[(r) Manufacturing machinery and equipment means all machinery and equipment which by acceptable and consistent accounting standards is capitalized for the purpose of claiming depreciation and which is used in manufacturing, assembling, processing or refining products for sale or in the generation of electricity, or research and development. It shall include all machinery and equipment used in any stage of such operations from the handling of raw materials or components on the manufacturing site until the product is ready for delivery or storage. It shall also include capitalized replacement parts upon manufacturing machinery and equipment, and the purchase of capitalized services for the assembly, or fabrication of manufacturing machinery or replacement parts thereof. It shall not include machinery or equipment used in administration, managerial, sales and other nonoperational activities. The term also does not include any personal property which when installed becomes a part of the real estate, (but does include foundations in support of machinery and equipment) nor does it include tools and appliances which are charged to expense accounts and/or are not capitalized. Specifically included, however, is any machinery, device, or equipment, which might normally be considered as a part of real estate, required to conform to air or water pollution laws or regulations and melting, smelting, heating, annealing, or coke oven furnaces.]

[(s) "Research and development" means basic and applied research in the sciences and engineering, and the design and development of prototypes and processes. Excluded from this definition are routine product testing, market research, sales promotion, sales service, research in the social sciences or psychology, and other nontechnical activities or technical and nontechnical services.]

~~SECTION--2.--AND-BE-IT-FURTHER-ENACTED,-That-Section(s) 372(f)-through-(q),-respectively,-of-Article--81-----Revenue and--Taxes,--of-the-Annotated-Code-of-Maryland-be-renumbered to-be-Section(s)-372(e)-through-(p),-respectively.~~

~~SECTION-3.--AND-BE-IT-FURTHER-ENACTED,-That--section(s) of--the--Annotated-Code-of-Maryland-be-repealed,-amended,-or enacted-to-read-as-follows:~~

~~Article-81---Revenue-and-Taxes~~

374.

Any person who uses, STORES, OR CONSUMES tangible personal property which has been manufactured, fabricated or assembled by him from raw materials and/or component parts, either within or without this State, shall be required to pay the tax on such property as computed in § 373, measured by his purchase price of the raw materials and/or component parts contained in such tangible personal property.

375.