

HOUSE BILL 1243

Q2

(6lr1776)

ENROLLED BILL

— *Ways and Means/Budget and Taxation* —

Introduced by **Prince George's County Delegation**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

_____ day of _____ at _____ o'clock, _____ M.

Speaker.

CHAPTER _____

1 AN ACT concerning

2 **Prince George's County – Personal Property Tax Exemption for Small**
3 **Manufacturers**

4 **PG 423–26**

5 FOR the purpose of exempting ~~all~~ certain personal property in the possession of a person
6 engaged in a certain manufacturing business with fewer than a certain number of
7 employees from the municipal corporation personal property tax in Prince George's
8 County; and generally relating to a personal property tax exemption for
9 manufacturing businesses in Prince George's County.

10 BY repealing and reenacting, without amendments,

11 Article – Tax – Property

12 Section 1–101(a), (r), and (dd), 7–222(a), 7–225(a), and 7–226

13 Annotated Code of Maryland

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

Italics indicate opposite chamber/conference committee amendments.



1 (2019 Replacement Volume and 2025 Supplement)

2 BY repealing and reenacting, with amendments,
3 Article – Tax – Property
4 Section 6–104 and 7–109(a)
5 Annotated Code of Maryland
6 (2019 Replacement Volume and 2025 Supplement)

7 BY adding to
8 Article – Tax – Property
9 Section 7–226.1
10 Annotated Code of Maryland
11 (2019 Replacement Volume and 2025 Supplement)

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

14 **Article – Tax – Property**

15 1–101.

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

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

20 (2) “Manufacturing” includes:

21 (i) the operation of sawmills, grain mills, or feed mills;

22 (ii) the operation of machinery and equipment used to extract and
23 process minerals, metals, or earthen materials or by-products that result from the
24 extracting or processing;

25 (iii) research and development activities, whether or not the company
26 has a product for sale;

27 (iv) the identification, design, or genetic engineering of biological
28 materials for research or manufacture; and

29 (v) the design, development, or creation of computer software for
30 sale, lease, or license.

31 (3) “Manufacturing” does not include:

32 (i) activities that are primarily a service;

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

2 (iii) public utility services, including telephone, gas, electric, water,
3 and steam production services; or

4 (iv) any other activity that would not commonly be considered as
5 manufacturing.

6 (dd) "Property tax" means the property tax imposed by:

7 (1) the State;

8 (2) a county; or

9 (3) a municipal corporation.

10 6-104.

11 Except as otherwise provided in §§ 7-222 [and], 7-226, AND 7-226.1 of this article,
12 any stock in business of a person who engages in a manufacturing or commercial business
13 in the State is subject to property tax.

14 7-109.

15 (a) [The] **EXCEPT AS PROVIDED IN § 7-226.1 OF THIS TITLE**, personal
16 property described in §§ 7-222, 7-225, and 7-226 of this title is subject to the municipal
17 corporation property tax unless exempted in full or in part by the governing body of the
18 municipal corporation by law.

19 7-222.

20 (a) Except as provided in § 7-109 of this title and in subsection (b) of this section,
21 the stock in business of a person engaged in a manufacturing or commercial business is not
22 subject to property tax.

23 7-225.

24 (a) Except as provided in § 7-109 of this title and in subsection (b) of this section,
25 if used in manufacturing, the following personal property, however operated and whether
26 or not in use, is not subject to property tax:

27 (1) tools;

28 (2) implements;

29 (3) machinery; or

1 (4) manufacturing apparatus or engines.

2 7-226.

3 Except as provided in § 7-109 of this title, raw materials and manufactured products
4 in the possession of a manufacturer are not subject to property tax.

5 7-226.1.

6 IN PRINCE GEORGE’S COUNTY, ALL PERSONAL PROPERTY, ~~INCLUDING~~
7 ~~MANUFACTURING INVENTORY, DESCRIBED IN §§ 7-222, 7-225, AND 7-226 OF THIS~~
8 SUBTITLE IN THE POSSESSION OF A PERSON ENGAGED IN A MANUFACTURING
9 BUSINESS THAT HOLDS AN ALCOHOLIC BEVERAGES MANUFACTURER’S LICENSE
10 UNDER TITLE 2, SUBTITLE 2 OF THE ALCOHOLIC BEVERAGES AND CANNABIS
11 ARTICLE AND HAS 50 OR FEWER EMPLOYEES IS EXEMPT FROM THE MUNICIPAL
12 CORPORATION PROPERTY TAX, INCLUDING ANY SPECIAL TAXING DISTRICT
13 PROPERTY TAX.

14 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June
15 1, 2026, and shall be applicable to all taxable years beginning after June 30, 2026.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.