUXILIARY SERVICES FOR THAT**
11 **LIBRARY.**

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

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

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

17 (3) a hospital thrift shop that:

18 (i) is operated by all volunteer staff;

19 (ii) sells only donated articles;

20 (iii) contributes the profits from sales to the hospital with which the
21 shop is associated; and

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

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

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

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

30 (5) an elementary or secondary school in the State or a nonprofit
31 parent-teacher organization or other nonprofit organization within an elementary or
32 secondary school in the State for the sale of magazine subscriptions in a fund-raising

1 campaign, if the net proceeds are used solely for the educational benefit of the school or its
2 students, including a sale resulting from an agreement or contract with an organization to
3 participate in a fund-raising campaign for a percentage of the gross receipts under which
4 students act as agents or salespersons for the organization by selling or taking orders for
5 the sale;

6 (6) a parent-teacher organization or other organization within an
7 elementary or secondary school in the State or within a school system in the State; [or]

8 (7) subject to subsection (e) of this section, a bona fide church, religious
9 organization, or other nonprofit organization exempt from taxation under § 501(c)(3) of the
10 Internal Revenue Code if:

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

12 (ii) the proceeds of the sale are used to carry on the exempt purposes
13 of the church or organization; OR

14 **(8) A NONPROFIT ORGANIZATION THAT IS AUTHORIZED BY THE**
15 **GOVERNING AUTHORITY OF A PUBLIC LIBRARY DISTRICT, MUNICIPAL LIBRARY, OR**
16 **COUNTY LIBRARY IN THE STATE TO PERFORM AUXILIARY SERVICES FOR THAT**
17 **LIBRARY.**

18 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
19 1, 2015.