

THE SALES AND USE TAX DOES NOT APPLY TO A SALE OF:

(1) MACHINERY OR EQUIPMENT USED TO PRODUCE BITUMINOUS CONCRETE; OR

(2) ELECTRICITY, FUEL, AND OTHER UTILITIES USED TO OPERATE THAT MACHINERY OR EQUIPMENT.

(B) MANUFACTURING, RESEARCH, OR DEVELOPMENT.

THE SALES AND USE TAX DOES NOT APPLY TO A SALE OF:

(1) MACHINERY OR EQUIPMENT, A REPLACEMENT PART OF MACHINERY OR EQUIPMENT, OR A SERVICE FOR THE ASSEMBLY OR FABRICATION OF MACHINERY OR EQUIPMENT OR REPLACEMENT PART THAT:

(I) IS CAPITALIZED TO CLAIM DEPRECIATION, USING ACCEPTABLE AND CONSISTENT ACCOUNTING STANDARDS;

(II) IS NOT USED IN ADMINISTRATION, MANAGEMENT, SALES, OR ANY OTHER NONOPERATIONAL ACTIVITY;

(III) AT ANY STAGE OF OPERATION FROM THE HANDLING OF RAW MATERIAL OR COMPONENTS ON THE PRODUCTION ACTIVITY SITE TO THE TIME THE PRODUCT IS READY FOR DELIVERY OR STORAGE, IS USED:

1. IN A PRODUCTION ACTIVITY; OR

2. FOR RESEARCH AND DEVELOPMENT, AS DEFINED IN § 11-216 OF THIS SUBTITLE; AND

(IV) EXCEPT FOR A FOUNDATION TO SUPPORT OTHER MACHINERY OR EQUIPMENT OR FOR AN ITEM REQUIRED TO CONFORM TO AN AIR OR WATER POLLUTION LAW AND NORMALLY CONSIDERED PART OF REAL PROPERTY, IS NOT INSTALLED SO THAT IT BECOMES REAL PROPERTY; OR

(2) A MELTING, SMELTING, HEATING, OR ANNEALING COKE OVEN, ALUMINUM FURNACE, ANODE BAKE OVEN, ELECTROLYTIC POT, CATHODE, REFRACTORY, OR OTHER MATERIAL USED IN RELINING AND REBUILDING A FURNACE OR OVEN.

REVISOR'S NOTE: This section is new language derived without substantive change from former Art. 81, § 324(s), § 326(mm) and (eee) and, as it extended the exemptions under the former retail sales tax to the former use tax, § 375(b).

In subsection (b)(1)(iii)1. of this section, the defined term "production activity" is substituted for the former references to "manufacturing, assembling, processing or refining products for sale" and the "generation of electricity", for clarity and brevity.