

10-908.

(d) A payor shall withhold from a payment subject to withholding of winnings derived from wagering:

(1) if the payee is a resident, [7.5% of] A RATE EQUAL TO THE SUM OF 2.5% AND THE TOP MARGINAL STATE INCOME TAX RATE FOR INDIVIDUALS UNDER § 10-105(A) OF THIS TITLE, APPLIED TO the payment; and

(2) if the payee is a nonresident, [5% of] THE TOP MARGINAL STATE INCOME TAX RATE FOR INDIVIDUALS UNDER § 10-105(A) OF THIS TITLE, APPLIED TO the payment.

(e) The Board of Trustees of the State Retirement and Pension System shall withhold from a payment of a death benefit to a resident payee the sum of:

(1) [5% of] THE TOP MARGINAL STATE INCOME TAX RATE FOR INDIVIDUALS UNDER § 10-105(A) OF THIS TITLE APPLIED TO the payment; and

(2) the county income tax rate applied to 5% of the payment.

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

Article - Tax - General

11-107.

(A) IN THIS SECTION, "TANGIBLE PERSONAL PROPERTY USED IN A MANUFACTURING PROCESS" MEANS:

(1) NONCAPITALIZED MACHINERY OR EQUIPMENT THAT WOULD QUALIFY FOR THE EXEMPTION UNDER § 11-210(B)(1) OF THIS TITLE IF IT WERE CAPITALIZED;

(2) TANGIBLE PERSONAL PROPERTY THAT WOULD BE PROPERTY DESCRIBED UNDER § 11-101(F)(3)(II)3 AND (L)(3)(II)3 OF THIS SUBTITLE BUT FOR THE FACT THAT IT IS NOT CONSUMED WITHIN 1 YEAR AFTER THE PROPERTY IS FIRST USED IN A PRODUCTION ACTIVITY;

(3) EQUIPMENT THAT IS USED PHYSICALLY TO MOVE A FINISHED PRODUCT ON THE PRODUCTION ACTIVITY SITE;

(4) MACHINERY AND EQUIPMENT THAT IS USED TO MAINTAIN MACHINERY AND EQUIPMENT THAT IS EXEMPT UNDER § 11-210(B)(1) OF THIS TITLE;

(5) SAFETY EQUIPMENT USED ON THE PRODUCTION ACTIVITY SITE; OR

(6) MACHINERY AND EQUIPMENT USED IN QUALITY CONTROL ON A PRODUCTION ACTIVITY SITE.

(B) A PERSON IS ALLOWED A CREDIT AGAINST THE SALES AND USE TAX THAT THE PERSON IS REQUIRED TO PAY TO THE COMPTROLLER IN AN AMOUNT EQUAL TO:

(1) ONE-THIRD OF THE SALES AND USE TAX THAT THE PERSON PAYS ON OR AFTER JULY 1, 1998 BUT BEFORE JULY 1, 1999 ON THE PURCHASE OF TANGIBLE PERSONAL PROPERTY USED IN A MANUFACTURING PROCESS; AND