

Chapter 603

(Senate Bill 1062)

AN ACT concerning

~~Enterprise Zones – Target Redevelopment Areas – Designation and Sales and Use Tax Exemption~~
Baltimore County – Sales and Use Tax Exemption – Redevelopment Areas

FOR the purpose of ~~authorizing a certain political subdivision to request that the Secretary of Commerce designate all or a part of a certain enterprise zone as a target redevelopment area for a certain period of time; providing that the request may be made on or before a certain submission date; requiring the Secretary to grant the request under certain circumstances; authorizing a person to apply to the Department of Economic Competitiveness and Commerce to certify that a construction project located in a certain target redevelopment area is a project for which the purchase of certain construction material or warehousing equipment is 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 equipment purchased for use in a certain qualified project located in a certain target redevelopment area in Baltimore County under certain circumstances; authorizing a person to apply to the Department of Economic Competitiveness and Commerce to certify that a construction project located in a certain target redevelopment area is a project for which the purchase of certain construction material or warehousing equipment is entitled to the exemption; providing that a person who utilizes certain exempt construction material or warehousing equipment for a purpose other than for a certain project is guilty of a misdemeanor and subject to a certain penalty; requiring a buyer claiming the exemption to provide certain evidence to a vendor; defining certain terms; providing for the termination of this Act; and generally relating to enterprise zones and the sales and use tax.~~

~~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. §§ 1391 through 1397F.~~

~~(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~~

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

~~(B) 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.~~

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

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

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

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

Article – Tax – General

11-232.

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

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

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

~~(3) “QUALIFIED PROJECT” MEANS A CONSTRUCTION PROJECT THAT IS LOCATED IN A TARGET REDEVELOPMENT AREA AND FOR WHICH, AS CERTIFIED BY THE DEPARTMENT OF ECONOMIC COMPETITIVENESS AND COMMERCE UNDER § 5-706.1 OF THE ECONOMIC DEVELOPMENT ARTICLE THIS SECTION, THE PURCHASE OF CONSTRUCTION MATERIAL OR WAREHOUSING EQUIPMENT IS ENTITLED TO THE SALES AND USE TAX EXEMPTION UNDER THIS SECTION.~~

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

~~(I) IS LOCATED IN THE CHESAPEAKE ENTERPRISE ZONE IN BALTIMORE COUNTY; ANY REAL PROPERTY OWNED OR LEASED BY A PERSON IN BALTIMORE COUNTY THAT:~~

~~(I) WAS PREVIOUSLY OWNED AT ANY TIME BY BETHLEHEM STEEL CORPORATION, OR ANY OF ITS SUBSIDIARIES; AND~~

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

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

~~(5)~~ (4) “WAREHOUSING EQUIPMENT” MEANS EQUIPMENT USED FOR MATERIAL HANDLING AND STORAGE, INCLUDING RACKING SYSTEMS, CONVEYING SYSTEMS, AND COMPUTER SYSTEMS AND EQUIPMENT.

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

(1) THE MATERIAL OR EQUIPMENT IS PURCHASED BY A PERSON SOLELY FOR USE IN A ~~QUALIFIED PROJECT~~ TARGET REDEVELOPMENT AREA; AND

(2) THE ~~PURCHASER~~ BUYER PROVIDES THE VENDOR ~~A COPY OF THE CERTIFICATION ISSUED BY THE DEPARTMENT OF ECONOMIC COMPETITIVENESS AND COMMERCE UNDER SUBSECTION (C) OF THIS SECTION~~ WITH EVIDENCE OF ELIGIBILITY FOR THE EXEMPTION ISSUED BY THE COMPTROLLER.

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

~~13-1032.~~

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

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

(3) ~~“EXEMPTED WAREHOUSING EQUIPMENT” MEANS WAREHOUSING EQUIPMENT ON WHICH NO SALES AND USE TAX WAS PAID IN ACCORDANCE WITH § 11-232 OF THIS ARTICLE.~~

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

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

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect ~~October~~ July 1, 2016. It shall remain effective for a period of ~~5~~ 10 years and, at the end of ~~September 30, 2021~~ June 30, 2026, with no further action required by the General Assembly, this Act shall be abrogated and of no further force and effect.

Approved by the Governor, May 19, 2016.