

Sales and Use Tax Facts 2024 - 2025

This publication addresses the bills affecting sales and use tax enacted during the 2024 legislative session, and certain prior session legislation with a 2024 effective date.

I. Electronic Smoking Devices

Senate Bill 362, effective July 1, 2024, provides that the sales and use tax rate for electronic smoking devices (“ESDs”) is increased from 12% to 20% of the taxable price. ESDs continue to include vaping liquid sold in containers that contain over 5 milliliters of vaping liquid. The Comptroller is required to distribute revenue attributable to a tax rate of 8% to the Blueprint for Maryland’s Future Fund. New lines have been added to Forms 202 and 202F to report taxable sales of ESDs and the sales and use tax collected.

II. Sales of Electricity for Electric Vehicle Charging

Senate Bill 362, effective July 1, 2024, requires the Comptroller to distribute to the Transportation Trust Fund the sales and use tax revenue attributable to the sale of electricity at an electric vehicle (EV) charging station or used to charge an EV and that is not sold under a residential or domestic rate schedule. New lines have been added to Forms 202 and 202F to report taxable sales of electricity sold for EV charging and the sales and use tax collected.

III. Sales of Aircraft Parts and Equipment

Tax-General Article § 11-237 of the Annotated Code of Maryland provides a sales and use tax exemption for sales of materials, parts, or equipment used to repair, maintain, or upgrade aircraft or the avionics systems of aircraft if the materials, parts, or equipment are installed on an aircraft that has a maximum gross takeoff weight of 12,500 pounds, or has a maximum gross takeoff weight of 12,500 pounds or more and is primarily used in interstate or foreign commerce. Senate Bill 574 and House Bill 557 extend the sunset date of this exemption to June 30, 2030. The legislation also repeals the requirement that the Comptroller make an annual report of the amount of sales and use tax revenue lost under this exemption and any changes to the number of aviation technicians employed in the State as a result of the exemption.

IV. Sales of Racehorses Following a Claiming Race

House Bill 1524, effective June 1, 2024, requires the Comptroller to distribute the sales and use tax revenue attributable to the purchase of a racehorse following a claiming race to the Racing and Community Development Facilities Fund. A new line has been added to Form 202 to separately report taxable sales of racehorses following claiming races and the sales and use tax collected.

V. Cannabis Seeds, Seedlings, Immature Plants, and Clones

House Bill 253, an emergency bill effective April 25, 2024, updates the definition of cannabis to include seeds, seedlings, immature plants, and clones. Any retail sale of these items is subject to the cannabis sales and use tax rate of 9%.

Additionally, the Comptroller has created a new Form 202DLV to be used by micro dispensary licensees operating a delivery service to report their taxable sales of cannabis and cannabis products and the sales and use tax collected.

VI. Home Amenity Rentals

Senate Bill 691 of the Acts of 2023, effective July 1, 2024, applies the sales and use tax to home amenity rentals. These rentals include the temporary use of residential property, excluding bedrooms, for not more than 15 consecutive hours. Common home amenities available for rental include, but are not limited to, residential swimming pools, saunas, and barbecue areas. The bill also allows counties and municipalities to impose local taxes on home amenity rentals. For more information on the application of the sales and use tax to home amenity rentals, see [Technical Bulletin No. 46](#).

VII. Electronic Filing Required

Senate Bill 677 and House Bill 455 establish a requirement to file certain tax and fee returns electronically for periods beginning after December 31, 2026. This requirement applies to the sales and use tax, tire recycling fee, Bay restoration fee, admissions and amusement tax, digital advertising gross revenues tax, motor fuel tax, tobacco tax, corporate income tax, employer withholding tax, and pass-through entity income tax. Persons with a disability, as defined in the Americans with Disabilities Act, persons with religious beliefs that prohibit the person's use of electronic filing technology, and persons determined by the Comptroller to have a special need to file a paper return, schedule, or report are exempt from the requirement to file the specified returns, schedules, and reports electronically. The bill also prohibits return preparers and software companies from charging a separate fee for electronic filing.

VIII. Interest Rate

The annual interest rate for calendar year 2024 is 10.0075%. The Comptroller will publish the 2025 interest rate at marylandtaxes.gov later this year.

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