

HOUSE BILL 420

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Q1

1998 Regular Session  
(8r1917)

**ENROLLED BILL**

-- Ways and Means/Budget and Taxation --

Introduced by **Delegates Goldwater, Shriver, Kopp, Genn, Love, V. Mitchell, Kach, Exum, Kelly, Eckardt, McClenahan, Pitkin, DeCarlo, Klausmeier, Hixson, Hurson, Bonsack, Frank, Busch, Pendergrass, and Morhaim**  
**Morhaim, and Howard Howard, and Finifter**

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

\_\_\_\_\_  
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this  
\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_ M.

\_\_\_\_\_  
Speaker.

CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Personal Property Tax - Small Businesses**

3 FOR the purpose of ~~exempting from valuation and property tax personal property~~  
4 ~~owned and exclusively used by certain business entities owning certain tangible~~  
5 ~~personal property with a total original cost of less than a certain amount~~  
6 ~~authorizing the governing body of a county or municipal corporation to grant, by~~  
7 ~~law, a property tax exemption for certain personal property with a total original~~  
8 ~~cost of less than a certain amount that is owned and exclusively used by certain~~  
9 ~~business entities; defining a certain term *exempting from valuation and*~~  
10 ~~*property tax certain personal property used in connection with a business,*~~  
11 ~~*occupation, or profession that is located at an individual's principal residence*~~  
12 ~~*under certain circumstances;* providing for the application of this Act; and~~  
13 generally relating to the personal property taxation of certain business entities  
14 owning certain tangible personal property with a total original cost of less than

1 a certain amount.

2 BY ~~adding to~~ *repealing and reenacting, with amendments,*

3 Article - Tax - Property

4 Section ~~7-241 7-512~~ 7-227

5 Annotated Code of Maryland

6 (1994 Replacement Volume and 1997 Supplement)

7 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF

8 MARYLAND, That the Laws of Maryland read as follows:

9 **Article - Tax - Property**

10 ~~7-241 7-512.~~

11 (A) ~~IN THIS SECTION, "SMALL BUSINESS" MEANS A BUSINESS ENTITY THAT~~  
 12 ~~OWNS TANGIBLE PERSONAL PROPERTY WITH A TOTAL ORIGINAL COST OF LESS~~  
 13 ~~THAN \$10,000, EXCLUDING VEHICLES EXEMPT UNDER § 7-230 OF THIS SUBTITLE.~~

14 (B) ~~PERSONAL PROPERTY THAT IS OWNED AND EXCLUSIVELY USED BY A~~  
 15 ~~SMALL BUSINESS IS NOT SUBJECT TO VALUATION OR TO PROPERTY TAX.~~

16 (B) ~~THE GOVERNING BODY OF A COUNTY OR MUNICIPAL CORPORATION MAY~~  
 17 ~~GRANT, BY LAW, A PROPERTY TAX EXEMPTION FOR PERSONAL PROPERTY THAT IS~~  
 18 ~~OWNED AND EXCLUSIVELY USED BY A SMALL BUSINESS.~~

19 (C) ~~IF THE DEPARTMENT RECEIVES A COPY OF THE LAW ON OR BEFORE~~  
 20 ~~MARCH 1, THE EXEMPTION SHALL BE EFFECTIVE FOR THE TAXABLE YEAR~~  
 21 ~~FOLLOWING THE DATE THE LAW IS ENACTED.~~

22 ~~7-227.~~

23 (a) *Except for personal property used in connection with a business, occupation,*  
 24 *or profession, personal property owned by an individual and located at the*  
 25 *individual's place of residence is not subject to valuation or to property tax.*

26 (b) *Notwithstanding subsection (a) of this section, personal property is not*  
 27 *subject to valuation or to property tax if the personal property is:*

28 (1) *owned by an individual;*

29 (2) *located at the individual's place of residence; and*

30 (3) *used in connection with a family day care home that is registered*  
 31 *under Title 5, Subtitle 5, Part V of the Family Law Article.*

32 (C) NOTWITHSTANDING SUBSECTION (A) OF THIS SECTION, PERSONAL  
 33 PROPERTY IS NOT SUBJECT TO VALUATION OR TO PROPERTY TAX IF:

1           (1)     THE PERSONAL PROPERTY IS OWNED BY AN INDIVIDUAL AND IS  
2 USED IN CONNECTION WITH A BUSINESS, OCCUPATION, OR PROFESSION THAT IS  
3 LOCATED AT THE INDIVIDUAL'S PRINCIPAL RESIDENCE; AND

4           (2)     THE SUM TOTAL OF THE PERSONAL PROPERTY, EXCLUDING  
5 VEHICLES EXEMPT UNDER § 7-230 OF THIS SUBTITLE, HAD A TOTAL ORIGINAL COST  
6 OF LESS THAN \$10,000.

7     SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
8 October 1, 1998 and shall be applicable to all taxable years beginning after June 30,  
9 1999.