

Bulletin



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08-1

2008 Changes in the Sales and Use Tax Law

The 2008 Maryland General Assembly enacted the following changes in the Sales and Use Tax Law, which are effective July 1, 2008.

HB 377 – Solar and Geothermal Tax Incentive and Grant Program: This Act adds a new §11-230 to the Tax-General Article, pursuant to which the sales and use tax does not apply to a sale of geothermal equipment or solar energy equipment. Geothermal equipment means equipment that uses ground loop technology to heat and cool a structure. Solar energy equipment means equipment that uses solar energy to heat or cool a structure, generate electricity to be used in a structure, or provide hot water for use in a structure. Solar energy equipment does not include equipment that is part of a nonsolar energy system or that uses any type of recreational facility or equipment as a storage medium.

HB 985 and SB 456 – Energy Star Product Exemptions – Boilers: This Act expands the definition of Energy Star Product to include boilers for the purpose of excluding sales of boilers from the sales and use tax during a specified tax-free period. During the 2007 Special Session, Chapter 6 (House Bill 5) repealed and reenacted § 11-226 of the Tax-General Article. New § 11-226 provides for a tax-free weekend beginning in calendar year 2011. During this weekend, to be held in February of each year, the sales and use tax does not apply to Energy Star products.

SB 46 – Budget Financing Act: This Act repeals the sales and use tax on computer services imposed by Chapter 3, Acts of the 2007 Special Session, by removing computer services from the list of taxable services in §11-101(m) of the Tax-General Article. It also restores the previous sales and use tax exemptions that were removed by Chapter 3 for sales of custom computer software services and optional computer software maintenance contracts.

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