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CF SB 190

By: **Delegates Bonsack, Fry, Howard, Finifter, Linton, Muse, Shriver, and Ports**
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 in Production Activity -**
3   **Capitalization Requirement**

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 eliminate arequirement
6   that the machinery or equipment be capitalized to claim depreciation.

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

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

14   **Article - Tax - General**

15 11-210.

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

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

20   [(i) is capitalized to claim depreciation, using acceptable and
21 consistent accounting standards;]

22   [(ii)] (I) is not used in administration, management, sales, or any other
23 nonoperational activity;

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

27   [(iv)] (III) except for a foundation to support other machinery or
28 equipment or for an item required to conform to an air or water pollution law and

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1 normally considered part of real property, is not installed so that it becomes real
2 property; or

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