## **HOUSE BILL 791**

Q42lr2697 **CF SB 723** By: Delegate Luedtke Introduced and read first time: February 3, 2022 Assigned to: Ways and Means Committee Report: Favorable House action: Adopted Read second time: March 2, 2022 CHAPTER AN ACT concerning Sales and Use Tax – Digital Product – Definition FOR the purpose of altering the definition of "digital product" for purposes of the application of the sales and use tax to exclude certain products where the purchaser has a certain property interest and certain types of computer software; and generally relating to the sales and use tax. BY repealing and reenacting, without amendments, Article – Tax – General Section 11–101(a) and 11–102(a) Annotated Code of Maryland (2016 Replacement Volume and 2021 Supplement) BY repealing and reenacting, with amendments, Article – Tax – General Section 11–101(c–4) Annotated Code of Maryland (2016 Replacement Volume and 2021 Supplement) SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows: Article - Tax - General

## EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

<u>Underlining</u> indicates amendments to bill.

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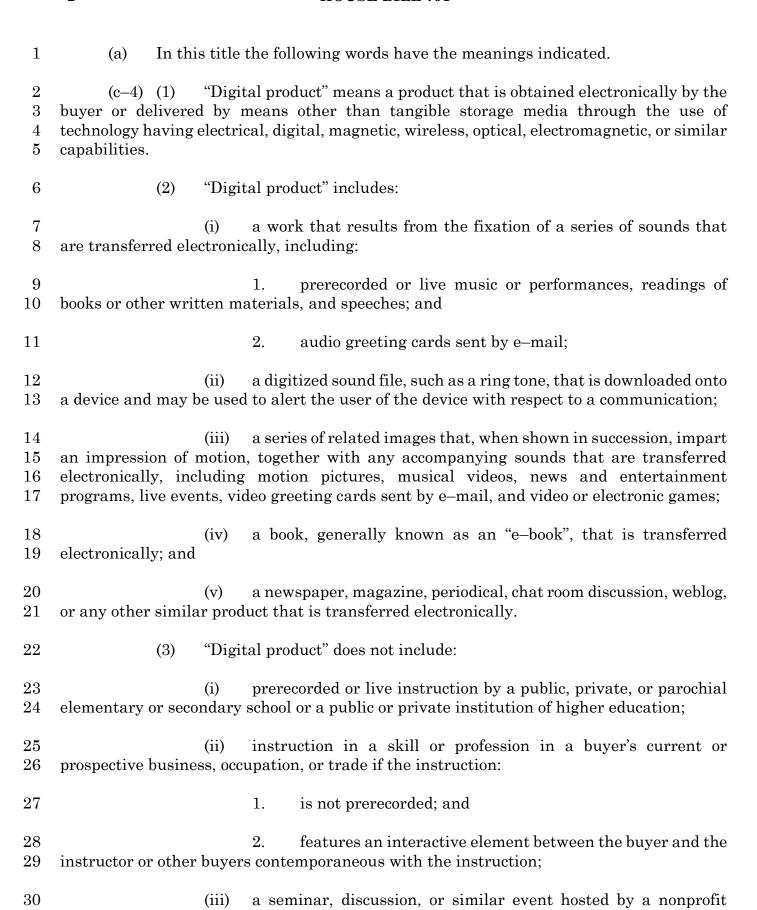
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11-101.

Strike out indicates matter stricken from the bill by amendment or deleted from the law by amendment.



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organization or business association, if the seminar, discussion, or event:

1	1. is not prerecorded; and
2 3	2. features an interactive element between the buyer and host or other buyers contemporaneous with the seminar, discussion, or event; [or]
4 5 6	(iv) a professional service obtained electronically or delivered through the use of technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities;
7 8 9 10 11	(V) A PRODUCT HAVING ELECTRICAL, DIGITAL, MAGNETIC, WIRELESS, OPTICAL, ELECTROMAGNETIC, OR SIMILAR CAPABILITIES WHERE THE PURCHASER HOLDS A COPYRIGHT OR OTHER INTELLECTUAL PROPERTY INTEREST IN THE PRODUCT, IN WHOLE OR IN PART, IF THE PURCHASER USES THE PRODUCT SOLELY FOR COMMERCIAL PURPOSES, INCLUDING ADVERTISING OR OTHER MARKETING ACTIVITIES; OR
13 14 15 16 17	(VI) COMPUTER SOFTWARE OR SOFTWARE AS A SERVICE PURCHASED OR LICENSED SOLELY FOR COMMERCIAL PURPOSES IN AN ENTERPRISE COMPUTER SYSTEM, INCLUDING OPERATING PROGRAMS OR APPLICATION SOFTWARE FOR THE EXCLUSIVE USE OF THE ENTERPRISE SOFTWARE SYSTEM, THAT IS HOUSED OR MAINTAINED BY THE PURCHASER OR ON A CLOUD SERVER, WHETHER HOSTED BY THE PURCHASER, THE SOFTWARE VENDOR, OR A THIRD PARTY.
19	11–102.
20	(a) Except as otherwise provided in this title, a tax is imposed on:
21	(1) a retail sale in the State; and
22 23	(2) a use, in the State, of tangible personal property, a digital code, a digital product, or a taxable service.
24 25	SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July