

CHAPTER 104

(House Bill 369)

AN ACT to repeal and re-enact, with amendments, Section 324(f) of Article 81 of the Annotated Code of Maryland (1965 Replacement Volume), title "Revenue and Taxes," subtitle "Retail Sales Tax Act"; and to repeal and re-enact, with amendments, Sections 372(d) and 372(e) of said Article 81, subtitle "Maryland Use Tax," amending the laws concerning the retail sales tax and the use tax with particular respect to certain tangible personal property which is destroyed in manufacturing, processing, assembling or refining.

SECTION 1. *Be it enacted by the General Assembly of Maryland,* That Section 324(f) of Article 81 of the Annotated Code of Maryland (1965 Replacement Volume), title "Revenue and Taxes," subtitle "Retail Sales Tax Act"; and Section 372(d) and 372(e) of said Article 81, subtitle "Maryland Use Tax," be and they are hereby repealed and re-enacted, with amendments, all to read as follows:

324.

(f) "Retail sale" and "sale at retail" shall mean the sale in any quantity or quantities of any tangible personal property or service taxable under the terms of this subtitle. Said term shall mean all sales of tangible personal property to any person for any purpose other than those in which the purpose of the purchaser is (i) to resell the property so transferred in the form in which the same is, or is to be received by him, (ii) *to destroy the property so transferred in the manufacturing, assembling, processing or refining of other tangible PERSONAL property to be produced for sale, or (iii) to use or incorporate the property so transferred as a material or part, of other tangible PERSONAL property to be produced for sale by manufacturing, assembling, processing or refining. Tangible personal property shall be considered to be destroyed in manufacturing, processing, assembling or refining if it is changed in nature by reason of its use in a relatively short period of time, as the nature of coal is changed by burning, as refractories which come in direct contact with molten metals are changed by heat and abrasion, as grinding wheels are reduced to dust, as acids are changed by contamination, and so forth. Property which is broken or mutilated shall not be considered to be destroyed. Tangible personal property shall not be considered to be destroyed in such operations if its value as property is ordinarily dissipated through the gradual wear or tear incident to its use. Machinery and small tools shall not be considered to be destroyed in such operations. The terms "Manufacturing," "assembling," "processing," and "refining" shall not include (A) maintaining, servicing, or repairing; (B) testing finished products; (C) research and development; or (D) providing for the comfort or health of employees.* For the purpose of the tax imposed by this subtitle, the term "sale at retail" shall include but shall not be limited to the following:

(1) The sale of alcoholic beverages regardless of the place of consumption; and the sale of any meals, food or drink for human consumption on the premises where sold. For the purposes of this