

HOUSE BILL 1405

Q4

EMERGENCY BILL

2lr2985

By: **Delegate Long**

Introduced and read first time: February 17, 2022

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Sales and Use Tax – Alteration of Rate Due to Inflation**

3 FOR the purpose of altering a certain sales and use tax rate in effect for a certain period of
4 time if a certain inflation rate exceeds a certain amount; and generally relating to
5 the sales and use tax rate.

6 BY repealing and reenacting, without amendments,
7 Article – Tax – General
8 Section 11–104(a)
9 Annotated Code of Maryland
10 (2016 Replacement Volume and 2021 Supplement)

11 BY adding to
12 Article – Tax – General
13 Section 11–104(k)
14 Annotated Code of Maryland
15 (2016 Replacement Volume and 2021 Supplement)

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

18 **Article – Tax – General**

19 11–104.

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

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

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



- 1 (ii) 2 cents if the taxable price is at least 21 cents but less than 34
 2 cents;
- 3 (iii) 3 cents if the taxable price is at least 34 cents but less than 51
 4 cents;
- 5 (iv) 4 cents if the taxable price is at least 51 cents but less than 67
 6 cents;
- 7 (v) 5 cents if the taxable price is at least 67 cents but less than 84
 8 cents; and
- 9 (vi) 6 cents if the taxable price is at least 84 cents; and
- 10 (2) for a taxable price of \$1 or more:
- 11 (i) 6 cents for each exact dollar; and
- 12 (ii) for that part of a dollar in excess of an exact dollar:
- 13 1. 1 cent if the excess over an exact dollar is at least 1 cent
 14 but less than 17 cents;
- 15 2. 2 cents if the excess over an exact dollar is at least 17 cents
 16 but less than 34 cents;
- 17 3. 3 cents if the excess over an exact dollar is at least 34 cents
 18 but less than 51 cents;
- 19 4. 4 cents if the excess over an exact dollar is at least 51 cents
 20 but less than 67 cents;
- 21 5. 5 cents if the excess over an exact dollar is at least 67 cents
 22 but less than 84 cents; and
- 23 6. 6 cents if the excess over an exact dollar is at least 84
 24 cents.

25 **(K) (1) IN THIS SUBSECTION, “CONSUMER PRICE INDEX FOR ALL URBAN**
 26 **CONSUMERS” MEANS THE INDEX PUBLISHED MONTHLY BY THE BUREAU OF LABOR**
 27 **STATISTICS OF THE U.S. DEPARTMENT OF LABOR THAT IS THE UNITED STATES**
 28 **CITY AVERAGE OF ALL ITEMS IN A BASKET OF CONSUMER GOODS AND SERVICES.**

29 **(2) THE SALES AND USE TAX RATE SPECIFIED IN SUBSECTION (A) OF**
 30 **THIS SECTION SHALL BE ADJUSTED IN ACCORDANCE WITH THIS SUBSECTION.**

1 **(3) ON OR BEFORE JUNE 1 EACH YEAR, THE COMPTROLLER SHALL**
2 **DETERMINE THE INFLATION RATE BASED ON THE CONSUMER PRICE INDEX FOR**
3 **ALL URBAN CONSUMERS FOR THE 12 MONTHS ENDING ON THE PRECEDING APRIL**
4 **30.**

5 **(4) IF THE INFLATION RATE DETERMINED BY THE COMPTROLLER**
6 **FOR THE 12 MONTHS ENDING ON THE PRECEDING APRIL 30 IS AT LEAST 6%, THE**
7 **SALES AND USE TAX RATE FOR THE 12-MONTH PERIOD BEGINNING ON JULY 1 SHALL**
8 **EQUAL:**

9 **(I) FOR A TAXABLE PRICE OF LESS THAN \$1:**

10 1. **1 CENT IF THE TAXABLE PRICE IS 20 CENTS;**

11 2. **2 CENTS IF THE TAXABLE PRICE IS AT LEAST 21 CENTS**
12 **BUT LESS THAN 40 CENTS;**

13 3. **3 CENTS IF THE TAXABLE PRICE IS AT LEAST 40 CENTS**
14 **BUT LESS THAN 60 CENTS;**

15 4. **4 CENTS IF THE TAXABLE PRICE IS AT LEAST 60 CENTS**
16 **BUT LESS THAN 80 CENTS; AND**

17 5. **5 CENTS IF THE TAXABLE PRICE IS AT LEAST 80**
18 **CENTS; AND**

19 **(II) FOR A TAXABLE PRICE OF \$1 OR MORE:**

20 1. **5 CENTS FOR EACH EXACT DOLLAR; AND**

21 2. **FOR THAT PART OF A DOLLAR IN EXCESS OF AN EXACT**
22 **DOLLAR:**

23 A. **1 CENT IF THE EXCESS OVER AN EXACT DOLLAR IS AT**
24 **LEAST 1 CENT BUT LESS THAN 20 CENTS;**

25 B. **2 CENTS IF THE EXCESS OVER AN EXACT DOLLAR IS AT**
26 **LEAST 21 CENTS BUT LESS THAN 40 CENTS;**

27 C. **3 CENTS IF THE EXCESS OVER AN EXACT DOLLAR IS AT**
28 **LEAST 40 CENTS BUT LESS THAN 60 CENTS;**

1 **D. 4 CENTS IF THE EXCESS OVER AN EXACT DOLLAR IS AT**
2 **LEAST 60 CENTS BUT LESS THAN 80 CENTS; AND**

3 **E. 5 CENTS IF THE EXCESS OVER AN EXACT DOLLAR IS AT**
4 **LEAST 80 CENTS.**

5 **(5) IF THE INFLATION RATE DETERMINED UNDER PARAGRAPH (3) OF**
6 **THIS SUBSECTION IS LESS THAN 6%, THE SALES AND USE TAX RATE IS THE RATE**
7 **SPECIFIED IN SUBSECTION (A) OF THIS SECTION.**

8 **(6) ON OR BEFORE JUNE 1 EACH YEAR, THE COMPTROLLER SHALL**
9 **ANNOUNCE:**

10 **(I) THE INFLATION RATE DETERMINED UNDER PARAGRAPH (3)**
11 **OF THIS SUBSECTION; AND**

12 **(II) THE SALES AND USE TAX RATE TO BE IN EFFECT FOR THE 12**
13 **MONTH PERIOD BEGINNING JULY 1 THAT YEAR.**

14 SECTION 2. AND BE IT FURTHER ENACTED, That this Act is an emergency
15 measure, is necessary for the immediate preservation of the public health or safety, has
16 been passed by a ye and nay vote supported by three-fifths of all the members elected to
17 each of the two Houses of the General Assembly, and shall take effect from the date it is
18 enacted.