

(1) SUBSTANTIAL REDUCTIONS IN FEDERAL REVENUES DUE TO CHANGES IN FEDERAL LAW OR FISCAL POLICIES;

(2) REDUCTIONS IN STATE REVENUES ATTRIBUTABLE TO CHANGES IN FEDERAL INCOME TAX LAW; OR

(3) SUBSTANTIAL DOWNTURNS IN REVENUES RESULTING FROM SIGNIFICANT CHANGES IN THE ECONOMY OR FEDERAL ACTIONS THAT LAY OFF OR TERMINATE MARYLAND EMPLOYEES.

(G) (1) AS PART OF THE INFORMATION SUBMITTED WITH THE STATE BUDGET BILL AT THE 1996, 1997, AND 1998 SESSIONS OF THE GENERAL ASSEMBLY, THE GOVERNOR SHALL SUBMIT A REPORT THAT INDICATES FOR THE CURRENT FISCAL YEAR AND FOR THE FISCAL YEAR FOR WHICH THE STATE BUDGET IS PROPOSED, THE ESTIMATED EFFECTS ON REVENUES AND EXPENDITURES OF CHANGES IN FEDERAL LAW OR FEDERAL FISCAL POLICIES.

(2) THE REPORT SHALL INCLUDE:

(I) BY PROGRAM, TO THE EXTENT POSSIBLE, WHERE FEDERAL AID HAS BEEN REDUCED OR PROPOSED FOR REDUCTION; AND

(II) BY PROGRAM, WHERE FUNDS FROM THIS ACCOUNT ARE BEING REQUESTED TO OFFSET ANY REDUCTION IN FEDERAL AID.

SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article - Tax - Property

7-237.

(A) (1) IN THIS SECTION, "RESEARCH AND DEVELOPMENT" MEANS:

(I) BASIC AND APPLIED RESEARCH IN THE SCIENCES AND ENGINEERING; AND

(II) THE DESIGN, DEVELOPMENT, AND GOVERNMENTALLY REQUIRED PRE-MARKET TESTING OF PROTOTYPES, PRODUCTS, AND PROCESSES.

(2) "RESEARCH AND DEVELOPMENT" DOES NOT INCLUDE:

(I) MARKET RESEARCH;

(II) RESEARCH IN THE SOCIAL SCIENCES OR PSYCHOLOGY AND OTHER NONTECHNICAL ACTIVITIES;

(III) ROUTINE PRODUCT TESTING;

(IV) SALES SERVICES;

(V) TECHNICAL AND NONTECHNICAL SERVICES; OR

(VI) RESEARCH AND DEVELOPMENT OF A PUBLIC UTILITY.