
By: Delegates Hixson, Taylor, Cummings, Hurson, Busch, Guns, Rawlings, and Vallario

Requested: November 15, 1995

Introduced and read first time: January 10, 1996

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 Taxation of Property for Use or Consumption in High Technology Industries

3 FOR the purpose of exempting from the sales and use tax the sale of certain tangible
4 personal property for use or consumption in certain development, production, and
5 assembly activities; and altering the definition of "manufacturing" under the
6 property tax law to include certain development, production, and assembly
7 activities.

8 BY adding to

9 Article - Tax - General
10 Section 11-227
11 Annotated Code of Maryland
12 (1988 Volume and 1995 Supplement)

13 BY repealing and reenacting, with amendments,

14 Article - Tax - Property
15 Section 1-101(r)
16 Annotated Code of Maryland
17 (1994 Replacement Volume and 1995 Supplement)

18 BY repealing and reenacting, without amendments,

19 Article - Tax - Property
20 Section 7-225, 7-226, and 9-205
21 Annotated Code of Maryland
22 (1994 Replacement Volume and 1995 Supplement)

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

25 **Article - Tax - General**

26 11-227.

27 THE SALES AND USE TAX DOES NOT APPLY TO A SALE OF TANGIBLE PERSONAL
28 PROPERTY FOR USE OR CONSUMPTION IN:

2

1 (1) THE DEVELOPMENT OF:

2 (I) MAGNETICALLY STORED WRITTEN INSTRUCTIONS TO BE USED
3 DIRECTLY OR INDIRECTLY IN A COMPUTER TO BRING ABOUT A CERTAIN RESULT;
4 OR

5 (II) RELATED WRITTEN INSTRUCTIONS IN BOOKS, MANUALS, OR
6 ELECTRONIC TUTORIALS;

7 (2) THE DEVELOPMENT, PRODUCTION, OR ASSEMBLY OF COMPUTER
8 BOARDS, COMPONENTS, OR CHIPS; OR

9 (3) THE DEVELOPMENT OR PRODUCTION OF CULTURES, DRUGS,
10 VACCINES, ANTIBODIES, OR OTHER RELATED MATERIALS FOR USE IN THE
11 BIOSCIENCES INDUSTRY.

12 **Article - Tax - Property**

13 1-101.

14 (r) "Manufacturing" includes:

15 (1) the operation of:

16 [(1)] (I) sawmills, grain mills, or feed mills; and

17 [(2)] (II) machinery and equipment used to extract and process minerals,
18 metals, or earthen materials or by-products that result from the extracting or processing;

19 (2) THE DEVELOPMENT OF:

20 (I) MAGNETICALLY STORED WRITTEN INSTRUCTIONS TO BE USED
21 DIRECTLY OR INDIRECTLY IN A COMPUTER TO BRING ABOUT A CERTAIN RESULT;
22 OR

23 (II) RELATED WRITTEN INSTRUCTIONS IN BOOKS, MANUALS, OR
24 ELECTRONIC TUTORIALS;

25 (3) THE DEVELOPMENT, PRODUCTION, OR ASSEMBLY OF COMPUTER
26 BOARDS, COMPONENTS, OR CHIPS; AND

27 (4) THE DEVELOPMENT OR PRODUCTION OF CULTURES, DRUGS,
28 VACCINES, ANTIBODIES, OR OTHER RELATED MATERIALS FOR USE IN THE
29 BIOSCIENCES INDUSTRY.

30 7-225.

31 (a) Except as provided in § 7-109 of this title and in subsection (b) of this section,
32 if used in manufacturing, the following personal property, however operated and whether
33 or not in use, is not subject to property tax:

34 (1) tools;

35 (2) implements;

36 (3) machinery; or

3

1 (4) manufacturing apparatus or engines.

2 (b) Except as provided by § 7-108 of this title, the personal property listed in
3 subsection (a) of this section is subject to a county property tax on:

4 (1) 100% of its assessment in Allegany County, Dorchester County, Garrett
5 County, Somerset County, Wicomico County, and Worcester County; and

6 (2) 75% of its assessment in Washington County.

7 7-226.

8 (a) Except as provided in § 7-109 of this title and in subsection (b) of this section,
9 raw materials and manufactured products in the possession of a manufacturer are not
10 subject to property tax.

11 (b) Except as provided by § 7-108 of this title, the personal property described in
12 subsection (a) of this section is subject to a county property tax on 20% of its assessment
13 in Allegany County.

14 9-205.

15 (a) The Mayor and City Council of Baltimore City or the governing body of a
16 county or of a municipal corporation may grant, by law, a property tax credit under this
17 section against the county or municipal corporation property tax imposed on part or all of
18 the property of any manufacturing, fabricating, or assembling facility that:

19 (1) locates in the county or municipal corporation;

20 (2) expands in the county or municipal corporation; or

21 (3) develops a new product or industrial process.

22 (b) A property tax credit under this section is 100% of the county or municipal
23 corporation property tax against the property described in subsection (a) of this section.

24 (c) A property tax credit granted under this section may be granted for the period
25 of years from the date of completion of a new facility or expansion of a facility that the
26 Mayor and City Council of Baltimore City or the appropriate governing body determines.

27 (d) The Mayor and City Council of Baltimore City or the appropriate governing
28 body may:

29 (1) adopt regulations necessary to carry out this section; and

30 (2) provide any other restriction or condition considered desirable.

31 (e) The Mayor and City Council of Baltimore City or each governing body shall
32 designate the administrative unit or official to administer the property tax credit granted
33 under this section.

34 (f) When a tax bill is sent to a taxpayer who may be eligible for a property tax
35 credit under this section, the Mayor and City Council of Baltimore City or the
36 appropriate governing body shall give notice of the property tax credit under this section
37 to the taxpayer.

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1 (g) (1) A taxpayer must apply to receive a tax credit under this section.

2 (2) Except in Frederick County, if a taxpayer fails to apply for a property tax
3 credit under this section on or before October 1 of each taxable year, the property tax
4 credit may not be granted.

5 (3) In Frederick County, a taxpayer may apply for a property tax credit
6 under this section on or before October 1 of the taxable year, and the property tax credit
7 received shall continue from year to year until the property is conveyed.

8 (4) A taxpayer shall state under oath that the facts in the application are
9 true.

10 (h) Each governing body that grants a property tax credit under this section shall
11 submit to the Department a copy of the law granting the credit.

12 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
13 July 1, 1996.