

# SENATE BILL 1070

Q3, C8

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By: **Senator Hester**

Introduced and read first time: February 28, 2020

Assigned to: Rules

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## A BILL ENTITLED

1 AN ACT concerning

2 **Economic and Community Development – Tax Credit for Catalytic Projects**

3 FOR the purpose of allowing an individual or a business entity to claim a credit against the  
4 State income tax for certain rehabilitation expenses for certain catalytic projects in  
5 the State; requiring the Secretary of Housing and Community Development, on  
6 application by an individual or a business entity, to issue tax credit certificates for a  
7 certain amount, subject to certain limitations; prohibiting the Secretary from  
8 awarding a credit certificate for more than one catalytic project within a certain  
9 number of years and from issuing tax credit certificates for credit amounts in the  
10 aggregate that exceed a certain amount; allowing an individual or a business entity  
11 to claim a refund of the credit and allocate the credit under certain circumstances;  
12 requiring the Secretary, in consultation with the Department of Commerce, to adopt  
13 certain regulations; requiring a certain steering committee established under certain  
14 provisions of law to continue certain work, coordinate with the Secretary for certain  
15 purposes, and report to the Department of Housing and Community Development  
16 and the Department of Commerce on or before a certain date; defining certain terms;  
17 providing for the application and termination of certain provisions of this Act; and  
18 generally relating to the catalytic project tax credit.

19 BY repealing and reenacting, without amendments,  
20 Article – Housing and Community Development  
21 Section 1–101(a) and (j)  
22 Annotated Code of Maryland  
23 (2019 Replacement Volume and 2019 Supplement)

24 BY adding to  
25 Article – Housing and Community Development  
26 Section 6–801 through 6–804 to be under the new subtitle “Subtitle 8. Catalytic  
27 Project Tax Credit”  
28 Annotated Code of Maryland  
29 (2019 Replacement Volume and 2019 Supplement)

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 BY adding to  
2 Article – Tax – General  
3 Section 10–751  
4 Annotated Code of Maryland  
5 (2016 Replacement Volume and 2019 Supplement)

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

8 **Article – Housing and Community Development**

9 1–101.

10 (a) In this Division I of this article the following words have the meanings  
11 indicated.

12 (j) “Secretary” means the Secretary of Housing and Community Development.

13 **SUBTITLE 8. CATALYTIC PROJECT TAX CREDIT.**

14 **6–801.**

15 IN THIS SUBTITLE, “CATALYTIC PROJECT” MEANS THE SUBSTANTIAL  
16 REHABILITATION OF A HISTORIC PROPERTY IN THE STATE:

17 (1) THAT WAS FORMERLY OWNED BY THE STATE OR THE FEDERAL  
18 GOVERNMENT; AND

19 (2) THE REHABILITATION OF WHICH WILL FOSTER ECONOMIC,  
20 HOUSING, AND COMMUNITY DEVELOPMENT WITHIN 2,500 FEET OF THE PROPERTY.

21 **6–802.**

22 FOR THE TAXABLE YEAR IN WHICH A CATALYTIC PROJECT IS COMPLETED, AN  
23 INDIVIDUAL OR A BUSINESS ENTITY MAY CLAIM A TAX CREDIT IN AN AMOUNT EQUAL  
24 TO THE AMOUNT STATED IN THE FINAL TAX CREDIT CERTIFICATE ISSUED BY THE  
25 SECRETARY UNDER § 6–803 OF THIS SUBTITLE.

26 **6–803.**

27 (A) SUBJECT TO THE LIMITATIONS OF SUBSECTION (B) OF THIS SECTION,  
28 ON APPLICATION BY AN INDIVIDUAL OR A BUSINESS ENTITY, THE SECRETARY SHALL  
29 ISSUE:

(1) AN INITIAL TAX CREDIT CERTIFICATE IN AN AMOUNT EQUAL TO 20% OF THE INDIVIDUAL'S OR BUSINESS ENTITY'S ESTIMATED REHABILITATION EXPENSES FOR THE PROJECT; AND

(2) ON COMPLETION OF THE CATALYTIC PROJECT, A FINAL TAX CREDIT CERTIFICATE IN AN AMOUNT EQUAL TO 20% OF THE INDIVIDUAL'S OR BUSINESS ENTITY'S ACTUAL REHABILITATION EXPENSES FOR THE PROJECT.

(B) (1) THE SECRETARY MAY NOT AWARD AN INITIAL CREDIT CERTIFICATE FOR MORE THAN ONE CATALYTIC PROJECT WITHIN A 2-YEAR PERIOD.

(2) FOR ANY TAXABLE YEAR, THE SECRETARY MAY NOT ISSUE TAX CREDIT CERTIFICATES FOR CREDIT AMOUNTS IN THE AGGREGATE TOTALING MORE THAN \$10,000,000.

(C) IF THE TAX CREDIT ALLOWED UNDER THIS SUBTITLE IN ANY TAXABLE YEAR EXCEEDS THE TOTAL TAX OTHERWISE PAYABLE BY THE INDIVIDUAL OR BUSINESS ENTITY FOR THAT TAXABLE YEAR, THE INDIVIDUAL OR BUSINESS ENTITY MAY CLAIM A REFUND IN THE AMOUNT OF THE EXCESS.

(D) THE CREDIT ALLOWED UNDER THIS SUBTITLE MAY BE ALLOCATED AMONG THE PARTNERS, MEMBERS, OR SHAREHOLDERS OF A BUSINESS ENTITY IN ANY MANNER AGREED TO BY THOSE PERSONS IN WRITING.

6-804.

THE SECRETARY, IN CONSULTATION WITH THE DEPARTMENT OF COMMERCE, SHALL ADOPT REGULATIONS TO CARRY OUT THE PROVISIONS OF THIS SUBTITLE, INCLUDING REGULATIONS THAT:

(1) ESTABLISH PROCEDURES AND STANDARDS FOR CERTIFYING HISTORIC PROPERTIES AND REHABILITATIONS UNDER THIS SUBTITLE; AND

(2) ESTABLISH AN APPLICATION PROCESS FOR THE ISSUANCE OF TAX CREDIT CERTIFICATES UNDER THIS SUBTITLE.

#### Article – Tax – General

10-751.

AN INDIVIDUAL OR A BUSINESS ENTITY MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX IN ACCORDANCE WITH TITLE 6, SUBTITLE 8 OF THE HOUSING AND COMMUNITY DEVELOPMENT ARTICLE FOR REHABILITATION EXPENSES FOR CATALYTIC PROJECTS.

1       SECTION 2. AND BE IT FURTHER ENACTED, That the steering committee  
2 established under Chapter 334 of the Acts of the General Assembly of 2019 shall:

3               (1)     continue its work in order to make recommendations based on the  
4 findings of the consultant hired by the Secretary of Planning to conduct a study on the  
5 adaptive reuse of historic properties located within the State that are or were owned by the  
6 State or the federal government;

7               (2)     report its recommendations under item (1) of this section to the  
8 Department of Housing and Community Development and the Department of Commerce  
9 on or before December 31, 2020; and

10              (3)     coordinate its efforts with the Secretary of Housing and Community  
11 Development in order to further the objectives of the tax credit under this Act.

12       SECTION 3. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall  
13 remain effective for a period of 2 years and, at the end of June 30, 2022, Section 2 of this  
14 Act, with no further action required by the General Assembly, shall be abrogated and of no  
15 further force and effect.

16       SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
17 1, 2020, and, except as provided in Section 3 of this Act, shall be applicable to all taxable  
18 years beginning after December 31, 2019.