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By: **Senators Hooper, Harris, Hoffman, Jacobs, Kelley, Lawlah, Mooney, Sfikas, Stoltzfus, and Teitelbaum**

Introduced and read first time: February 2, 2001

Assigned to: Budget and Taxation

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A BILL ENTITLED

1 AN ACT concerning

2 **Sales and Use Tax - Film Production Activity - Smoking**

3 FOR the purpose of allowing for the application of the sales and use tax to a sale of  
4 tangible personal property or a taxable service used directly in connection with  
5 a film production activity that contains scenes in which actors are smoking; and  
6 generally relating to allowing for the application of the sales and use tax to a  
7 sale of tangible personal property or a taxable service used directly in connection  
8 with a film production activity that contains scenes in which actors are smoking.

9 BY repealing and reenacting, with amendments,  
10 Article - Tax - General  
11 Section 11-227  
12 Annotated Code of Maryland  
13 (1997 Replacement Volume and 2000 Supplement)

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

16 **Article - Tax - General**

17 11-227.

18 (a) (1) In this section the following words have the meanings indicated.

19 (2) (i) "Film production activity" means the production or  
20 postproduction of film or video projects including feature films, television projects,  
21 commercials, corporate films, infomercials, music videos, or other projects for which  
22 the producer or production company will be compensated, and which are intended for  
23 nationwide commercial distribution.

24 (ii) "Film production activity" includes the production or  
25 postproduction of digital, animation, and multimedia projects.

26 (iii) "Film production activity" does not include:

1                                1.        production or postproduction of student films or  
 2 noncommercial personal videos; or

3                                2.        any activity not necessary to and undertaken directly and  
 4 exclusively for the making of a master film, tape, or image.

5                        (3)        "Tangible personal property or a taxable service used directly in  
 6 connection with a film production activity" includes:

7                        (i)        camera equipment and supplies;

8                        (ii)       film and tape;

9                        (iii)      lighting and stage equipment and supplies;

10                      (iv)      sound equipment and supplies;

11                      (v)       recording equipment and supplies;

12                      (vi)      costumes, wardrobes, and materials to construct them;

13                      (vii)     props, scenery, and materials to construct them;

14                      (viii)    design supplies and equipment;

15                      (ix)      drafting supplies and equipment;

16                      (x)       special effects supplies and equipment;

17                      (xi)      short-term vehicle rentals; and

18                      (xii)     fabrication, printing, or production of scripts, storyboards,  
 19 costumes, wardrobes, props, scenery, or special effects.

20        (b)        The sales and use tax does not apply to a sale of tangible personal property  
 21 or a taxable service used directly in connection with a film production activity by a  
 22 film producer or production company certified by the Department of Business and  
 23 Economic Development under Article 83A, § 4-501 of the Code.

24        (C)        THE EXEMPTION IN SUBSECTION (B) OF THIS SECTION DOES NOT APPLY  
 25 TO A SALE OF TANGIBLE PERSONAL PROPERTY OR A TAXABLE SERVICE USED  
 26 DIRECTLY IN CONNECTION WITH A FILM PRODUCTION ACTIVITY THAT CONTAINS  
 27 SCENES IN WHICH ACTORS ARE SMOKING.

28        SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
 29 July 1, 2001.