

HOUSE BILL 517

E4, Q7
HB 1393/07 – HRU

8lr0398

By: **Delegates Burns, Robinson, Anderson, Branch, Carter, Glenn, Harrison, Oaks, Stukes, Tarrant, and Walker**

Introduced and read first time: January 30, 2008

Assigned to: Judiciary and Ways and Means

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

28 BY repealing and reenacting, without amendments,
29 Article – Public Safety

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Section 5–101(p)
2 Annotated Code of Maryland
3 (2003 Volume and 2007 Supplement)

4 BY adding to
5 Article – Public Safety
6 Section 5–601 through 5–608 to be under the new subtitle “Subtitle 6. Encoded
7 Ammunition”
8 Annotated Code of Maryland
9 (2003 Volume and 2007 Supplement)

10 BY adding to
11 Article – Tax – General
12 Section 1–101(s)(4); 11–1B–01 through 11–1B–05 to be under the new subtitle
13 “Subtitle 1B. Encoded Ammunition Database Tax”; and 11–501(c) and
14 11–502(d)
15 Annotated Code of Maryland
16 (2004 Replacement Volume and 2007 Supplement)

17 BY repealing and reenacting, with amendments,
18 Article – Tax – General
19 Section 2–1303
20 Annotated Code of Maryland
21 (2004 Replacement Volume and 2007 Supplement)
22 (As enacted by Chapter 6 of the Acts of the General Assembly of the 2007
23 Special Session)

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

26 **Article – Public Safety**

27 5–101.

28 (p) “Regulated firearm” means:

29 (1) a handgun; or

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

33 (i) American Arms Spectre da Semiautomatic carbine;

34 (ii) AK–47 in all forms;

35 (iii) Algimec AGM–1 type semi–auto;

- 1 (iv) AR 100 type semi-auto;
- 2 (v) AR 180 type semi-auto;
- 3 (vi) Argentine L.S.R. semi-auto;
- 4 (vii) Australian Automatic Arms SAR type semi-auto;
- 5 (viii) Auto-Ordnance Thompson M1 and 1927 semi-automatics;
- 6 (ix) Barrett light .50 cal. semi-auto;
- 7 (x) Beretta AR70 type semi-auto;
- 8 (xi) Bushmaster semi-auto rifle;
- 9 (xii) Calico models M-100 and M-900;
- 10 (xiii) CIS SR 88 type semi-auto;
- 11 (xiv) Claridge HI TEC C-9 carbines;
- 12 (xv) Colt AR-15, CAR-15, and all imitations except Colt AR-15
13 Sporter H-BAR rifle;
- 14 (xvi) Daewoo MAX 1 and MAX 2, aka AR 100, 110C, K-1, and
15 K-2;
- 16 (xvii) Dragunov Chinese made semi-auto;
- 17 (xviii) Famas semi-auto (.223 caliber);
- 18 (xix) Feather AT-9 semi-auto;
- 19 (xx) FN LAR and FN FAL assault rifle;
- 20 (xxi) FNC semi-auto type carbine;
- 21 (xxii) F.I.E./Franchi LAW 12 and SPAS 12 assault shotgun;
- 22 (xxiii) Steyr-AUG-SA semi-auto;
- 23 (xxiv) Galil models AR and ARM semi-auto;
- 24 (xxv) Heckler and Koch HK-91 A3, HK-93 A2, HK-94 A2 and A3;
- 25 (xxvi) Holmes model 88 shotgun;

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- 1 (xxvii) Avtomat Kalashnikov semiautomatic rifle in any format;
2 (xxviii) Manchester Arms “Commando” MK-45, MK-9;
3 (xxix) Mandell TAC-1 semi-auto carbine;
4 (xxx) Mossberg model 500 Bullpup assault shotgun;
5 (xxxi) Sterling Mark 6;
6 (xxxii) P.A.W.S. carbine;
7 (xxxiii) Ruger mini-14 folding stock model (.223 caliber);
8 (xxxiv) SIG 550/551 assault rifle (.223 caliber);
9 (xxxv) SKS with detachable magazine;
10 (xxxvi) AP-74 Commando type semi-auto;
11 (xxxvii) Springfield Armory BM-59, SAR-48, G3, SAR-3,
12 M-21 sniper rifle, M1A, excluding the M1 Garand;
13 (xxxviii) Street sweeper assault type shotgun;
14 (xxxix) Striker 12 assault shotgun in all formats;
15 (xl) Unique F11 semi-auto type;
16 (xli) Daewoo USAS 12 semi-auto shotgun;
17 (xlii) UZI 9mm carbine or rifle;
18 (xliii) Valmet M-76 and M-78 semi-auto;
19 (xliv) Weaver Arms “Nighthawk” semi-auto carbine; or
20 (xlv) Wilkinson Arms 9mm semi-auto “Terry”.

21 SUBTITLE 6. ENCODED AMMUNITION.**22 5-601.**

23 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
24 INDICATED.

1 **(B) “ENCODED AMMUNITION” MEANS AMMUNITION THAT IS ENCODED**
2 **BY A MANUFACTURER UNDER § 5-603 OF THIS SUBTITLE.**

3 **(C) “MANUFACTURER” MEANS A PERSON THAT POSSESSES A FEDERAL**
4 **LICENSE TO ENGAGE IN THE BUSINESS OF MANUFACTURING AMMUNITION FOR**
5 **SALE OR DISTRIBUTION.**

6 **(D) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS**
7 **SUBSECTION, “REGULATED FIREARM” HAS THE MEANING STATED IN § 5-101(P)**
8 **OF THIS TITLE.**

9 **(2) “REGULATED FIREARM” DOES NOT INCLUDE A SHOTGUN,**
10 **INCLUDING:**

11 **(I) A F.I.E./FRANCHI LAW 12 AND SPAS 12 ASSAULT**
12 **SHOTGUN;**

13 **(II) A HOLMES MODEL 88 SHOTGUN;**

14 **(III) A MOSSBERG MODEL 500 BULLPUP ASSAULT SHOTGUN;**

15 **(IV) A STREET SWEEPER ASSAULT TYPE SHOTGUN; OR**

16 **(V) A DAEWOO USAS 12 SEMI-AUTO SHOTGUN.**

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, 2009, ONLY IN ACCORDANCE WITH THIS SUBTITLE.**

22 **5-603.**

23 **(A) A MANUFACTURER SHALL ENCODE AMMUNITION OFFERED FOR**
24 **RETAIL SALE AND INTENDED FOR USE IN A REGULATED FIREARM IN A MANNER**
25 **THAT THE SECRETARY ESTABLISHES, SO THAT:**

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

1 (2) EACH SERIAL NUMBER IS ENGRAVED IN A MANNER THAT
2 ALLOWS FOR A SUBSTANTIAL LIKELIHOOD THAT THE SERIAL NUMBER MAY BE
3 IDENTIFIED AFTER AMMUNITION DISCHARGE AND BULLET IMPACT; AND

4 (3) THE OUTSIDE OF EACH BOX OF AMMUNITION IS LABELED
5 WITH THE NAME OF THE MANUFACTURER AND THE SAME SERIAL NUMBER USED
6 ON THE CARTRIDGE CASINGS AND BASES OF BULLETS CONTAINED IN THE BOX.

7 (B) AMMUNITION CONTAINED IN ONE AMMUNITION BOX MAY NOT BE
8 LABELED WITH THE SAME SERIAL NUMBER AS THE AMMUNITION CONTAINED IN
9 ANY OTHER AMMUNITION BOX FROM THE SAME MANUFACTURER.

10 **5-604.**

11 ON OR BEFORE JANUARY 1, 2011, AN OWNER OF AMMUNITION FOR USE IN
12 A REGULATED FIREARM THAT IS NOT ENCODED BY THE MANUFACTURER IN
13 ACCORDANCE WITH § 5-603 OF THIS SUBTITLE SHALL DISPOSE OF THE
14 AMMUNITION.

15 **5-605.**

16 (A) BEGINNING ON JANUARY 1, 2009, THE SECRETARY SHALL
17 ESTABLISH AND MAINTAIN AN ENCODED AMMUNITION DATABASE.

18 (B) A MANUFACTURER THAT DOES BUSINESS IN THE STATE SHALL
19 PROVIDE TO THE SECRETARY FOR INCLUSION IN THE DATABASE:

20 (1) THE NAME AND ADDRESS OF THE MANUFACTURER;

21 (2) THE SERIAL NUMBERS OF AMMUNITION OFFERED BY THE
22 MANUFACTURER FOR SALE IN THE STATE FOR USE IN A REGULATED FIREARM;
23 AND

24 (3) OTHER INFORMATION THAT THE SECRETARY CONSIDERS
25 NECESSARY.

26 (C) A SELLER OF AMMUNITION FOR REGULATED FIREARMS IN THE
27 STATE SHALL PROVIDE TO THE SECRETARY FOR INCLUSION IN THE DATABASE:

28 (1) THE DATE OF EACH AMMUNITION PURCHASE;

29 (2) THE NAME AND DATE OF BIRTH OF EACH PURCHASER OF
30 AMMUNITION;

1 1-101.

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

4 2-1303.

5 After making the distributions required under §§ 2-1301 through 2-1302.2 of
6 this subtitle, the Comptroller shall pay:

7 (1) revenues from the hotel surcharge into the Dorchester County
8 Economic Development Fund established under Article 83A, § 5-216 of the Code;
9 [and]

10 (2) **REVENUES FROM THE ENCODED AMMUNITION DATABASE TAX**
11 **ESTABLISHED UNDER TITLE 11, SUBTITLE 1B OF THIS ARTICLE INTO A SPECIAL**
12 **FUND, THE PROCEEDS OF WHICH ARE TO BE USED ONLY TO FUND THE ENCODED**
13 **AMMUNITION DATABASE ESTABLISHED UNDER § 5-605 OF THE PUBLIC SAFETY**
14 **ARTICLE; AND**

15 [(2)] (3) the remaining sales and use tax revenue into the General
16 Fund of the State.

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

18 **11-1B-01.**

19 (A) **IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS**
20 **INDICATED.**

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

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

25 (D) **“ENCODED AMMUNITION DEALER” MEANS ANY PERSON ENGAGED**
26 **IN THE BUSINESS OF SELLING ENCODED AMMUNITION AT WHOLESALE OR**
27 **RETAIL.**

28 **11-1B-02.**

29 **IN ADDITION TO THE TAX IMPOSED UNDER § 11-102 OF THIS TITLE,**
30 **BEGINNING ON JANUARY 1, 2009, A TAX IS IMPOSED ON:**

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

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

3 **11-1B-03.**

4 (A) A REBUTTABLE PRESUMPTION EXISTS THAT ANY SALE OF ENCODED
5 AMMUNITION IN THE STATE IS SUBJECT TO THE ENCODED AMMUNITION
6 DATABASE TAX IMPOSED UNDER THIS SUBTITLE.

7 (B) THE PERSON REQUIRED TO PAY THE ENCODED AMMUNITION
8 DATABASE TAX HAS THE BURDEN OF PROVING THAT A SALE OF ENCODED
9 AMMUNITION IN THE STATE IS NOT SUBJECT TO THE ENCODED AMMUNITION
10 DATABASE TAX.

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

13 (2) THE ENCODED AMMUNITION DATABASE TAX DOES NOT APPLY
14 TO A SALE OF ENCODED AMMUNITION TO A POLICE FORCE OR OTHER AGENCY
15 OF THE UNITED STATES, A STATE, OR A POLITICAL SUBDIVISION OF A STATE.

16 **11-1B-04.**

17 THE ENCODED AMMUNITION DATABASE TAX RATE IS 5 CENTS PER ROUND
18 OF ENCODED AMMUNITION.

19 **11-1B-05.**

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

22 (B) A PERSON WHO TIMELY FILES AN ENCODED AMMUNITION
23 DATABASE TAX RETURN IS ALLOWED, FOR THE EXPENSE OF COLLECTING AND
24 PAYING THE TAX, A CREDIT EQUAL TO 0.5% OF THE GROSS AMOUNT OF
25 ENCODED AMMUNITION DATABASE TAX THAT THE PERSON IS TO PAY TO THE
26 COMPTROLLER.

27 **11-501.**

28 (C) (1) A BUYER WHO FAILS TO PAY TO THE ENCODED AMMUNITION
29 DEALER THE ENCODED AMMUNITION DATABASE TAX ON A PURCHASE OR USE
30 SUBJECT TO THE TAX AS REQUIRED UNDER § 11-403 OF THIS TITLE SHALL

1 COMPLETE AND FILE WITH THE COMPTROLLER AN ENCODED AMMUNITION
2 DATABASE TAX RETURN ON OR BEFORE THE 21ST DAY OF THE MONTH THAT
3 FOLLOWS THE MONTH IN WHICH THE BUYER MAKES THAT PURCHASE OR USE.

4 (2) A RETURN FILED BY A BUYER UNDER THIS SUBSECTION
5 SHALL STATE SEPARATELY, FOR ENCODED AMMUNITION, FOR THE PERIOD
6 THAT THE RETURN COVERS:

7 (I) THE NUMBER OF ROUNDS OF THE AMMUNITION
8 SUBJECT TO THE ENCODED AMMUNITION DATABASE TAX; AND

9 (II) THE ENCODED AMMUNITION DATABASE TAX DUE.

10 11-502.

11 (D) (1) EACH ENCODED AMMUNITION DEALER SHALL COMPLETE AND
12 FILE WITH THE COMPTROLLER AN AMMUNITION DATABASE TAX RETURN ON OR
13 BEFORE THE 21ST DAY OF THE MONTH THAT FOLLOWS THE MONTH IN WHICH
14 THE DEALER MAKES A RETAIL SALE OR SALE FOR USE OF ENCODED
15 AMMUNITION.

16 (2) A RETURN FILED BY AN ENCODED AMMUNITION DEALER
17 UNDER THIS SUBSECTION SHALL STATE SEPARATELY, FOR ENCODED
18 AMMUNITION, FOR THE PERIOD THAT THE RETURN COVERS:

19 (I) THE NUMBER OF ROUNDS OF THE ENCODED
20 AMMUNITION SOLD BY THE DEALER; AND

21 (II) THE ENCODED AMMUNITION DATABASE TAX DUE.

22 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
23 July 1, 2008.