

# SENATE BILL 885

Q3, C8

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By: **Senator Hester**

Introduced and read first time: February 9, 2021

Assigned to: Budget and Taxation

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## A BILL ENTITLED

1 AN ACT concerning

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

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

21 BY repealing and reenacting, without amendments,  
22 Article – Housing and Community Development  
23 Section 1–101(a) and (j)  
24 Annotated Code of Maryland  
25 (2019 Replacement Volume and 2020 Supplement)

26 BY adding to  
27 Article – Housing and Community Development  
28 Section 6–801 through 6–805 to be under the new subtitle “Subtitle 8. Catalytic  
29 Revitalization Project Tax Credit”

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Annotated Code of Maryland  
2 (2019 Replacement Volume and 2020 Supplement)

3 BY adding to  
4 Article – Tax – General  
5 Section 10–751  
6 Annotated Code of Maryland  
7 (2016 Replacement Volume and 2020 Supplement)

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

10 **Article – Housing and Community Development**

11 1–101.

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

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

15 **SUBTITLE 8. CATALYTIC REVITALIZATION PROJECT TAX CREDIT.**

16 **6–801.**

17 **IN THIS SUBTITLE:**

18 **(1) “CATALYTIC REVITALIZATION PROJECT” MEANS THE**  
19 **SUBSTANTIAL REHABILITATION OF A HISTORIC PROPERTY IN THE STATE:**

20 **(I) THAT WAS FORMERLY OWNED BY THE STATE OR THE**  
21 **FEDERAL GOVERNMENT; AND**

22 **(II) THE REHABILITATION OF WHICH WILL FOSTER ECONOMIC,**  
23 **HOUSING, AND COMMUNITY DEVELOPMENT WITHIN 2,500 FEET OF THE PROPERTY;**  
24 **AND**

25 **(2) “CATALYTIC REVITALIZATION PROJECT” INCLUDES A PROPERTY**  
26 **THAT WAS USED AS A COLLEGE OR UNIVERSITY, K–12 SCHOOL, HOSPITAL, MENTAL**  
27 **HEALTH FACILITY, OR MILITARY FACILITY OR INSTALLATION.**

28 **6–802.**

29 **AN INDIVIDUAL OR A BUSINESS ENTITY MAY CLAIM A TAX CREDIT IN AN**  
30 **AMOUNT EQUAL TO 20% OF THE AMOUNT STATED IN THE FINAL TAX CREDIT**

1 CERTIFICATE ISSUED BY THE SECRETARY UNDER § 6-803 OF THIS SUBTITLE FOR 5  
2 CONSECUTIVE TAXABLE YEARS BEGINNING WITH THE TAXABLE YEAR IN WHICH THE  
3 CATALYTIC REVITALIZATION PROJECT IS COMPLETED.

4 **6-803.**

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

8 (1) AN INITIAL TAX CREDIT CERTIFICATE IN AN AMOUNT EQUAL TO  
9 20% OF THE INDIVIDUAL'S OR BUSINESS ENTITY'S ESTIMATED REHABILITATION  
10 EXPENSES FOR THE PROJECT; AND

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

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

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

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

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

28 (E) (1) THE AMOUNT OF THE TAX CREDIT ALLOWED, BUT NOT CLAIMED,  
29 UNDER THIS SUBTITLE MAY BE TRANSFERRED, BY WRITTEN INSTRUMENT, IN WHOLE  
30 OR IN PART, TO ANY INDIVIDUAL OR BUSINESS ENTITY.

31 (2) FOR THE TAXABLE YEAR OF ANY TRANSFER UNDER THIS  
32 SUBSECTION, THE TRANSFEREE UNDER PARAGRAPH (1) OF THIS SUBSECTION MAY  
33 APPLY THE TAX CREDIT AGAINST THE TOTAL TAX OTHERWISE PAYABLE BY THE

1 TRANSFEREE IN THAT TAXABLE YEAR.

2 (3) IF THE TAX CREDIT EXCEEDS THE TOTAL TAX OTHERWISE  
3 PAYABLE BY THE TRANSFEREE IN ANY TAXABLE YEAR, THE TRANSFEREE:

4 (I) MAY CLAIM A REFUND IN THE AMOUNT OF THE EXCESS; OR

5 (II) TRANSFER THE REMAINDER OF THE TAX CREDIT TO AN  
6 INDIVIDUAL OR A BUSINESS ENTITY IN ACCORDANCE WITH PARAGRAPH (1) OF THIS  
7 SUBSECTION.

8 6-804.

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

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

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

16 6-805.

17 (A) SUBJECT TO SUBSECTION (B) OF THIS SECTION, THIS SUBTITLE AND  
18 THE CREDIT AUTHORIZED UNDER IT SHALL TERMINATE JANUARY 1, 2025.

19 (B) AFTER THE TERMINATION OF THIS SUBTITLE:

20 (1) THE SECRETARY MAY NOT ISSUE ANY ADDITIONAL TAX CREDIT  
21 CERTIFICATES UNDER § 6-803 OF THIS SUBTITLE; AND

22 (2) TAX CREDIT CERTIFICATES ISSUED MAY BE CLAIMED, REFUNDED,  
23 OR TRANSFERRED IN ACCORDANCE WITH §§ 6-802 AND 6-803 OF THIS SUBTITLE.

24 Article – Tax – General

25 10-751.

26 AN INDIVIDUAL OR A BUSINESS ENTITY MAY CLAIM A CREDIT AGAINST THE  
27 STATE INCOME TAX IN ACCORDANCE WITH TITLE 6, SUBTITLE 8 OF THE HOUSING  
28 AND COMMUNITY DEVELOPMENT ARTICLE FOR REHABILITATION EXPENSES FOR  
29 CATALYTIC REVITALIZATION 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, 2021; 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, 2023, 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, 2021, and, except as provided in Section 3 of this Act, shall be applicable to all taxable  
18 years beginning after December 31, 2020.