

## Chapter 806

**(House Bill 1243)**

AN ACT concerning

**Prince George's County – Personal Property Tax Exemption for Small  
Manufacturers****PG 423–26**

FOR the purpose of exempting ~~all~~ certain personal property in the possession of a person engaged in a certain manufacturing business with fewer than a certain number of employees from the municipal corporation personal property tax in Prince George's County; and generally relating to a personal property tax exemption for manufacturing businesses in Prince George's County.

BY repealing and reenacting, without amendments,

Article – Tax – Property

Section 1–101(a), (r), and (dd), 7–222(a), 7–225(a), and 7–226

Annotated Code of Maryland

(2019 Replacement Volume and 2025 Supplement)

BY repealing and reenacting, with amendments,

Article – Tax – Property

Section 6–104 and 7–109(a)

Annotated Code of Maryland

(2019 Replacement Volume and 2025 Supplement)

BY adding to

Article – Tax – Property

Section 7–226.1

Annotated Code of Maryland

(2019 Replacement Volume and 2025 Supplement)

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

**Article – Tax – Property**

1–101.

(a) In this article the following words have the meanings indicated.

(r) (1) “Manufacturing” means the process of substantially transforming, or a substantial step in the process of substantially transforming, tangible personal property into a new and different article of tangible personal property by use of labor or machinery.

- (2) “Manufacturing” includes:
- (i) the operation of sawmills, grain mills, or feed mills;
  - (ii) the operation of machinery and equipment used to extract and process minerals, metals, or earthen materials or by-products that result from the extracting or processing;
  - (iii) research and development activities, whether or not the company has a product for sale;
  - (iv) the identification, design, or genetic engineering of biological materials for research or manufacture; and
  - (v) the design, development, or creation of computer software for sale, lease, or license.
- (3) “Manufacturing” does not include:
- (i) activities that are primarily a service;
  - (ii) activities that are intellectual, artistic, or clerical in nature;
  - (iii) public utility services, including telephone, gas, electric, water, and steam production services; or
  - (iv) any other activity that would not commonly be considered as manufacturing.
- (dd) “Property tax” means the property tax imposed by:
- (1) the State;
  - (2) a county; or
  - (3) a municipal corporation.

6–104.

Except as otherwise provided in §§ 7–222 [and], 7–226, AND 7–226.1 of this article, any stock in business of a person who engages in a manufacturing or commercial business in the State is subject to property tax.

7–109.

(a) [The] **EXCEPT AS PROVIDED IN § 7-226.1 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.

7-222.

(a) Except as provided in § 7-109 of this title and in subsection (b) of this section, the stock in business of a person engaged in a manufacturing or commercial business is not subject to property tax.

7-225.

(a) Except as provided in § 7-109 of this title and in subsection (b) of this section, if used in manufacturing, the following personal property, however operated and whether or not in use, is not subject to property tax:

- (1) tools;
- (2) implements;
- (3) machinery; or
- (4) manufacturing apparatus or engines.

7-226.

Except as provided in § 7-109 of this title, raw materials and manufactured products in the possession of a manufacturer are not subject to property tax.

**7-226.1.**

**IN PRINCE GEORGE'S COUNTY, ALL PERSONAL PROPERTY, ~~INCLUDING MANUFACTURING INVENTORY,~~ DESCRIBED IN §§ 7-222, 7-225, AND 7-226 OF THIS SUBTITLE** IN THE POSSESSION OF A PERSON ENGAGED IN A MANUFACTURING BUSINESS THAT **HOLDS AN ALCOHOLIC BEVERAGES MANUFACTURER'S LICENSE UNDER TITLE 2, SUBTITLE 2 OF THE ALCOHOLIC BEVERAGES AND CANNABIS ARTICLE AND HAS 50 OR FEWER EMPLOYEES IS EXEMPT FROM THE MUNICIPAL CORPORATION PROPERTY TAX, ~~INCLUDING ANY SPECIAL TAXING DISTRICT PROPERTY TAX.~~**

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2026, and shall be applicable to all taxable years beginning after June 30, 2026.

**Approved by the Governor, May 26, 2026.**