

*federal, state and local agencies in all water resource projects or programs affecting the waters of the State. The Department shall administer such financial assistance for these projects or programs as may be made available to the Department for this purpose.*

SEC. 2. *And be it further enacted, That this Act shall take effect July 1, 1968.*

Approved April 10, 1968.

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CHAPTER 139  
(Senate Bill 352)

AN ACT to add a new Section 326(aa) to Article 81 of the Annotated Code of Maryland (1965 Replacement Volume), title "Revenue and Taxes," subtitle "Retail Sales Tax Act," to follow immediately after Section 326(z), providing an exemption under the Retail Sales Tax Act for fish or other materials used as crab bait.

WHEREAS, Since the Retail Sales Tax law was enacted in 1947, seafood and food products were exempt from the tax. As part of this exemption all purchases of crab bait were exempt and the tax was not collected on these purchases.

Almost twenty years after the enactment of the sales tax and following this long period of an exemption for crab bait, seafood and crab bait dealers were told that fish sold as crab bait might in the future be considered as taxable. They were told also that the decision would be left to an audit and that, if it was decided crab bait should be taxable, the dealers would have to pay taxes, penalties and interest for six preceding years.

It was the obvious intention of the General Assembly in enacting the Retail Sales Tax Act that items used in the production of food not be subjected to the tax. Crabs, which are seafood, are exempt from the tax and all the materials and equipment used to cook crabs are tax exempt. An imposition of the sales tax on crab bait would be highly discriminatory as between farmers and watermen.

In addition, the proposal to impose this tax after a twenty-year period of exemption is an arbitrary exercise of administrative power. There has been no change made in the laws and it is the General Assembly that has sole power to enact and amend laws.

Accordingly, the General Assembly in enacting this law restates the intent of the original sales tax law that crab bait should not be subject to the sales tax; now, therefore

SECTION 1. *Be it enacted by the General Assembly of Maryland, That new Section 326(aa) be and it is hereby added to Article 81 of the Annotated Code of Maryland (1965 Replacement Volume), title "Revenue and Taxes," subtitle "Retail Sales Tax," to follow immediately after Section 326(z) and to read as follows:*

*326.*

*(aa) Fish or other materials used as crab bait, whether in "crab pots" or otherwise.*