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

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 - Property for Consumption in a Production Activity**

3 FOR the purpose of altering certain definitions under the sales and usetax to alter the
4 application of the tax to certain sales of property intended for consumption in a
5 production activity.

6 BY repealing and reenacting, with amendments,
7 Article - Tax - General
8 Section 11-101(f)(3)(ii)3. and (l)(3)(ii)3.
9 Annotated Code of Maryland
10 (1988 Volume and 1995 Supplement)

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

13 **Article - Tax - General**

14 11-101.

15 (f) (3) "Retail sale" does not include:

16 (ii) a sale of tangible personal property if the buyer intends to:

17 3. consume the tangible personal property directly and
18 predominantly in a production activity by destroying, using up, or wearing out the
19 property, other than through obsolescence, to the extent that the property cannot be
20 rendered fit for further use in a production activity[, if the consumption occurs within 1
21 year after the property is first used in a production activity]; or

22 (l) (3) "Use" does not include:

23 (ii) an exercise of a right or power over tangible personal property
24 acquired by a sale for use if the buyer intends to:

25 3. consume the tangible personal property directly and
26 predominantly in a production activity by destroying, using up, or wearing out the
27 property, other than through obsolescence, to the extent that the property cannot be
28 rendered fit for further use in a production activity[, if the consumption occurs within 1
29 year after the property is first used in a production activity]; or

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