

# HOUSE BILL 1393

E4, Q7

71r3279

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By: **Delegate Burns**

Introduced and read first time: March 5, 2007

Assigned to: Rules and Executive Nominations

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## A BILL ENTITLED

1 AN ACT concerning

2 **Regulated Firearms - Encoded Ammunition - Tax**

3 FOR the purpose of authorizing a person to sell ammunition for a regulated firearm  
4 on or after a certain date only in accordance with this Act; requiring an  
5 ammunition manufacturer to encode ammunition for a regulated firearm in a  
6 certain way; prohibiting ammunition for sale in one ammunition box from being  
7 labeled with the same serial number as ammunition in another ammunition  
8 box; requiring an owner of ammunition that is not encoded to dispose of the  
9 ammunition on or before a certain date; requiring the Secretary of State Police  
10 beginning on a certain date to establish and maintain an encoded ammunition  
11 database; requiring a manufacturer that does business in the State and a seller  
12 of ammunition for regulated firearms in the State to provide the Secretary with  
13 certain information for inclusion in the database; requiring a seller of encoded  
14 ammunition to maintain copies of certain records for a certain time; providing  
15 for the funding of the database; establishing certain criminal and civil penalties;  
16 imposing a tax on the sale of encoded ammunition in the State beginning on a  
17 certain date; establishing the rate of the tax; altering the definition of "sales  
18 tax" under the tax laws to include the encoded ammunition database tax under  
19 the administration of the sales tax; providing that revenues from the tax be paid  
20 into a special fund, the proceeds of which are to be used only for a certain  
21 purpose; providing that certain credits and exemptions do not apply to the tax;  
22 exempting certain sales from the tax; providing certain persons a certain  
23 collection expense credit for timely filing of a tax return; requiring encoded  
24 ammunition dealers to file certain tax returns to include certain information;  
25 defining certain terms; and generally relating to the sale of encoded

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 ammunition for regulated firearms and a tax on the sale or use of encoded  
2 ammunition in the State.

3 BY repealing and reenacting, without amendments,  
4 Article – Public Safety  
5 Section 5–101(p)  
6 Annotated Code of Maryland  
7 (2003 Volume and 2006 Supplement)

8 BY adding to  
9 Article – Public Safety  
10 Section 5–601 through 5–608 to be under the new subtitle “Subtitle 6. Encoded  
11 Ammunition”  
12 Annotated Code of Maryland  
13 (2003 Volume and 2006 Supplement)

14 BY adding to  
15 Article – Tax – General  
16 Section 1–101(s)(4); 11–1B–01 through 11–1B–05 to be under the new subtitle  
17 “Subtitle 1B. Encoded Ammunition Database Tax”; 11–501(c) and  
18 11–502(d)  
19 Annotated Code of Maryland  
20 (2004 Replacement Volume and 2006 Supplement)

21 BY repealing and reenacting, with amendments,  
22 Article – Tax – General  
23 Section 2–1303  
24 Annotated Code of Maryland  
25 (2004 Replacement Volume and 2006 Supplement)

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

28 **Article – Public Safety**

29 5–101.

30 (p) “Regulated firearm” means:

31 (1) a handgun; or

1                   (2) a firearm that is any of the following specific assault weapons or  
2 their copies, regardless of which company produced and manufactured that assault  
3 weapon:

- 4                   (i) American Arms Spectre da Semiautomatic carbine;
- 5                   (ii) AK-47 in all forms;
- 6                   (iii) Algimec AGM-1 type semi-auto;
- 7                   (iv) AR 100 type semi-auto;
- 8                   (v) AR 180 type semi-auto;
- 9                   (vi) Argentine L.S.R. semi-auto;
- 10                  (vii) Australian Automatic Arms SAR type semi-auto;
- 11                  (viii) Auto-Ordnance Thompson M1 and 1927 semi-automatics;
- 12                  (ix) Barrett light .50 cal. semi-auto;
- 13                  (x) Beretta AR70 type semi-auto;
- 14                  (xi) Bushmaster semi-auto rifle;
- 15                  (xii) Calico models M-100 and M-900;
- 16                  (xiii) CIS SR 88 type semi-auto;
- 17                  (xiv) Claridge HI TEC C-9 carbines;
- 18                  (xv) Colt AR-15, CAR-15, and all imitations except Colt AR-15  
19 Sporter H-BAR rifle;
- 20                  (xvi) Daewoo MAX 1 and MAX 2, aka AR 100, 110C, K-1, and  
21 K-2;
- 22                  (xvii) Dragunov Chinese made semi-auto;
- 23                  (xviii) Famas semi-auto (.223 caliber);
- 24                  (xix) Feather AT-9 semi-auto;

- 1 (xx) FN LAR and FN FAL assault rifle;
- 2 (xxi) FNC semi-auto type carbine;
- 3 (xxii) F.I.E./Franchi LAW 12 and SPAS 12 assault shotgun;
- 4 (xxiii) Steyr-AUG-SA semi-auto;
- 5 (xxiv) Galil models AR and ARM semi-auto;
- 6 (xxv) Heckler and Koch HK-91 A3, HK-93 A2, HK-94 A2 and A3;
- 7 (xxvi) Holmes model 88 shotgun;
- 8 (xxvii) Avtomat Kalashnikov semiautomatic rifle in any format;
- 9 (xxviii) Manchester Arms "Commando" MK-45, MK-9;
- 10 (xxix) Mandell TAC-1 semi-auto carbine;
- 11 (xxx) Mossberg model 500 Bullpup assault shotgun;
- 12 (xxxi) Sterling Mark 6;
- 13 (xxxii) P.A.W.S. carbine;
- 14 (xxxiii) Ruger mini-14 folding stock model (.223 caliber);
- 15 (xxxiv) SIG 550/551 assault rifle (.223 caliber);
- 16 (xxxv) SKS with detachable magazine;
- 17 (xxxvi) AP-74 Commando type semi-auto;
- 18 (xxxvii) Springfield Armory BM-59, SAR-48, G3, SAR-3,  
19 M-21 sniper rifle, M1A, excluding the M1 Garand;
- 20 (xxxviii) Street sweeper assault type shotgun;
- 21 (xxxix) Striker 12 assault shotgun in all formats;
- 22 (xl) Unique F11 semi-auto type;

- 1 (xli) Daewoo USAS 12 semi-auto shotgun;
- 2 (xlii) UZI 9mm carbine or rifle;
- 3 (xliii) Valmet M-76 and M-78 semi-auto;
- 4 (xliv) Weaver Arms "Nighthawk" semi-auto carbine; or
- 5 (xlv) Wilkinson Arms 9mm semi-auto "Terry".

6 **SUBTITLE 6. ENCODED AMMUNITION.**

7 **5-601.**

8 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS  
9 INDICATED.

10 (B) "ENCODED AMMUNITION" MEANS AMMUNITION THAT IS ENCODED  
11 BY A MANUFACTURER UNDER § 5-603 OF THIS SUBTITLE.

12 (C) "MANUFACTURER" MEANS A PERSON WHO POSSESSES A FEDERAL  
13 LICENSE TO ENGAGE IN THE BUSINESS OF MANUFACTURING AMMUNITION FOR  
14 SALE OR DISTRIBUTION.

15 (D) "REGULATED FIREARM" HAS THE MEANING STATED IN § 5-101(P)  
16 OF THIS TITLE.

17 (E) "SECRETARY" MEANS THE SECRETARY OF STATE POLICE OR THE  
18 SECRETARY'S DESIGNEE.

19 **5-602.**

20 A PERSON MAY SELL AMMUNITION FOR A REGULATED FIREARM ON OR  
21 AFTER JANUARY 1, 2008, ONLY IN ACCORDANCE WITH THIS SUBTITLE.

22 **5-603.**

1           **(A) A MANUFACTURER SHALL ENCODE AMMUNITION PROVIDED FOR**  
2 **RETAIL SALE FOR REGULATED FIREARMS IN A MANNER THAT THE SECRETARY**  
3 **ESTABLISHES, SO THAT:**

4           **(1) THE BASE OF THE BULLET AND THE INSIDE OF THE**  
5 **CARTRIDGE CASING OF EACH ROUND IN A BOX OF AMMUNITION ARE ENCODED**  
6 **WITH THE SAME SERIAL NUMBER;**

7           **(2) EACH SERIAL NUMBER IS ENGRAVED IN SUCH A MANNER**  
8 **THAT IT IS HIGHLY LIKELY TO PERMIT IDENTIFICATION AFTER AMMUNITION**  
9 **DISCHARGE AND BULLET IMPACT; AND**

10           **(3) THE OUTSIDE OF EACH BOX OF AMMUNITION IS LABELED**  
11 **WITH THE NAME OF THE MANUFACTURER AND THE SAME SERIAL NUMBER USED**  
12 **ON THE CARTRIDGE CASINGS AND BASES OF BULLETS CONTAINED IN THE BOX.**

13           **(B) AMMUNITION CONTAINED IN ONE AMMUNITION BOX MAY NOT BE**  
14 **LABELED WITH THE SAME SERIAL NUMBER AS THE AMMUNITION CONTAINED IN**  
15 **ANY OTHER AMMUNITION BOX FROM THE SAME MANUFACTURER.**

16 **5-604.**

17           **ON OR BEFORE JANUARY 1, 2010, AN OWNER OF AMMUNITION FOR USE**  
18 **IN A REGULATED FIREARM THAT IS NOT ENCODED BY THE MANUFACTURER IN**  
19 **ACCORDANCE WITH § 5-603 OF THIS SUBTITLE SHALL DISPOSE OF THE**  
20 **AMMUNITION.**

21 **5-605.**

22           **(A) BEGINNING ON JANUARY 1, 2008, THE SECRETARY SHALL**  
23 **ESTABLISH AND MAINTAIN AN ENCODED AMMUNITION DATABASE.**

24           **(B) A MANUFACTURER THAT DOES BUSINESS IN THE STATE SHALL**  
25 **PROVIDE THE SECRETARY FOR INCLUSION IN THE DATABASE:**

26           **(1) ITS NAME AND ADDRESS;**

27           **(2) THE SERIAL NUMBERS OF ITS AMMUNITION OFFERED FOR**  
28 **SALE FOR REGULATED FIREARMS IN THE STATE; AND**

1           **(3) OTHER INFORMATION THAT THE SECRETARY CONSIDERS**  
2 **NECESSARY.**

3           **(C) A SELLER OF AMMUNITION FOR REGULATED FIREARMS IN THE**  
4 **STATE SHALL PROVIDE THE SECRETARY FOR INCLUSION IN THE DATABASE:**

5           **(1) THE DATE OF EACH AMMUNITION PURCHASE;**

6           **(2) THE NAME AND DATE OF BIRTH OF EACH PURCHASER OF**  
7 **AMMUNITION;**

8           **(3) THE DRIVER'S LICENSE NUMBER OF THE PURCHASER OR**  
9 **OTHER NUMBER ISSUED TO THE PURCHASER BY THE STATE OR FEDERAL**  
10 **GOVERNMENT;**

11           **(4) THE SERIAL NUMBERS OF ALL AMMUNITION FOR REGULATED**  
12 **FIREARMS BOUGHT BY THE PURCHASER; AND**

13           **(5) ANY OTHER INFORMATION THAT THE SECRETARY CONSIDERS**  
14 **NECESSARY.**

15 **5-606.**

16           **A SELLER OF ENCODED AMMUNITION FOR REGULATED FIREARMS SHALL**  
17 **MAINTAIN COPIES OF ALL RECORDS SUBMITTED TO THE SECRETARY UNDER §**  
18 **5-605 OF THIS SUBTITLE FOR AT LEAST 3 YEARS AFTER THE DATE OF SALE.**

19 **5-607.**

20           **THE ENCODED AMMUNITION DATABASE ESTABLISHED UNDER § 5-605 OF**  
21 **THIS SUBTITLE SHALL BE FUNDED BY THE ENCODED AMMUNITION DATABASE**  
22 **TAX IMPOSED UNDER TITLE 11, SUBTITLE 1B OF THE TAX - GENERAL ARTICLE.**

23 **5-608.**

24           **(A) (1) A SELLER OF ENCODED AMMUNITION THAT VIOLATES THIS**  
25 **SUBTITLE IS GUILTY OF A MISDEMEANOR AND ON CONVICTION IS SUBJECT TO**  
26 **IMPRISONMENT NOT EXCEEDING 1 YEAR OR A FINE OF \$1,000 OR BOTH.**

1           **(2) A PERSON WHO WILLFULLY DESTROYS OR OTHERWISE**  
2 **RENDERS UNREADABLE THE INFORMATION ENCODED ON AMMUNITION**  
3 **REQUIRED UNDER THIS SUBTITLE IS GUILTY OF A MISDEMEANOR AND ON**  
4 **CONVICTION IS SUBJECT TO IMPRISONMENT NOT EXCEEDING 1 YEAR OR A FINE**  
5 **OF \$1,000 OR BOTH.**

6           **(B) A MANUFACTURER THAT VIOLATES THIS SUBTITLE IS SUBJECT TO A**  
7 **CIVIL FINE TO BE IMPOSED BY THE SECRETARY AND NOT EXCEEDING:**

8           **(1) \$1,000 FOR A FIRST VIOLATION;**

9           **(2) \$5,000 FOR A SECOND VIOLATION; AND**

10          **(3) \$10,000 FOR A THIRD OR SUBSEQUENT VIOLATION.**

11                               **Article – Tax – General**

12   1–101.

13          **(s) (4) “SALES AND USE TAX” INCLUDES THE ENCODED AMMUNITION**  
14 **DATABASE TAX IMPOSED UNDER TITLE 11, SUBTITLE 1B OF THIS ARTICLE.**

15   2–1303.

16           After making the distributions required under §§ 2–1301 through 2–1302.1 of  
17 this subtitle, the Comptroller shall pay:

18           (1) revenues from the hotel surcharge into the Dorchester County  
19 Economic Development Fund established under Article 83A, § 5–216 of the Code;  
20 [and]

21           **(2) REVENUES FROM THE ENCODED AMMUNITION DATABASE TAX**  
22 **ESTABLISHED UNDER TITLE 11, SUBTITLE 1B OF THIS ARTICLE INTO A SPECIAL**  
23 **FUND, THE PROCEEDS OF WHICH ARE TO BE USED ONLY TO FUND THE**  
24 **ENCODED AMMUNITION DATABASE ESTABLISHED UNDER § 5–605 OF THE**  
25 **PUBLIC SAFETY ARTICLE; AND**

26           **[(2)] (3)** the remaining sales and use tax revenue into the General  
27 Fund of the State.



1                   **SUBTITLE 1B. ENCODED AMMUNITION DATABASE TAX.**

2   **11-1B-01.**

3           (A)   **IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS**  
4 **INDICATED.**

5           (B)   **“ENCODED AMMUNITION” MEANS AMMUNITION THAT IS ENCODED**  
6 **BY A MANUFACTURER UNDER § 5-603 OF THE PUBLIC SAFETY ARTICLE.**

7           (C)   **“ENCODED AMMUNITION DATABASE TAX” MEANS THE TAX IMPOSED**  
8 **UNDER THIS SUBTITLE.**

9           (D)   **“ENCODED AMMUNITION DEALER” MEANS ANY PERSON ENGAGED**  
10 **IN THE BUSINESS OF SELLING ENCODED AMMUNITION AT WHOLESALE OR**  
11 **RETAIL.**

12   **11-1B-02.**

13           **IN ADDITION TO THE TAX IMPOSED UNDER § 11-102 OF THIS TITLE,**  
14 **BEGINNING ON JANUARY 1, 2008, A TAX IS IMPOSED ON:**

15           (1)   **A RETAIL SALE OF ENCODED AMMUNITION IN THE STATE; AND**

16           (2)   **A USE OF ENCODED AMMUNITION IN THE STATE.**

17   **11-1B-03.**

18           (A)   **A REBUTTABLE PRESUMPTION EXISTS THAT ANY SALE OF ENCODED**  
19 **AMMUNITION IN THE STATE IS SUBJECT TO THE ENCODED AMMUNITION**  
20 **DATABASE TAX IMPOSED UNDER THIS SUBTITLE.**

21           (B)   **THE PERSON REQUIRED TO PAY THE ENCODED AMMUNITION**  
22 **DATABASE TAX HAS THE BURDEN OF PROVING THAT A SALE OF ENCODED**  
23 **AMMUNITION IN THE STATE IS NOT SUBJECT TO THE ENCODED AMMUNITION**  
24 **DATABASE TAX.**

25           (C)   (1)   **THE EXEMPTIONS UNDER SUBTITLE 2 OF THIS TITLE DO NOT**  
26 **APPLY TO THE ENCODED AMMUNITION DATABASE TAX.**

1           **(2) THE ENCODED AMMUNITION DATABASE TAX DOES NOT APPLY**  
2 **TO A SALE OF ENCODED AMMUNITION TO A POLICE FORCE OR OTHER AGENCY**  
3 **OF THE UNITED STATES, TO A POLICE FORCE OR OTHER AGENCY OF THE**  
4 **UNITED STATES, ANY STATE, OR A POLITICAL SUBDIVISION OF ANY STATE.**

5 **11-1B-04.**

6           **THE ENCODED AMMUNITION DATABASE TAX RATE IS 5 CENTS PER ROUND**  
7 **OF ENCODED AMMUNITION.**

8 **11-1B-05.**

9           **(A) THE PROVISIONS OF § 11-105 OF THIS TITLE DO NOT APPLY TO THE**  
10 **ENCODED AMMUNITION DATABASE TAX.**

11           **(B) A PERSON WHO TIMELY FILES AN ENCODED AMMUNITION**  
12 **DATABASE TAX RETURN IS ALLOWED, FOR THE EXPENSE OF COLLECTING AND**  
13 **PAYING THE TAX, A CREDIT EQUAL TO 0.5% OF THE GROSS AMOUNT OF**  
14 **ENCODED AMMUNITION DATABASE TAX THAT THE PERSON IS TO PAY TO THE**  
15 **COMPTROLLER.**

16 **11-501.**

17           **(C) (1) A BUYER WHO FAILS TO PAY TO THE ENCODED AMMUNITION**  
18 **DEALER THE ENCODED AMMUNITION DATABASE TAX ON A PURCHASE OR USE**  
19 **SUBJECT TO THE TAX AS REQUIRED UNDER § 11-403 OF THIS TITLE SHALL**  
20 **COMPLETE AND FILE WITH THE COMPTROLLER AN ENCODED AMMUNITION**  
21 **DATABASE TAX RETURN ON OR BEFORE THE 21ST DAY OF THE MONTH THAT**  
22 **FOLLOWS THE MONTH IN WHICH THE BUYER MAKES THAT PURCHASE OR USE.**

23           **(2) A RETURN FILED BY A BUYER UNDER THIS SUBSECTION**  
24 **SHALL STATE SEPARATELY, FOR ENCODED AMMUNITION, FOR THE PERIOD**  
25 **THAT THE RETURN COVERS:**

26                   **(I) THE NUMBER OF ROUNDS OF THE AMMUNITION**  
27 **SUBJECT TO THE ENCODED AMMUNITION DATABASE TAX; AND**

28                   **(II) THE ENCODED AMMUNITION DATABASE TAX DUE.**

1 11-502.

2           **(D) (1) EACH ENCODED AMMUNITION DEALER SHALL COMPLETE AND**  
3 **FILE WITH THE COMPTROLLER AN AMMUNITION DATABASE TAX RETURN ON OR**  
4 **BEFORE THE 21ST DAY OF THE MONTH THAT FOLLOWS THE MONTH IN WHICH**  
5 **THE DEALER MAKES A RETAIL SALE FOR USE OF ENCODED AMMUNITION.**

6           **(2) A RETURN FILED BY A ENCODED AMMUNITION DEALER**  
7 **UNDER THIS SUBSECTION SHALL STATE SEPARATELY, FOR ENCODED**  
8 **AMMUNITION, FOR THE PERIOD THAT THE RETURN COVERS:**

9                   **(I) THE NUMBER OF ROUNDS OF THE ENCODED**  
10 **AMMUNITION SOLD BY THE DEALER; AND**

11                   **(II) THE ENCODED AMMUNITION DATABASE TAX DUE.**

12           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
13 June 1, 2007.