

SENATE BILL 1062

C8, Q4

6lr3420
CF HB 1533

By: **Senators Guzzone and Salling**

Introduced and read first time: February 18, 2016

Assigned to: Rules

Re-referred to: Budget and Taxation, February 25, 2016

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 18, 2016

CHAPTER _____

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 purchased for use in a certain qualified project located in a certain target~~
15 ~~redevelopment area under certain circumstances; authorizing a person to apply to~~
16 ~~the Department of Economic Competitiveness and Commerce to certify that a~~
17 ~~construction project located in a certain target redevelopment area is a project for~~
18 ~~which the purchase of certain construction material or warehousing equipment is~~
19 ~~entitled to the exemption; providing that a person who utilizes certain exempt~~
20 ~~construction material or warehousing equipment for a purpose other than for a~~
21 ~~certain project is guilty of a misdemeanor and subject to a certain penalty; defining~~
22 ~~certain terms; providing for the termination of this Act; and generally relating to~~
23 ~~enterprise zones and the sales and use tax.~~

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



~~BY repealing and reenacting, without amendments,~~

~~Article — Economic Development~~

~~Section 5-701(a), (d), and (f)~~

~~Annotated Code of Maryland~~

~~(2008 Volume and 2015 Supplement)~~

~~BY adding to~~

~~Article — Economic Development~~

~~Section 5-706.1~~

~~Annotated Code of Maryland~~

~~(2008 Volume and 2015 Supplement)~~

BY adding to

Article – Tax – General

Section 11-232 and 13-1032

Annotated Code of Maryland

(2010 Replacement Volume and 2015 Supplement)

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

~~Article — Economic Development~~

~~5-701.~~

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

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

~~(1) 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;~~

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

~~(3) designated as an empowerment zone or enterprise community by the United States government under 26 U.S.C. §§ 1301 through 1307F.~~

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

~~5-706.1.~~

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

~~(1) 5 YEARS; OR~~

1 ~~(2) THE REMAINDER OF THE 10-YEAR TERM OF THE APPLICABLE~~
2 ~~ENTERPRISE ZONE.~~

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

6 ~~(C) THE SECRETARY SHALL GRANT THE REQUEST IF:~~

7 ~~(1) THE AREA IS LOCATED IN AN ENTERPRISE ZONE; AND~~

8 ~~(2) THE SECRETARY DETERMINES THAT THE AREA CONSISTS OF~~
9 ~~PARCELS THAT ARE PREDOMINANTLY DETERIORATED, UNDERUTILIZED, OR~~
10 ~~VACANT.~~

11 ~~(D) A PERSON MAY APPLY TO THE DEPARTMENT TO CERTIFY THAT A~~
12 ~~CONSTRUCTION PROJECT LOCATED IN A TARGET REDEVELOPMENT AREA~~
13 ~~DESIGNATED UNDER THIS SECTION IS A PROJECT FOR WHICH THE PURCHASE OF~~
14 ~~CONSTRUCTION MATERIAL OR WAREHOUSING EQUIPMENT IS ENTITLED TO A SALES~~
15 ~~AND USE TAX EXEMPTION UNDER § 11-232 OF THE TAX GENERAL ARTICLE.~~

16 Article – Tax – General

17 11-232.

18 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
19 INDICATED.

20 (2) (I) “CONSTRUCTION MATERIAL” MEANS AN ITEM OF TANGIBLE
21 PERSONAL PROPERTY THAT IS USED TO CONSTRUCT OR RENOVATE A BUILDING, A
22 STRUCTURE, OR AN IMPROVEMENT ON LAND AND THAT TYPICALLY LOSES ITS
23 SEPARATE IDENTITY AS PERSONAL PROPERTY ONCE INCORPORATED INTO THE
24 REAL PROPERTY.

25 (II) “CONSTRUCTION MATERIAL” INCLUDES BUILDING
26 MATERIALS, BUILDING SYSTEMS EQUIPMENT, LANDSCAPING MATERIALS, AND
27 SUPPLIES.

28 (3) “QUALIFIED PROJECT” MEANS A CONSTRUCTION PROJECT THAT
29 IS LOCATED IN A TARGET REDEVELOPMENT AREA AND FOR WHICH, AS CERTIFIED BY
30 THE DEPARTMENT OF ECONOMIC COMPETITIVENESS AND COMMERCE UNDER §
31 ~~5-706.1 OF THE ECONOMIC DEVELOPMENT ARTICLE~~ THIS SECTION, THE PURCHASE

1 OF CONSTRUCTION MATERIAL OR WAREHOUSING EQUIPMENT IS ENTITLED TO THE
2 SALES AND USE TAX EXEMPTION UNDER THIS SECTION.

3 (4) ~~“TARGET REDEVELOPMENT AREA” MEANS AN AREA DESIGNATED~~
4 ~~AS A TARGET REDEVELOPMENT AREA UNDER § 5-706.1 OF THE ECONOMIC~~
5 ~~DEVELOPMENT ARTICLE~~ ANY REAL PROPERTY THAT:

6 (I) IS LOCATED IN THE CHESAPEAKE ENTERPRISE ZONE IN
7 BALTIMORE COUNTY;

8 (II) WAS, AS OF JANUARY 1, 2016, THE SUBJECT OF AN
9 APPROVED APPLICATION FOR PARTICIPATION IN THE VOLUNTARY CLEANUP
10 PROGRAM UNDER TITLE 7, SUBTITLE 5 OF THE ENVIRONMENT ARTICLE; AND

11 (III) IS ZONED, UNDER BALTIMORE COUNTY ZONING
12 REGULATIONS, FOR ANY USE OTHER THAN RESIDENTIAL USE.

13 (5) “WAREHOUSING EQUIPMENT” MEANS EQUIPMENT USED FOR
14 MATERIAL HANDLING AND STORAGE, INCLUDING RACKING SYSTEMS, CONVEYING
15 SYSTEMS, AND COMPUTER SYSTEMS AND EQUIPMENT.

16 (B) THE SALES AND USE TAX DOES NOT APPLY TO A SALE OF CONSTRUCTION
17 MATERIAL OR WAREHOUSING EQUIPMENT, IF:

18 (1) THE MATERIAL OR EQUIPMENT IS PURCHASED FOR USE IN A
19 QUALIFIED PROJECT; AND

20 (2) THE PURCHASER PROVIDES THE VENDOR A COPY OF THE
21 CERTIFICATION ISSUED BY THE DEPARTMENT OF ECONOMIC COMPETITIVENESS
22 AND COMMERCE UNDER SUBSECTION (C) OF THIS SECTION.

23 (C) A PERSON MAY APPLY TO THE DEPARTMENT OF ECONOMIC
24 COMPETITIVENESS AND COMMERCE TO CERTIFY THAT A CONSTRUCTION PROJECT
25 LOCATED IN A TARGET REDEVELOPMENT AREA IS A PROJECT FOR WHICH THE
26 PURCHASE OF CONSTRUCTION MATERIAL OR WAREHOUSING EQUIPMENT IS
27 ENTITLED TO THE EXEMPTION UNDER THIS SECTION.

28 13-1032.

29 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
30 INDICATED.

1 (2) "EXEMPTED CONSTRUCTION MATERIAL" MEANS CONSTRUCTION
2 MATERIAL ON WHICH NO SALES AND USE TAX WAS PAID IN ACCORDANCE WITH §
3 11-232 OF THIS ARTICLE.

4 (3) "EXEMPTED WAREHOUSING EQUIPMENT" MEANS WAREHOUSING
5 EQUIPMENT ON WHICH NO SALES AND USE TAX WAS PAID IN ACCORDANCE WITH §
6 11-232 OF THIS ARTICLE.

7 (4) "QUALIFIED PROJECT" HAS THE MEANING STATED IN § 11-232 OF
8 THIS ARTICLE.

9 (B) A PERSON WHO USES EXEMPTED CONSTRUCTION MATERIAL OR
10 EXEMPTED WAREHOUSING EQUIPMENT FOR A PURPOSE OTHER THAN FOR A
11 QUALIFIED PROJECT IS GUILTY OF A MISDEMEANOR AND, ON CONVICTION, IS
12 SUBJECT TO A FINE NOT EXCEEDING \$5,000 OR IMPRISONMENT NOT EXCEEDING 5
13 YEARS OR BOTH.

14 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
15 October 1, 2016. It shall remain effective for a period of 5 years and, at the end of September
16 30, 2021, with no further action required by the General Assembly, this Act shall be
17 abrogated and of no further force and effect.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.