

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 1999.

Approved May 27, 1999.

CHAPTER 688

(House Bill 1130)

AN ACT concerning

Prepaid Telephone Calling Arrangements - Taxation

FOR the purpose of excluding certain gross charges from the definition of "gross receipts" subject to the public service company franchise tax; imposing the sales and use tax on the sale of prepaid telephone calling arrangements; specifying when the sale of a prepaid telephone calling arrangement is taxable in the State; exempting from the sales and use tax the use of ~~certain telecommunications services~~ a taxable service obtained by using a prepaid telephone calling arrangement; providing for a delayed effective date; defining a certain term; and generally relating to the taxation of prepaid telephone calling arrangements.

BY repealing and reenacting, with amendments,

Article - Tax - General

Section 8-401(b)(3) and 11-101(k)(9) and (10)

Annotated Code of Maryland

(1997 Replacement Volume and 1998 Supplement)

BY adding to

Article - Tax - General

Section 11-101(c-1) and (k)(11), 11-108, and 11-219(d)

Annotated Code of Maryland

(1997 Replacement Volume and 1998 Supplement)

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

Article - Tax - General

8-401.

(b) (3) "Gross receipts" does not include:

(i) any revenue that a public service company derives from an activity other than an electric, gas, oil pipeline, telegraph, or telephone business;

(ii) net uncollectible revenue;

(iii) gross charges from the sale by a public service company to another public service company subject to the tax imposed by this subtitle of: