

SENATE BILL 567

Q4

0lr1185
CF HB 730

By: **Senator Washington**

Introduced and read first time: January 31, 2020

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Sales and Use Tax – Exemption – Out-of-State Nonprofit Organizations**

3 FOR the purpose of providing an exemption from the sales and use tax for sales to
4 out-of-state nonprofit organizations made in connection with and for use solely at
5 certain conferences or conventions under certain circumstances; requiring an
6 organization to file a certain application in order to qualify for the exemption; and
7 generally relating to the sales and use tax for certain sales to out-of-state nonprofit
8 organizations.

9 BY repealing and reenacting, with amendments,
10 Article – Tax – General
11 Section 11–204(a) and (c)
12 Annotated Code of Maryland
13 (2016 Replacement Volume and 2019 Supplement)

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

16 **Article – Tax – General**

17 11–204.

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

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

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

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 organization:

2 (i) 1. is located in the State;

3 2. is located in an adjacent jurisdiction and provides its
4 services within the State on a routine and regular basis; or

5 3. is located in an adjacent jurisdiction whose law:

6 A. does not impose a sales or use tax on a sale to a nonprofit
7 organization made to carry on its work; or

8 B. contains a reciprocal exemption from sales and use tax for
9 sales to nonprofit organizations located in adjacent jurisdictions similar to the exemption
10 allowed under this subsection;

11 (ii) is a charitable, educational, or religious organization;

12 (iii) is not the United States; and

13 (iv) except for the American National Red Cross, is not a unit or
14 instrumentality of the United States;

15 (4) a sale, not exceeding \$500, to a nonprofit incorporated senior citizens'
16 organization made to carry on its work, if the organization:

17 (i) is located in the State; and

18 (ii) receives funding from the State or a political subdivision of the
19 State;

20 (5) a sale to a volunteer fire company or department or volunteer
21 ambulance company or rescue squad located in the State made to carry on the work of the
22 company, department, or squad;

23 (6) a sale of tangible personal property to a nonprofit parent-teacher
24 association located in the State if the association makes the purchase to contribute the
25 property to a school to which a sale is exempt under item (3) of this subsection or § 11-220
26 of this subtitle;

27 (7) a sale to a nonprofit organization made to carry on its work, if the
28 organization:

29 (i) is qualified as tax exempt under § 501(c)(4) of the Internal
30 Revenue Code; and

31 (ii) is engaged primarily in providing a program to render its best

1 efforts to contain, clean up, and otherwise mitigate spills of oil or other substances occurring
2 in United States coastal and tidal waters; [or]

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

7 (9) A SALE TO A NONPROFIT ORGANIZATION THAT IS LOCATED
8 OUTSIDE THE STATE, IF THE SALE IS MADE IN CONNECTION WITH AND FOR USE
9 SOLELY AT A CONFERENCE OR CONVENTION THAT IS:

10 (I) HELD IN THE STATE BY THE NONPROFIT ORGANIZATION;

11 (II) RELATED TO THE MISSION OR WORK OF THE NONPROFIT
12 ORGANIZATION; AND

13 (III) ATTENDED BY AT LEAST 25 INDIVIDUALS.

14 (c) To qualify as an organization to which a sale is exempt under subsection (a)(3)
15 [or], (5), OR (9) of this section, the organization shall file an application for an exemption
16 certificate with the Comptroller.

17 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
18 1, 2020.