
**By: Senators Amoss, Hoffman, McFadden, Lawlah, Munson, Middleton, Kasemeyer,
Van Hollen, Currie, Boozer, Hogan, and Cade**

Introduced and read first time: January 19, 1996

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 21, 1996

CHAPTER ____

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; providing for the termination of this Act; making a section of this Act
9 contingent on the taking effect of another Act; and providing for the effective date
10 of this Act.

11 BY repealing and reenacting, with amendments,
12 Article - Tax - General
13 Section 11-210(b)(1)
14 Annotated Code of Maryland
15 (1988 Volume and 1995 Supplement)

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

18 **Article - Tax - General**

19 11-210.

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

21 (1) machinery or equipment, a replacement part of machinery or
22 equipment, or a service for the assembly or fabrication of machinery or equipment or
23 replacement part that:

2

1 (i) is capitalized to claim depreciation, using acceptable and
2 consistent accounting standards;

3 [(ii) is not used in administration, management, sales, or any other
4 nonoperational activity;]

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

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

12 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall remain
13 effective for a period of two and a half years and, at the end of June 30, 1999, with no
14 further action required by the General Assembly, this Act shall be abrogated and of no
15 further force and effect.

16 SECTION 3. AND BE IT FURTHER ENACTED, That Section 2 of this Act
17 shall take effect contingent on the taking effect of S.B. 190 of the Acts of the General
18 Assembly of 1996, and if S.B. 190 does not become effective, Section 2 of this Act shall be
19 null and void without the necessity of further action by the General Assembly.

20 SECTION 2- 4. AND BE IT FURTHER ENACTED, That this Act shall take effect
21 July 1, 1996 January 1, 1997.