

HOUSE BILL 1243

Q2

6lr1776

By: **Prince George's County Delegation**

Introduced and read first time: February 11, 2026

Assigned to: Ways and Means

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 6, 2026

CHAPTER _____

1 AN ACT concerning

2 **Prince George's County – Personal Property Tax Exemption for Small**
3 **Manufacturers**

4 **PG 423–26**

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

10 BY repealing and reenacting, without amendments,
11 Article – Tax – Property
12 Section 1–101(a), (r), and (dd), 7–222(a), 7–225(a), and 7–226
13 Annotated Code of Maryland
14 (2019 Replacement Volume and 2025 Supplement)

15 BY repealing and reenacting, with amendments,
16 Article – Tax – Property
17 Section 6–104 and 7–109(a)
18 Annotated Code of Maryland
19 (2019 Replacement Volume and 2025 Supplement)

20 BY adding to
21 Article – Tax – Property

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 Section 7–226.1
2 Annotated Code of Maryland
3 (2019 Replacement Volume and 2025 Supplement)

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

6 **Article – Tax – Property**

7 1–101.

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

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

12 (2) “Manufacturing” includes:

13 (i) the operation of sawmills, grain mills, or feed mills;

14 (ii) the operation of machinery and equipment used to extract and
15 process minerals, metals, or earthen materials or by-products that result from the
16 extracting or processing;

17 (iii) research and development activities, whether or not the company
18 has a product for sale;

19 (iv) the identification, design, or genetic engineering of biological
20 materials for research or manufacture; and

21 (v) the design, development, or creation of computer software for
22 sale, lease, or license.

23 (3) “Manufacturing” does not include:

24 (i) activities that are primarily a service;

25 (ii) activities that are intellectual, artistic, or clerical in nature;

26 (iii) public utility services, including telephone, gas, electric, water,
27 and steam production services; or

28 (iv) any other activity that would not commonly be considered as
29 manufacturing.

30 (dd) “Property tax” means the property tax imposed by:

- 1 (1) the State;
- 2 (2) a county; or
- 3 (3) a municipal corporation.

4 6–104.

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

8 7–109.

9 (a) [The] **EXCEPT AS PROVIDED IN § 7–226.1 OF THIS TITLE**, personal
10 property described in §§ 7–222, 7–225, and 7–226 of this title is subject to the municipal
11 corporation property tax unless exempted in full or in part by the governing body of the
12 municipal corporation by law.

13 7–222.

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

17 7–225.

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

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

25 7–226.

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

28 **7–226.1.**

1 **IN PRINCE GEORGE’S COUNTY, ALL PERSONAL PROPERTY, INCLUDING**
 2 **MANUFACTURING INVENTORY, IN THE POSSESSION OF A PERSON ENGAGED IN A**
 3 **MANUFACTURING BUSINESS THAT HOLDS AN ALCOHOLIC BEVERAGES**
 4 **MANUFACTURER’S LICENSE UNDER TITLE 2, SUBTITLE 2 OF THE ALCOHOLIC**
 5 **BEVERAGES AND CANNABIS ARTICLE AND HAS 50 OR FEWER EMPLOYEES IS**
 6 **EXEMPT FROM PROPERTY TAX, INCLUDING ANY SPECIAL TAXING DISTRICT**
 7 **PROPERTY TAX.**

8 **SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June**
 9 **1, 2026, and shall be applicable to all taxable years beginning after June 30, 2026.**

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.