
By: Delegates Bonsack, Harkins, Heller, Fry, Linton, Shriver, Howard, Ports, Finifter, and Muse

Introduced and read first time: February 2, 1996

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Sales and Use Tax - Machinery or Equipment Used Predominantly in a Production**
3 **Activity**

4 FOR the purpose of altering an exemption under the sales and use tax for certain
5 machinery and equipment used in a production activity to require that the
6 machinery or equipment be predominantly used in a production activity and to
7 eliminate a requirement that the machinery or equipment not be used in certain
8 activities.

9 BY repealing and reenacting, with amendments,
10 Article - Tax - General
11 Section 11-210(b)(1)
12 Annotated Code of Maryland
13 (1988 Volume and 1995 Supplement)

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

16 **Article - Tax - General**

17 11-210.

18 (b) The sales and use tax does not apply to a sale of:

19 (1) machinery or equipment, a replacement part of machinery or
20 equipment, or a service for the assembly or fabrication of machinery orequipment or
21 replacement part that:

22 (i) is capitalized to claim depreciation, using acceptableand
23 consistent accounting standards;

24 [(ii) is not used in administration, management, sales, orany other
25 nonoperational activity;]

26 [(iii)] (II) at any stage of operation from the handling of raw material or
27 components on the production activity site to the time the product is ready for delivery or
28 storage, is used PREDOMINANTLY in a production activity; and

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1 [(iv)] (III) except for a foundation to support other machinery or
2 equipment or for an item required to conform to an air or water pollution law and
3 normally considered part of real property, is not installed so that it becomes real
4 property; or

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