

**Article - Tax - Property**

1-101.

(a) In this article the following words have the meanings indicated.

(r) (1) "Manufacturing" means the process of substantially transforming, or a substantial step in the process of substantially transforming, tangible personal property into a new and different article of tangible personal property by use of labor or machinery.

(2) "Manufacturing" includes [the operation of]:

(i) THE OPERATION OF sawmills, grain mills, or feed mills; [and]

(ii) THE OPERATION OF machinery and equipment used to extract and process minerals, metals, or earthen materials or by-products that result from the extracting or processing;

(III) RESEARCH AND DEVELOPMENT ACTIVITIES, WHETHER OR NOT THE COMPANY HAS A PRODUCT FOR SALE;

(IV) THE IDENTIFICATION, DESIGN, OR GENETIC ENGINEERING OF BIOLOGICAL MATERIALS FOR RESEARCH OR MANUFACTURE; AND

(V) THE DESIGN, DEVELOPMENT, OR CREATION OF COMPUTER SOFTWARE FOR SALE, LEASE, OR LICENSE.

(3) "Manufacturing" does not include:

(i) activities that are primarily a service;

(ii) activities that are intellectual, artistic, or clerical in nature;

(iii) [research and development, as defined under § 7-237 of this article;

(iv)] public utility services, including telephone, gas, electric, water, and steam production services; or

[(v)] (IV) any other activity that would not commonly be considered as manufacturing.

(DD) (1) "RESEARCH AND DEVELOPMENT" MEANS:

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

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

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

(I) MARKET RESEARCH;