

HOUSE BILL 566

C8, M3

0lr1378
CF SB 713

By: **Delegates Rosenberg and Lierman**

Introduced and read first time: January 27, 2020

Assigned to: Ways and Means and Environment and Transportation

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 11, 2020

CHAPTER _____

1 AN ACT concerning

2 **Opportunity Zone Enhancement Program – Eligibility – Lead–Based Paint**
3 **Affected Properties**

4 FOR the purpose of altering the information required to be provided to the Department of
5 Commerce in order to qualify for certain tax credit enhancements under the
6 Opportunity Zone Enhancement Program to include, with respect to certain qualified
7 opportunity zone business property that is a certain lead–based paint affected
8 property, certain information and verifications; providing for the application of this
9 Act; and generally relating to eligibility for tax credit enhancements under the
10 Opportunity Zone Enhancement Program.

11 BY repealing and reenacting, with amendments,
12 Article – Economic Development
13 Section 6–1001
14 Annotated Code of Maryland
15 (2018 Replacement Volume and 2019 Supplement)

16 BY repealing and reenacting, without amendments,
17 Article – Economic Development
18 Section 6–1002(a), (b), and (d)
19 Annotated Code of Maryland
20 (2018 Replacement Volume and 2019 Supplement)

21 BY repealing and reenacting, without amendments,
22 Article – Environment

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.



1 Section 6–801(a) and (b) and 6–811(a)
2 Annotated Code of Maryland
3 (2013 Replacement Volume and 2019 Supplement)

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

6 **Article – Economic Development**

7 6–1001.

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

9 (b) “Level 1 opportunity zone enhancement” means an enhanced tax credit under
10 the Program for which a qualified opportunity zone business or qualified opportunity fund
11 is eligible if the following information is provided to the Department:

12 (1) the date of the qualified opportunity fund’s investment in the qualified
13 opportunity zone business and the amount of the investment;

14 (2) the total project or business investment, including any leverage;

15 (3) the address and census tract of the qualified opportunity zone business
16 and the qualified opportunity fund;

17 (4) the North American Industrial Classification System Code for the
18 qualified opportunity zone business;

19 (5) an impact report, including both qualitative and quantitative data on
20 the investment and its progress; [and]

21 (6) **UNLESS AN APPLICANT PROVIDES AN AFFIDAVIT TO THE**
22 **DEPARTMENT ALONG WITH THE APPLICATION THAT THE QUALIFIED OPPORTUNITY**
23 **ZONE BUSINESS PROPERTY IS UNOCCUPIED, WILL BE DEMOLISHED WITHIN 1 YEAR**
24 **OF THE DATE OF THE APPLICATION, AND WILL REMAIN UNOCCUPIED UNTIL THE**
25 **DEMOLITION IS COMPLETE, WITH RESPECT TO QUALIFIED OPPORTUNITY ZONE**
26 **BUSINESS PROPERTY THAT IS AN AFFECTED PROPERTY REQUIRED TO BE**
27 **REGISTERED WITH THE DEPARTMENT OF THE ENVIRONMENT UNDER § 6–811 OF**
28 **THE ENVIRONMENT ARTICLE:**

29 (I) **PROOF OF REGISTRATION WITH THE DEPARTMENT OF THE**
30 **ENVIRONMENT;**

31 (II) **IF THE PROPERTY CONTAINS AT LEAST ONE RESIDENTIAL**
32 **RENTAL UNIT, PROOF OF LEAD INSPECTIONS CONDUCTED IN ACCORDANCE WITH §§**
33 **6–815 AND 6–819 OF THE ENVIRONMENT ARTICLE;**

1 (III) IF THE PROPERTY IS AN OWNER–OCCUPIED RESIDENTIAL
2 RENTAL PROPERTY:

3 1. PROOF THAT VISUAL EXTERIOR OR INTERIOR
4 PAINTED SURFACES ARE FREE OF CHIPPING, FLAKING, OR PEELING LEAD–BASED
5 PAINT; AND

6 2. A COPY OF PASSING TEST RESULTS FOR
7 LEAD–CONTAMINATED DUST; AND

8 (IV) VERIFICATION THAT, FOR THE SUBSTANTIAL
9 IMPROVEMENT OF THE PROPERTY PERFORMED IN ACCORDANCE WITH §
10 1400Z–2(D)(2)(D)(II) OF THE INTERNAL REVENUE CODE, REPLACEMENT DOORS
11 AND WINDOWS ARE FREE OF LEAD–BASED PAINT; AND

12 (7) any other information requested by the Department that meets the
13 transparency goals of the Program.

14 (c) “Level 2 opportunity zone enhancement” means an enhanced tax credit under
15 the Program for which a qualified opportunity zone business or qualified opportunity fund
16 is eligible if:

17 (1) the requirements for a Level 1 opportunity zone enhancement are met;

18 (2) (i) accountability to residents of the communities in the opportunity
19 zone is maintained through their representation on any governing board or advisory board
20 of the qualified opportunity zone business; or

21 (ii) a community benefits agreement is negotiated and agreed to by
22 community groups or strategic industry partnerships, as defined under § 11–701 of the
23 Labor and Employment Article, in the opportunity zone and the qualified opportunity fund
24 that specifies a range of community benefits that the fund agrees to provide as part of the
25 development project, including workforce development or local hiring requirements; and

26 (3) (i) for a qualified opportunity zone business located entirely within
27 an opportunity zone in a municipal corporation, the municipal corporation, by resolution or
28 by letter, delivered to the Department by the municipal corporation’s authorized designee,
29 approves the provision of the enhanced tax credits under the Program within the municipal
30 corporation; or

31 (ii) for a qualified opportunity zone business in an opportunity zone
32 that is not located entirely within a municipal corporation, the county, by resolution or by
33 letter, delivered to the Department by the county’s authorized designee, approves the
34 provision of the enhanced tax credits under the Program within the county.

1 (d) “Opportunity zone” means an area that has been designated as a qualified
2 opportunity zone in the State under § 1400Z–1 of the Internal Revenue Code.

3 (e) “Program” means the Opportunity Zone Enhancement Program in the
4 Department established under § 6–1002 of this subtitle that allows enhanced tax credits
5 under:

6 (1) § 6–304 of this title (Job Creation);

7 (2) § 6–403 of this title (One Maryland economic development);

8 (3) § 10–702 of the Tax – General Article (wages paid in an enterprise
9 zone);

10 (4) § 10–725 of the Tax – General Article (biotechnology investment
11 incentive);

12 (5) § 10–733 of the Tax – General Article (cybersecurity investment
13 incentive); and

14 (6) § 10–741 of the Tax – General Article (More Jobs for Marylanders).

15 (f) “Qualified opportunity fund” has the meaning stated in § 1400Z–2 of the
16 Internal Revenue Code.

17 (g) “Qualified opportunity zone business” has the meaning stated in § 1400Z–2 of
18 the Internal Revenue Code.

19 (h) “Qualified opportunity zone business property” has the meaning stated in §
20 1400Z–2 of the Internal Revenue Code.

21 (i) “Qualified opportunity zone property” has the meaning stated in § 1400Z–2 of
22 the Internal Revenue Code.

23 6–1002.

24 (a) There is an Opportunity Zone Enhancement Program in the Department.

25 (b) The Department shall administer the tax credit enhancements offered under
26 the Program.

27 (d) The Department, in consultation with the Department of Housing and
28 Community Development, shall adopt regulations to carry out this subtitle, including
29 criteria and procedures for determining eligibility for a Level 1 or Level 2 opportunity zone
30 enhancement.

1 6-801.

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

3 (b) (1) "Affected property" means:

4 (i) A property constructed before 1950 that contains at least one
5 rental dwelling unit;

6 (ii) On and after January 1, 2015, a property constructed before 1978
7 that contains at least one rental unit; or

8 (iii) Any residential rental property for which the owner makes an
9 election under § 6-803(a)(2) of this subtitle.

10 (2) "Affected property" includes an individual rental dwelling unit within
11 a multifamily rental dwelling.

12 (3) "Affected property" does not include property exempted under §
13 6-803(b) of this subtitle.

14 6-811.

15 (a) (1) On or before December 31, 1995, the owner of an affected property shall
16 register the affected property with the Department.

17 (2) Notwithstanding paragraph (1) of this subsection, an owner of affected
18 property for which an election is made under § 6-803(a)(2) of this subtitle shall register at
19 the time of the election.

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
21 1, 2020, and shall be applicable to all taxable years beginning after December 31, 2019.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.