2.   DATABASE STORAGE AND MANAGEMENT PROGRAMS.

(3)   "EMBEDDED SOFTWARE" MEANS COMPUTER INSTRUCTIONS, KNOWN AS MICROCODE, THAT:

(I)   RESIDE PERMANENTLY IN THE INTERNAL MEMORY OF A COMPUTER SYSTEM OR OTHER EQUIPMENT; AND

(II)   ARE NOT INTENDED TO BE REMOVED WITHOUT TERMINATING THE OPERATION OF THE COMPUTER SYSTEM OR EQUIPMENT AND REMOVING A COMPUTER CHIP, A CIRCUIT, OR ANOTHER MECHANICAL DEVICE.

(B)   EXCEPT AS PROVIDED IN ~~SUBSECTION (C)~~ SUBSECTIONS (C) AND (D) OF THIS SECTION, COMPUTER SOFTWARE AND ANY DOCUMENTATION RELATED TO THE COMPUTER SOFTWARE ARE NOT SUBJECT TO VALUATION OR PROPERTY TAX.

(C)   THE EXEMPTION UNDER THIS SECTION DOES NOT APPLY TO COMPUTER SOFTWARE OR ITS RELATED DOCUMENTATION IF:

(1)   THE COMPUTER SOFTWARE IS EMBEDDED SOFTWARE; OR

(2)   THE COMPUTER SOFTWARE IS SOLD FROM STOCK IN BUSINESS IN A TANGIBLE MEDIUM READY FOR USE AS IS.

(D)   WHEN REPORTING PERSONAL PROPERTY UNDER TITLE 11 OF THIS ARTICLE, A BUSINESS MAY NOT REDUCE THE ORIGINAL COST OF THE COMPUTER HARDWARE BY THE VALUE OF THE COMPUTER SOFTWARE THAT IS ACQUIRED AS PART OF THE PURCHASE OF COMPUTER HARDWARE.

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(A)   (1)   EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, THE GOVERNING BODY OF A COUNTY OR MUNICIPAL CORPORATION MAY GRANT, BY LAW, A PROPERTY TAX CREDIT FOR UP TO 100% OF THE COUNTY PROPERTY TAX IMPOSED ON BUSINESS PERSONAL PROPERTY THAT IS COMPUTER SOFTWARE.

(2)   A CREDIT AGAINST THE COUNTY PROPERTY TAX MAY NOT BE GRANTED FOR PERSONAL PROPERTY ALREADY EXEMPT FROM TAXATION UNDER § 7-238(B) OF THIS ARTICLE.

(B)   THE GOVERNING BODY OF A COUNTY OR MUNICIPAL CORPORATION MAY ADOPT PROCEDURES TO DETERMINE THE AMOUNT AND THE CONDITIONS OF ELIGIBILITY AND METHOD OF APPLICATION OF THE PROPERTY TAX CREDIT.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect ~~July 1, 1996~~ June 1, 1996 and shall be applicable to all taxable years beginning after June 30, 1997.

Approved April 30, 1996.

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