

# HOUSE BILL 765

Q2  
HB 843/22 – W&M

3lr1489

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By: **Delegates Buckel, Baker, Hinebaugh, Valentine, and Wivell**

Introduced and read first time: February 8, 2023

Assigned to: Ways and Means

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## A BILL ENTITLED

1 AN ACT concerning

2 **Property and Income Taxes – Credits for Construction and Purchase of Housing**  
3 **in Western Maryland**

4 FOR the purpose of requiring the governing body of certain counties and municipal  
5 corporations located in Western Maryland to grant a property tax credit on certain  
6 newly constructed dwellings; requiring the State to reimburse each county and  
7 municipal corporation a certain portion of the revenue that would have been collected  
8 but for the property tax credit required under this Act; allowing certain persons who  
9 construct a certain number of middle-income homes in certain counties to claim a  
10 credit against the State income tax; requiring the Department of Housing and  
11 Community Development to administer the credit; providing for the carryforward  
12 and transfer of the credit under certain circumstances; and generally relating to tax  
13 incentives for the construction and purchase of housing in Western Maryland.

14 BY adding to  
15 Article – Tax – Property  
16 Section 9–327  
17 Annotated Code of Maryland  
18 (2019 Replacement Volume and 2022 Supplement)

19 BY adding to  
20 Article – Tax – General  
21 Section 10–757  
22 Annotated Code of Maryland  
23 (2022 Replacement Volume)

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

26 **Article – Tax – Property**

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **9-327.**

2 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
3 INDICATED.

4 (2) "ELIGIBLE COUNTY" MEANS ALLEGANY COUNTY, GARRETT  
5 COUNTY, AND WASHINGTON COUNTY.

6 (3) "ELIGIBLE DWELLING" MEANS NEWLY CONSTRUCTED  
7 RESIDENTIAL REAL PROPERTY:

8 (I) THAT HAS NOT BEEN PREVIOUSLY OCCUPIED SINCE ITS  
9 CONSTRUCTION;

10 (II) FOR WHICH THE BUILDING PERMIT FOR CONSTRUCTION  
11 WAS ISSUED ON OR AFTER JUNE 1, 2023; AND

12 (III) OCCUPIED BY THE PURCHASER OF THE DWELLING AS THE  
13 PURCHASER'S PRINCIPAL RESIDENCE.

14 (B) THE GOVERNING BODY OF AN ELIGIBLE COUNTY OR A MUNICIPAL  
15 CORPORATION SHALL GRANT, BY LAW, A PROPERTY TAX CREDIT AGAINST THE  
16 PROPERTY TAX IMPOSED ON AN ELIGIBLE DWELLING IF THE ELIGIBLE DWELLING IS  
17 CONSTRUCTED OR EQUIPPED WITH:

18 (1) A SPRINKLER SYSTEM INSTALLED IN ACCORDANCE WITH TITLE 9,  
19 SUBTITLE 2 OF THE PUBLIC SAFETY ARTICLE OR LOCAL LAW;

20 (2) AN ON-SITE SEWAGE DISPOSAL SYSTEM INSTALLED IN  
21 ACCORDANCE WITH TITLE 9 OF THE ENVIRONMENT ARTICLE OR LOCAL LAW; OR

22 (3) FIXED BROADBAND INTERNET ACCESS SERVICE CONNECTIVITY.

23 (C) THE CREDIT ALLOWED UNDER THIS SECTION:

24 (1) MAY NOT EXCEED \$10,000; AND

25 (2) MAY BE CLAIMED IN THE TAXABLE YEAR THAT THE PROPERTY  
26 QUALIFIES FOR THE CREDIT AND THE 4 TAXABLE YEARS FOLLOWING THE TAXABLE  
27 YEAR IN WHICH THE PROPERTY QUALIFIES FOR THE CREDIT.

28 (D) (1) AS PROVIDED IN THE STATE BUDGET, THE STATE SHALL REMIT  
29 TO EACH ELIGIBLE COUNTY OR MUNICIPAL CORPORATION AN AMOUNT EQUAL TO

1 **50% OF THE FUNDS THAT WOULD HAVE BEEN COLLECTED IF THE PROPERTY TAX**  
2 **CREDIT UNDER THIS SECTION HAD NOT BEEN GRANTED.**

3 **(2) (I) FOR AN ELIGIBLE COUNTY OR A MUNICIPAL CORPORATION**  
4 **TO RECEIVE A REIMBURSEMENT UNDER PARAGRAPH (1) OF THIS SUBSECTION BY**  
5 **AUGUST 31 IN ANY CALENDAR YEAR, THE COUNTY OR MUNICIPAL CORPORATION**  
6 **SHALL SUBMIT AN ANNUAL REQUEST TO THE DEPARTMENT FOR THE AMOUNT**  
7 **REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION ON OR BEFORE JUNE 30**  
8 **THAT YEAR.**

9 **(II) ON RECEIPT OF THE REQUEST FROM AN ELIGIBLE COUNTY**  
10 **OR A MUNICIPAL CORPORATION UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH,**  
11 **THE DEPARTMENT SHALL CERTIFY TO THE COMPTROLLER, ON OR BEFORE JULY 31,**  
12 **THE REIMBURSEMENT DUE TO EACH COUNTY OR MUNICIPAL CORPORATION.**

13 **(III) ON RECEIPT OF THE CERTIFICATION FROM THE**  
14 **DEPARTMENT UNDER SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE**  
15 **COMPTROLLER SHALL REIMBURSE EACH COUNTY OR MUNICIPAL CORPORATION ON**  
16 **OR BEFORE AUGUST 31.**

17 **(3) IF AN ELIGIBLE COUNTY OR A MUNICIPAL CORPORATION SUBMITS**  
18 **ITS REQUEST FOR THE AMOUNT REQUIRED UNDER PARAGRAPH (1) OF THIS**  
19 **SUBSECTION AFTER JUNE 30:**

20 **(I) THE DEPARTMENT SHALL ISSUE ITS CERTIFICATION TO THE**  
21 **COMPTROLLER WITHIN 30 DAYS AFTER RECEIPT OF THE REQUEST; AND**

22 **(II) THE COMPTROLLER SHALL REIMBURSE THE COUNTY OR**  
23 **MUNICIPAL CORPORATION WITHIN 30 DAYS AFTER RECEIPT OF THE**  
24 **CERTIFICATION.**

25 **(E) THE GOVERNING BODY OF AN ELIGIBLE COUNTY OR A MUNICIPAL**  
26 **CORPORATION THAT GRANTS A PROPERTY TAX CREDIT UNDER THIS SECTION MAY**  
27 **PROVIDE, BY LAW, FOR:**

28 **(1) REGULATIONS AND PROCEDURES FOR THE APPLICATION AND**  
29 **UNIFORM PROCESSING OF REQUESTS FOR THE TAX CREDIT; AND**

30 **(2) ANY OTHER PROVISION NECESSARY TO CARRY OUT THE TAX**  
31 **CREDIT UNDER THIS SECTION.**

32 **SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read**  
33 **as follows:**

## Article – Tax – General

10-757.

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) “DEPARTMENT” MEANS THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT.

(3) (I) “MIDDLE-INCOME HOME” MEANS A RESIDENTIAL REAL PROPERTY:

1. FOR WHICH THE BUILDING PERMIT FOR CONSTRUCTION WAS ISSUED DURING THE TAXABLE YEAR IN WHICH A TAX CREDIT CERTIFICATE IS ISSUED IN ACCORDANCE WITH THIS SECTION; AND

2. WITH A PURCHASE PRICE OF AT LEAST \$130,000 BUT NOT MORE THAN \$250,000 AND THAT IS PAID BY AN INDIVIDUAL THAT INTENDS TO OCCUPY THE RESIDENCE AS THE INDIVIDUAL’S PRINCIPAL RESIDENCE.

(II) “MIDDLE-INCOME HOME” DOES NOT INCLUDE A RESIDENTIAL REAL PROPERTY IF THE BUILDING PERMIT FOR CONSTRUCTION WAS ISSUED BEFORE JUNE 1, 2023.

(B) A TAXPAYER MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX IN THE AMOUNT STATED ON THE TAX CREDIT CERTIFICATE APPROVED BY THE DEPARTMENT IN ACCORDANCE WITH SUBSECTION (C) OF THIS SECTION.

(C) (1) A DEVELOPER OF RESIDENTIAL REAL PROPERTY MAY SUBMIT AN APPLICATION TO THE DEPARTMENT FOR A CREDIT UNDER THIS SECTION IN A TAXABLE YEAR IN WHICH THE DEVELOPER CONSTRUCTS MORE THAN 10 MIDDLE-INCOME HOMES IN ALLEGANY COUNTY, GARRETT COUNTY, OR WASHINGTON COUNTY.

(2) ON APPROVAL OF THE APPLICATION, THE DEPARTMENT SHALL ISSUE THE APPLICANT A TAX CREDIT CERTIFICATE IN AN AMOUNT EQUAL TO \$7,500.

(D) IF THE TAX CREDIT EXCEEDS THE STATE INCOME TAX OF THE TAXPAYER IN ANY TAXABLE YEAR, THE TAXPAYER MAY APPLY THE EXCESS AS A CREDIT FOR SUCCEEDING TAXABLE YEARS UNTIL THE EARLIER OF:

1           **(1) THE DATE ON WHICH THE FULL AMOUNT OF THE EXCESS IS USED;**  
2 **OR**

3           **(2) THE DATE OF THE EXPIRATION OF THE FIFTH TAXABLE YEAR**  
4 **AFTER THE TAXABLE YEAR FOR WHICH THE CREDIT CERTIFICATE WAS ISSUED**  
5 **UNDER SUBSECTION (C) OF THIS SECTION.**

6           **(E) (1) THE TAX CREDIT ALLOWED UNDER THIS SECTION MAY BE**  
7 **ALLOCATED AMONG THE PARTNERS, MEMBERS, OR SHAREHOLDERS OF AN ENTITY**  
8 **IN ANY MANNER AGREED TO BY THOSE PERSONS IN WRITING.**

9           **(2) IN ACCORDANCE WITH REGULATIONS ADOPTED BY THE**  
10 **DEPARTMENT UNDER THIS SECTION, THE AMOUNT OF THE TAX CREDIT ALLOWED**  
11 **BUT NOT USED MAY BE TRANSFERRED IN WHOLE OR IN PART TO ANY INDIVIDUAL OR**  
12 **BUSINESS ENTITY.**

13           **(F) THE DEPARTMENT, IN CONSULTATION WITH THE COMPTROLLER,**  
14 **SHALL ADOPT REGULATIONS TO CARRY OUT THIS SECTION.**

15           SECTION 3. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall be  
16 applicable to all taxable years beginning after June 30, 2023.

17           SECTION 4. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall be  
18 applicable to all taxable years beginning after December 31, 2022.

19           SECTION 5. AND BE IT FURTHER ENACTED, That this Act shall take effect June  
20 1, 2023.