C8, Q4 6lr3412 CF SB 1062

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## A BILL ENTITLED

1 AN ACT concerning

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## Enterprise Zones – Target Redevelopment Areas – Designation and Sales and Use Tax Exemption

4 FOR the purpose of authorizing a certain political subdivision to request that the Secretary 5 of Commerce designate all or a part of a certain enterprise zone as a target 6 redevelopment area for a certain period of time; providing that the request may be 7 made on or before a certain submission date; requiring the Secretary to grant the 8 request under certain circumstances; authorizing a person to apply to the 9 Department of Economic Competitiveness and Commerce to certify that a 10 construction project located in a certain target redevelopment area is a project for 11 which the purchase of certain construction material or warehousing equipment is 12 entitled to a certain exemption from the sales and use tax; providing an exemption from the sales and use tax for certain construction material or warehousing 13 14 equipment under certain circumstances; providing that a person who utilizes certain 15 exempt construction material or warehousing equipment for a purpose other than 16 for a certain project is guilty of a misdemeanor and subject to a certain penalty; 17 defining certain terms; and generally relating to enterprise zones and the sales and 18 use tax.

- 19 BY repealing and reenacting, without amendments,
- 20 Article Economic Development
- 21 Section 5–701(a), (d), and (f)
- 22 Annotated Code of Maryland
- 23 (2008 Volume and 2015 Supplement)
- 24 BY adding to
- 25 Article Economic Development
- 26 Section 5–706.1
- 27 Annotated Code of Maryland

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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(B)

1 (2008 Volume and 2015 Supplement) 2 BY adding to 3 Article - Tax - General 4 Section 11-232 and 13-1032 Annotated Code of Maryland 5 (2010 Replacement Volume and 2015 Supplement) 6 7 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, 8 That the Laws of Maryland read as follows: Article - Economic Development 9 10 5-701.11 In this subtitle the following words have the meanings indicated. (a) 12 (d) "Enterprise zone" means an area: 13 that meets the requirements of § 5-704(a) of this subtitle and is designated as an enterprise zone by the Secretary under § 5–704(b) of this subtitle; 14 15 designated as an enterprise zone by the United States government under 42 U.S.C. §§ 11501 through 11505; or 16 17 designated as an empowerment zone or enterprise community by the United States government under 26 U.S.C. §§ 1391 through 1397F. 18 "Political subdivision" means a county or municipal corporation. 19 (f) 20 5-706.1. 21(A) A POLITICAL SUBDIVISION MAY REQUEST THE SECRETARY TO 22 DESIGNATE ALL OR PART OF AN ENTERPRISE ZONE AS A TARGET REDEVELOPMENT 23 AREA FOR THE LESSER OF: 24**(1)** 5 YEARS; OR 25 **(2)** THE REMAINDER OF THE 10-YEAR TERM OF THE APPLICABLE 26 ENTERPRISE ZONE.

THE REQUEST MAY BE MADE ON OR BEFORE THE DATE THAT THE

POLITICAL SUBDIVISION APPLIES FOR THE DESIGNATION OF A NEW ENTERPRISE

ZONE OR AFTER THE SECRETARY HAS DESIGNATED AN ENTERPRISE ZONE.

30 (C) THE SECRETARY SHALL GRANT THE REQUEST IF:

- (1) THE AREA IS LOCATED IN AN ENTERPRISE ZONE; AND 1
- 2 **(2)** THE SECRETARY DETERMINES THAT THE AREA CONSISTS OF
- PARCELS THAT ARE PREDOMINANTLY DETERIORATED, UNDERUTILIZED, OR 3
- VACANT.
- A PERSON MAY APPLY TO THE DEPARTMENT TO CERTIFY THAT A 5
- 6 CONSTRUCTION PROJECT LOCATED IN A TARGET REDEVELOPMENT AREA
- DESIGNATED UNDER THIS SECTION IS A PROJECT FOR WHICH THE PURCHASE OF 7
- CONSTRUCTION MATERIAL OR WAREHOUSING EQUIPMENT IS ENTITLED TO A SALES 8
- AND USE TAX EXEMPTION UNDER § 11-232 OF THE TAX GENERAL ARTICLE. 9
- 10 Article - Tax - General
- 11-232.11
- 12 (A) **(1)** IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
- 13 INDICATED.
- 14 **(2) (I)** "CONSTRUCTION MATERIAL" MEANS AN ITEM OF TANGIBLE
- PERSONAL PROPERTY THAT IS USED TO CONSTRUCT OR RENOVATE A BUILDING, A 15
- STRUCTURE, OR AN IMPROVEMENT ON LAND AND THAT TYPICALLY LOSES ITS 16
- 17 SEPARATE IDENTITY AS PERSONAL PROPERTY ONCE INCORPORATED INTO THE
- 18 REAL PROPERTY.
- 19 (II) "CONSTRUCTION MATERIAL" INCLUDES
- 20 MATERIALS, BUILDING SYSTEMS EQUIPMENT, LANDSCAPING MATERIALS, AND
- 21SUPPLIES.
- "QUALIFIED PROJECT" MEANS A CONSTRUCTION PROJECT THAT 22
- IS LOCATED IN A TARGET REDEVELOPMENT AREA AND FOR WHICH, AS CERTIFIED BY 23
- 24THE DEPARTMENT OF ECONOMIC COMPETITIVENESS AND COMMERCE UNDER §
- 5-706.1 OF THE ECONOMIC DEVELOPMENT ARTICLE, THE PURCHASE OF 25
- 26 CONSTRUCTION MATERIAL OR WAREHOUSING EQUIPMENT IS ENTITLED TO THE
- 27SALES AND USE TAX EXEMPTION UNDER THIS SECTION.
- 28"TARGET REDEVELOPMENT AREA" MEANS AN AREA DESIGNATED
- 29 AS A TARGET REDEVELOPMENT AREA UNDER § 5-706.1 OF THE ECONOMIC
- DEVELOPMENT ARTICLE. 30
- "WAREHOUSING EQUIPMENT" MEANS EQUIPMENT USED FOR 31
- MATERIAL HANDLING AND STORAGE, INCLUDING RACKING SYSTEMS, CONVEYING 32
- 33 SYSTEMS, AND COMPUTER SYSTEMS AND EQUIPMENT.

- 1 (B) THE SALES AND USE TAX DOES NOT APPLY TO A SALE OF CONSTRUCTION 2 MATERIAL OR WAREHOUSING EQUIPMENT, IF:
- 3 (1) THE MATERIAL OR EQUIPMENT IS PURCHASED FOR USE IN A 4 QUALIFIED PROJECT; AND
- 5 (2) THE PURCHASER PROVIDES THE VENDOR A COPY OF THE
- 6 CERTIFICATION ISSUED BY THE DEPARTMENT OF ECONOMIC COMPETITIVENESS 7 AND COMMERCE.
- 8 **13–1032**.
- 9 **(A) (1)** IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS 10 INDICATED.
- 11 (2) "EXEMPTED CONSTRUCTION MATERIAL" MEANS CONSTRUCTION
- 12 MATERIAL ON WHICH NO SALES AND USE TAX WAS PAID IN ACCORDANCE WITH §
- 13 **11–232** OF THIS ARTICLE.
- 14 (3) "EXEMPTED WAREHOUSING EQUIPMENT" MEANS WAREHOUSING
- 15 EQUIPMENT ON WHICH NO SALES AND USE TAX WAS PAID IN ACCORDANCE WITH §
- 16 **11–232** OF THIS ARTICLE.
- 17 (4) "QUALIFIED PROJECT" HAS THE MEANING STATED IN § 11–232 OF
- 18 THIS ARTICLE.
- 19 **(B)** A PERSON WHO USES EXEMPTED CONSTRUCTION MATERIAL OR
- 20 EXEMPTED WAREHOUSING EQUIPMENT FOR A PURPOSE OTHER THAN FOR A
- 21 QUALIFIED PROJECT IS GUILTY OF A MISDEMEANOR AND, ON CONVICTION, IS
- 22 SUBJECT TO A FINE NOT EXCEEDING \$5,000 OR IMPRISONMENT NOT EXCEEDING 5
- 23 YEARS OR BOTH.
- SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
- 25 October 1, 2016.