## **HOUSE BILL 168**

5lr1499 Q1HB 1018/24 - W&M (PRE-FILED) By: Delegate Qi Requested: October 30, 2024 Introduced and read first time: January 8, 2025 Assigned to: Ways and Means A BILL ENTITLED AN ACT concerning Manufacturing Business Personal Property Tax – Exemption FOR the purpose of exempting all personal property in the possession of a person engaged in a manufacturing business that is a small or medium-sized enterprise from the personal property tax; and generally relating to the personal property tax. BY repealing and reenacting, without amendments, Article - Tax - PropertySection 1-101(a), (r), and (dd) Annotated Code of Maryland (2019 Replacement Volume and 2024 Supplement)

11 BY repealing and reenacting, with amendments,

12 Article – Tax – Property

13 Section 6–104, 7–109(a), 7–222, 7–225, and 7–508

14 Annotated Code of Maryland

15 (2019 Replacement Volume and 2024 Supplement)

16 BY adding to

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17 Article - Tax - Property

Section 7–225.1 18

Annotated Code of Maryland 19

20 (2019 Replacement Volume and 2024 Supplement)

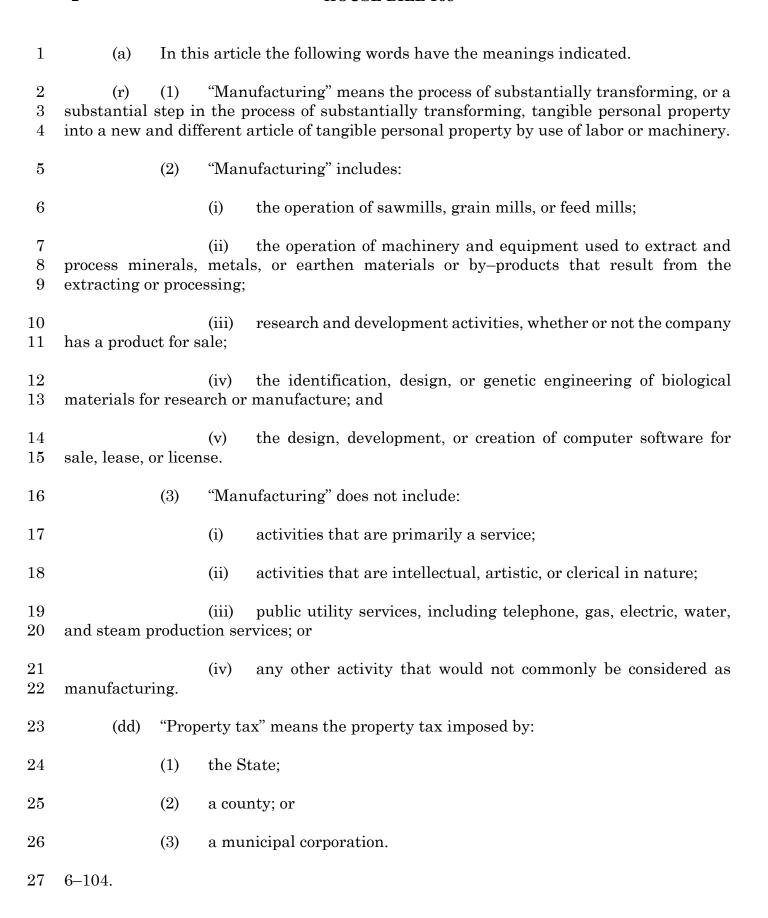
21 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND.

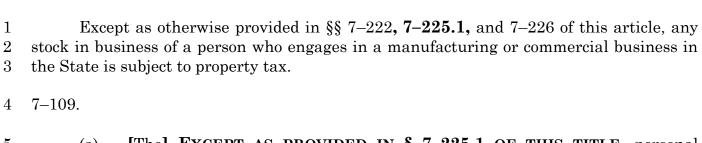
22That the Laws of Maryland read as follows:

23 Article - Tax - Property

241-101.







- 5 (a) [The] EXCEPT AS PROVIDED IN § 7–225.1 OF THIS TITLE, personal property described in §§ 7–222, 7–225, and 7–226 of this title is subject to the municipal corporation property tax unless exempted in full or in part by the governing body of the municipal corporation by law.
- 9 7-222.
- 10 (a) Except as provided in § 7–109 of this title and in subsection (b) of this section, 11 the stock in business of a person engaged in a manufacturing or commercial business is not 12 subject to property tax.
- 13 (b) Except as provided by § 7–108 of this title AND § 7–225.1 OF THIS SUBTITLE, 14 the personal property described in subsection (a) of this section is subject to a county 15 property tax on 35% of its assessment in Wicomico County.
- 16 7–225.
- 17 (a) Except as provided in § 7–109 of this title and in subsection (b) of this section, 18 if used in manufacturing, the following personal property, however operated and whether 19 or not in use, is not subject to property tax:
- 20 (1) tools;
- 21 (2) implements;
- 22 (3) machinery; or
- 23 (4) manufacturing apparatus or engines.
- 24 (b) Except as provided by § 7–108 of this title **AND § 7–225.1 OF THIS SUBTITLE**, 25 the personal property listed in subsection (a) of this section is subject to a county property 26 tax on:
- 27 (1) 100% of its assessment in Garrett County, Somerset County, Wicomico County, and Worcester County; and
- 29 (2) 75% of its assessment in Allegany County.
- 30 (c) Property does not qualify for the exemption under this section if the property 31 is used primarily in administration, management, sales, storage, shipping, receiving, or 32 any other nonmanufacturing activity.

- 1 (d) In order to qualify for the exemption under this section, a person claiming the exemption must apply for and be granted the exemption by the Department.
- 3 **7–225.1.**
- ALL PERSONAL PROPERTY, INCLUDING MANUFACTURING INVENTORY, IN THE POSSESSION OF A PERSON ENGAGED IN A MANUFACTURING BUSINESS THAT IS A SMALL OR MEDIUM-SIZED ENTERPRISE IS EXEMPT FROM PROPERTY TAX, INCLUDING ANY SPECIAL TAXING DISTRICT PROPERTY TAX.
- 8 7–508.
- 9 (a) In this section, "manufacturer" means a person who engages in at least 2 of 10 the following processes:
- 11 (1) applies labor, skill, art, or science to materials;
- 12 (2) makes changes or modifications in existing material by processes 13 usually considered as manufacturing;
- 14 (3) develops new forms, qualities, properties, or combinations of materials, 15 or adapts materials to certain uses; or
- 16 (4) produces from materials a different kind of material with a new use.
- 17 (b) [The] SUBJECT TO § 7–225.1 OF THIS TITLE, THE governing body of Washington County may exempt the raw materials used in a manufacturing process and manufactured products in the possession of a manufacturer from the Washington County property tax.
- SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2025, and shall be applicable to all taxable years beginning after June 30, 2025.