SENATE BILL 636

A BILL ENTITLED

1 AN ACT concerning

2   **Property Tax - Computer Software**

3 FOR the purpose of providing an exemption from valuation and property tax for certain
4   computer software and related documentation; defining certain terms;and
5   generally relating to a property tax exemption for certain computer software and
6   related documentation.

7 BY adding to
8   Article - Tax - Property
9   Section 7-238
10   Annotated Code of Maryland
11   (1994 Replacement 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 - Property**

15 7-238.

16   (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
17 INDICATED.

18   (2) (I) "COMPUTER SOFTWARE" MEANS ANY PROGRAM OR ROUTINE
19 USED TO CAUSE A COMPUTER TO PERFORM A SPECIFIC TASK OR SET OF TASKS.

20   (II) "COMPUTER SOFTWARE" INCLUDES:

21   1. SYSTEM AND APPLICATION PROGRAMS; AND

22   2. DATABASE STORAGE AND MANAGEMENT PROGRAMS.

23   (3) "EMBEDDED SOFTWARE" MEANS COMPUTER INSTRUCTIONS,
24 KNOWN AS MICROCODE, THAT:

25   (I) RESIDE PERMANENTLY IN THE INTERNAL MEMORY OF A
26 COMPUTER SYSTEM OR OTHER EQUIPMENT; AND

1   (II) ARE NOT INTENDED TO BE REMOVED WITHOUT TERMINATING
2 THE OPERATION OF THE COMPUTER SYSTEM OR EQUIPMENT AND REMOVING A
3 COMPUTER CHIP, A CIRCUIT, OR ANOTHER MECHANICAL DEVICE.

4   (B) EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, COMPUTER
5 SOFTWARE AND ANY DOCUMENTATION RELATED TO THE COMPUTER SOFTWARE
6 ARE NOT SUBJECT TO VALUATION OR PROPERTY TAX.

7   (C) THE EXEMPTION UNDER THIS SECTION DOES NOT APPLY TO COMPUTER
8 SOFTWARE OR ITS RELATED DOCUMENTATION IF THE COMPUTER SOFTWARE IS
9 EMBEDDED SOFTWARE.

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