

Dear Mr. President:

In accordance with Article II, Section 17 of the Maryland Constitution, I have today vetoed Senate Bill 726.

This bill exempts a "prepaid telephone calling arrangement" from the gross receipts tax. Instead, the sales and use tax is imposed on the purchase of a prepaid telephone calling card arrangement. The sales and use tax does not apply to the use of a taxable service obtained by using a prepaid telephone calling arrangement.

House Bill 1130, which was passed by the General Assembly and signed by me on May 27, 1999, accomplishes the same purpose. Therefore, it is not necessary for me to sign Senate Bill 726.

Sincerely,
Parris N. Glendening
Governor

Senate Bill 726

AN ACT concerning

Telecommunications 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; ~~exempting from the sales and use tax the sale to or use by certain telecommunications providers of certain machinery or equipment;~~ defining ~~certain terms~~ a certain term and amending a certain term; providing for a delayed effective date; and generally relating to the taxation of ~~certain telecommunications services~~ prepaid telephone calling arrangements and certain machinery or equipment used by certain telecommunications providers.

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, ~~11-210(d)~~, and 11-219(d)

Annotated Code of Maryland

(1997 Replacement Volume and 1998 Supplement)