

SENATE BILL 1062

C8, Q4

6lr3420
CF 6lr3412

By: **Senators Guzzone and Salling**

Introduced and read first time: February 18, 2016

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Enterprise Zones – Target Redevelopment Areas – Designation and Sales and**
3 **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
13 from the sales and use tax for certain construction material or warehousing
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
28 (2008 Volume and 2015 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 BY adding to
2 Article – Tax – General
3 Section 11–232 and 13–1032
4 Annotated Code of Maryland
5 (2010 Replacement Volume and 2015 Supplement)

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

8 **Article – Economic Development**

9 **5–701.**

10 (a) In this subtitle the following words have the meanings indicated.

11 (d) “Enterprise zone” means an area:

12 (1) that meets the requirements of § 5–704(a) of this subtitle and is
13 designated as an enterprise zone by the Secretary under § 5–704(b) of this subtitle;

14 (2) designated as an enterprise zone by the United States government
15 under 42 U.S.C. §§ 11501 through 11505; or

16 (3) designated as an empowerment zone or enterprise community by the
17 United States government under 26 U.S.C. §§ 1391 through 1397F.

18 (f) “Political subdivision” means a county or municipal corporation.

19 **5–706.1.**

20 (A) A POLITICAL SUBDIVISION MAY REQUEST THE SECRETARY TO
21 DESIGNATE ALL OR PART OF AN ENTERPRISE ZONE AS A TARGET REDEVELOPMENT
22 AREA FOR THE LESSER OF:

23 (1) 5 YEARS; OR

24 (2) THE REMAINDER OF THE 10–YEAR TERM OF THE APPLICABLE
25 ENTERPRISE ZONE.

26 (B) THE REQUEST MAY BE MADE ON OR BEFORE THE DATE THAT THE
27 POLITICAL SUBDIVISION APPLIES FOR THE DESIGNATION OF A NEW ENTERPRISE
28 ZONE OR AFTER THE SECRETARY HAS DESIGNATED AN ENTERPRISE ZONE.

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

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.**

24 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
25 October 1, 2016.