

HOUSE BILL 868

Q4

4lr2796

By: **Delegates Ebersole, Allen, Forbes, and Ruth**

Introduced and read first time: February 2, 2024

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Sales and Use Tax – Taxable Price – Exemption for Trade-in Value of Portable**
3 **Electronics**

4 FOR the purpose of altering, for purposes of provisions of law concerning the sales and use
5 tax, the definition of “taxable price” to exclude the value of credit provided for a
6 trade-in of certain portable electronics accepted in partial payment under certain
7 circumstances; and generally relating to the sales and use tax.

8 BY repealing and reenacting, without amendments,

9 Article – Insurance

10 Section 10–701(a) and (e)

11 Annotated Code of Maryland

12 (2017 Replacement Volume and 2023 Supplement)

13 BY repealing and reenacting, without amendments,

14 Article – Tax – General

15 Section 11–101(a) and (l)(1)

16 Annotated Code of Maryland

17 (2022 Replacement Volume and 2023 Supplement)

18 BY repealing and reenacting, with amendments,

19 Article – Tax – General

20 Section 11–101(l)(3)(ii) and (iii)

21 Annotated Code of Maryland

22 (2022 Replacement Volume and 2023 Supplement)

23 BY adding to

24 Article – Tax – General

25 Section 11–101(l)(3)(iv)

26 Annotated Code of Maryland

27 (2022 Replacement Volume and 2023 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

3 **Article – Insurance**

4 10–701.

5 (a) In this subtitle the following words have the meanings indicated.

6 (e) (1) “Portable electronics” means:

7 (i) an electronic device, including its accessories, that:

8 1. is easily or conveniently transported by hand by an
9 individual; and

10 2. is used for communication, viewing, listening, recording,
11 gaming, computing, or global positioning; and

12 (ii) any other electronic device that is portable in nature that the
13 Commissioner approves.

14 (2) “Portable electronics” includes:

15 (i) cellular or satellite phones;

16 (ii) pagers;

17 (iii) personal global positioning satellite units;

18 (iv) portable computers;

19 (v) portable audio listening, video viewing, or recording devices;

20 (vi) digital cameras;

21 (vii) video camcorders;

22 (viii) portable gaming systems;

23 (ix) docking stations; and

24 (x) automatic answering devices.

25 (3) “Portable electronics” does not include telecommunications switching
26 equipment, transmission wires, cell site transceiver equipment, or other equipment and

1 systems used by telecommunications companies to provide telecommunications service to
2 consumers.

3 **Article – Tax – General**

4 11–101.

5 (a) In this title the following words have the meanings indicated.

6 (l) (1) “Taxable price” means the value, in money, of the consideration of any
7 kind that is paid, delivered, payable, or deliverable by a buyer to a vendor in the
8 consummation and complete performance of a sale without deduction for any expense or
9 cost, including the cost of:

- 10 (i) any labor or service rendered;
- 11 (ii) any material used; or
- 12 (iii) any property, digital code, or digital product sold.

13 (3) “Taxable price” does not include:

14 (ii) the value of a used component or part (core value) received from
15 a purchaser of the following remanufactured truck parts:

- 16 1. an air brake system;
- 17 2. an engine;
- 18 3. a rear axle carrier; or
- 19 4. a transmission; [or]

20 (iii) a charge for a nontaxable service that is made in connection with
21 a sale of a taxable communication service, even if the nontaxable charges are aggregated
22 with and not separately stated from the taxable charges for communications services, if the
23 vendor can reasonably identify charges not subject to tax from its books and records that
24 are kept in the regular course of business; **OR**

25 **(IV) THE VALUE OF CREDIT PROVIDED FOR A TRADE-IN OF**
26 **PORTABLE ELECTRONICS, AS DEFINED IN § 10–701 OF THE INSURANCE ARTICLE,**
27 **THAT IS ACCEPTED IN PARTIAL PAYMENT TOWARD THE PURCHASE OF NEW OR USED**
28 **PORTABLE ELECTRONICS, IF THE VALUE OF THE CREDIT IS SEPARATELY STATED ON**
29 **THE INVOICE, BILL OF SALE, OR SIMILAR DOCUMENT PROVIDED TO THE**
30 **PURCHASER.**

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
2 1, 2024.