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**To:** Members of The Senate Budget and Taxation Committee

**From:** Melinda Dunmire, Chair, Legislative Committee, Tax Council

**Date:** January 27, 2020

**Subject:** **SB 185** – Tax General – Baltimore County Sales and Use Tax Exemption for Qualified Opportunity Zones

**Position:** **Support with Amendments**

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The Maryland State Bar Association (MSBA) supports with amendments **SB 185 – Tax General – Baltimore County Sales and Use Tax Exemption for Qualified Opportunity Zones amended** as set out below.

Generally, the bill provides an exemption from sales and use tax for certain construction materials incorporated into real property in a Qualified Opportunity Zone.

The bill defines “construction material” as 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 real property.” §11-236 (A)(2)(I)

Because the act of incorporating materials into real property does not in of itself result in the material losing its character as personal property, the committee believes the language should be modified as follows to achieve the intent of the legislation proposed:

Instead of stating that the improvement loses its separate identity as “personal property” it should state that the improvement loses its identity as “tangible personal property.”

For the reason stated above, the MSBA **supports SB 185 if the bill is amended** to clarify that the property loses its identity as tangible personal property rather than personal property.

If you have questions about the position of the Tax Council Legislative Committee, please feel free to address them to me at 443-621-3515 or at [melinda.dunmire@gmail.com](mailto:melinda.dunmire@gmail.com).

Should you have other questions, please contact The MSBA’s Legislative Office at (410)-269-6464 / (410)-685-7878 ext: 3066 or at [Richard@MSBA.org](mailto:Richard@MSBA.org) and [Parker@MSBA.org](mailto:Parker@MSBA.org)