

# SENATE BILL 697

Q3

8lr1583

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By: **Senator Guzzone**

Introduced and read first time: February 2, 2018

Assigned to: Budget and Taxation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Community Investment Tax Credit – Verification of Credit**  
3 **Eligibility**

4 FOR the purpose of requiring the Comptroller to use the information contained in a certain  
5 report to verify that a certain business entity or individual is eligible for a credit  
6 against the State income tax for contributions to certain projects; prohibiting the  
7 Comptroller from requiring a business entity or an individual to submit additional  
8 information with the business entity's or individual's income tax return to claim a  
9 certain income tax credit; making a technical correction; providing for the application  
10 of this Act; and generally relating to a credit against the State income tax for  
11 contributions to certain projects.

12 BY repealing and reenacting, with amendments,  
13 Article – Housing and Community Development  
14 Section 6–404  
15 Annotated Code of Maryland  
16 (2006 Volume and 2017 Supplement)

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

19 **Article – Housing and Community Development**

20 6–404.

21 (a) (1) For a contribution worth \$500 or more in goods, money, or real property  
22 to an approved project, a business entity or an individual is entitled to a tax credit in the  
23 amount determined under subsection (b) of this section.

24 (2) No part of a tax credit under this section may be taken more than once.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (b) (1) Except as provided in paragraph (2) of this subsection, the credit  
2 allowed to a business entity or an individual under this section equals 50% of the amount  
3 of contributions:

4 (i) that the Department approves under subsection (c) of this  
5 section; and

6 (ii) that were made during the taxable year for which the credit is  
7 claimed.

8 (2) The credit allowed under this section for any taxable year may not  
9 exceed the lesser of:

10 (i) \$250,000; **[and] OR**

11 (ii) the total amount of tax otherwise payable by the business entity  
12 or individual for the taxable year.

13 (3) Any excess credit that would be allowed but for the limits of paragraph  
14 (2) of this subsection may be carried over and applied as a credit for up to 5 taxable years  
15 after the taxable year in which the contribution was made, until the full amount of the  
16 excess is used.

17 (c) (1) To qualify for a credit for a contribution under this section, before  
18 making a contribution, a business entity or an individual shall apply for and receive  
19 approval of the contribution from the Department.

20 (2) Each application for approval of a contribution shall contain:

21 (i) the name of the approved project to which the contribution will  
22 be made;

23 (ii) the amount of the contribution; and

24 (iii) a certification by an independent and unrelated third party as to  
25 the value of any nonmonetary contribution included or, for new goods, an invoice or receipt  
26 certifying the contribution's net cost to the business entity or individual.

27 (3) The Department may not approve an application if it determines that:

28 (i) the maximum amount of contributions eligible for a tax credit for  
29 the project for the fiscal year will be exceeded by the sum of:

30 1. the amount of the proposed contribution; and

31 2. the total amount of contributions previously approved for  
32 that project for the fiscal year; or

1 (ii) the applicant has overstated the value of a nonmonetary  
2 contribution.

3 (4) On or before January 31 of each year, the Department shall report to  
4 the Department of Assessments and Taxation, the Comptroller, and the Maryland  
5 Insurance Administration the contributions that the Department has approved under this  
6 section in the preceding calendar year.

7 **(5) (I) THE COMPTROLLER SHALL USE THE INFORMATION IN THE**  
8 **REPORT REQUIRED UNDER PARAGRAPH (4) OF THIS SUBSECTION TO VERIFY THAT A**  
9 **BUSINESS ENTITY OR AN INDIVIDUAL IS ELIGIBLE FOR THE INCOME TAX CREDIT**  
10 **AUTHORIZED UNDER THIS SECTION.**

11 **(II) THE COMPTROLLER MAY NOT REQUIRE A BUSINESS ENTITY**  
12 **OR AN INDIVIDUAL TO SUBMIT ADDITIONAL INFORMATION WITH THE BUSINESS**  
13 **ENTITY'S OR INDIVIDUAL'S INCOME TAX RETURN TO VERIFY THAT THE BUSINESS**  
14 **ENTITY OR INDIVIDUAL IS ELIGIBLE TO CLAIM THE INCOME TAX CREDIT**  
15 **AUTHORIZED UNDER THIS SECTION.**

16 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
17 1, 2018, and shall be applicable to all taxable years beginning after December 31, 2017.