

BY repealing and reenacting, with amendments,

Article - Tax - General

Section 11-210(b)(1)

Annotated Code of Maryland

(1988 Volume and 1995 Supplement)

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

**Article - Tax - General**

11-210.

(b) 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)] (II) 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 PREDOMINANTLY in a production activity; and

[(iv)] (III) 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

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall remain effective for a period of two and one-half years and, at the end of June 30, 1999, with no further action required by the General Assembly, this Act shall be abrogated and of no further force and effect.

SECTION 3. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall take effect contingent on the taking effect of Chapter \_\_\_\_\_ (S.B. 190) of the Acts of the General Assembly of 1996, and if Chapter \_\_\_\_\_ (S.B. 190) does not become effective, Section 2 of this Act shall be null and void without the necessity of further action by the General Assembly.

SECTION 2. ~~4~~ AND BE IT FURTHER ENACTED, That this Act shall take effect ~~July 1, 1996~~ January 1, 1997.

May 23, 1996

The Honorable Casper R. Taylor, Jr.