

SB0581/615969/1

BY: Committee on Ways and Means

AMENDMENTS TO SENATE BILL 581
(Third Reading File Bill)

AMENDMENT NO. 1

On page 1, strike beginning with “altering” in line 6 down through “year:” in line 8; and strike beginning with “altering” in line 12 down through “year:” in line 14.

On page 2, strike beginning with “making” in line 3 down through “circumstances;” in line 4; and in line 28, after “circumstances;” insert “allowing a credit against the State income tax for certain qualified workforce housing in opportunity zones; providing for allocation of the aggregate available credit amount among qualified workforce housing projects by the Secretary of Housing and Community Development; limiting the aggregate credit amount that may be allocated for any fiscal year; establishing the Qualified Workforce Housing Tax Credit Reserve Fund; authorizing the Governor to include certain appropriations for the fund in the annual budget bill; requiring the Comptroller to transfer certain amounts from the fund to the General Fund of the State under certain circumstances; requiring the Secretary to adopt certain regulations; authorizing the Secretary, in consultation with the Comptroller, to adopt certain regulations providing for the recapture of the tax credit under certain circumstances; allowing unused credits to be claimed in subsequent taxable years under certain circumstances; requiring the Secretary to report to the General Assembly on or before a certain date each year;”.

On page 3, in line 15, strike “and” and substitute a comma; in the same line, after “11-411(b)” insert “and (d)”; in line 20, strike “and 11-411(d)”; after line 22, insert:

“BY adding to

Article - Tax - General

Section 10-749

Annotated Code of Maryland

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(2016 Replacement Volume and 2018 Supplement)”;

in line 25, after “9–110(a)(1)” insert “and 9–229(b)”; and in line 35, after “(b)” insert “, 9–229(a) and (f).”

On page 4, in line 2, after the semicolon insert “4–2501 through 4–2505 to be under the new subtitle “Subtitle 25. Qualified Workforce Housing Tax Credit”;”.

AMENDMENT NO. 2

On page 9, in line 20, strike “**2025**” and substitute “**2022**”.

On page 10, in line 31, strike “**(I)**” and substitute “**(II)**”.

AMENDMENT NO. 3

On page 14, in line 28, strike “**\$3,150**” and substitute “**\$3,075**”; and in line 30, strike “**\$5,250**” and substitute “**\$5,125**”.

On page 15, in line 19, strike “**\$5,250,000**” and substitute “**\$5,125,000**”.

On page 16, in line 7, strike “**\$1,100**” and substitute “**\$1,025**”; in lines 11 and 28, in each instance, strike “**10%**” and substitute “**7.5%**”; and in line 24, strike “**\$1,650**” and substitute “**\$1,540**”.

On page 17, in line 19, strike “**75%**” and substitute “**65%**”; and in line 21, strike “**\$600,000**” and substitute “**\$575,000**”.

AMENDMENT NO. 4

On page 24, in line 2, strike “**\$50,000**” and substitute “**\$500,000**”.

On page 27, strike in their entirety lines 14 through 16, inclusive; and in lines 17 and 27, strike “**(XII)**” and “**(XIII)**”, respectively, and substitute “**(XI)**” and “**(XII)**”,

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respectively.

On pages 31 and 32, strike in their entirety the lines beginning with line 27 on page 31 through line 8 on page 32, inclusive.

AMENDMENT NO. 5

On page 40, in line 33, strike the brackets; and in the same line, strike **“\$11,000,000”**.

On page 42, in line 27, strike the brackets; and in the same line, strike **“\$1,250,000”**.

AMENDMENT NO. 6

On page 44, after line 27, insert:

“9–229.

(a) (1) In this section the following words have the meanings indicated.

(2) **“OPPORTUNITY ZONE” MEANS AN AREA THAT HAS BEEN DESIGNATED AS A QUALIFIED OPPORTUNITY ZONE IN THE STATE UNDER § 1400Z–1 OF THE INTERNAL REVENUE CODE.**

[(2)] (3) “Property tax attributable to an increase in an assessment” means the additional property tax required to be paid as a result of the increase in the assessment, calculated before the application of the credit under this section but after the application of any other credit allowed under this title.

[(3)] (4) “Qualified brownfields site” has the meaning stated in § 5–301 of the Economic Development Article.

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[(4)] (5) “Taxing jurisdiction” means:

- (i) a county or Baltimore City; or
- (ii) a municipal corporation.

(b) (1) (i) A taxing jurisdiction may elect to participate in the Brownfields Revitalization Incentive Program under Title 5, Subtitle 3 of the Economic Development Article through the enactment of legislation that grants property tax credits in accordance with the requirements of this section.

(ii) If a taxing jurisdiction elects to participate in the Program in accordance with this section, the taxing jurisdiction shall notify the Department of Commerce.

(2) If a taxing jurisdiction elects to participate in the Brownfields Revitalization Incentive Program in accordance with this section, the property tax credits under this section shall also apply to the State property tax in that jurisdiction in the same percentage and for the same duration as provided for the property tax of the taxing jurisdiction.

(f) In a designated enterprise zone **OR OPPORTUNITY ZONE**, a taxing jurisdiction may extend the tax credit authorized under this section up to an additional 5 years.”.

AMENDMENT NO. 7

On page 59, after line 3, insert:

“SECTION 4. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article – Housing and Community Development

SUBTITLE 25. QUALIFIED WORKFORCE HOUSING TAX CREDIT.

4-2501.

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

(B) “OPPORTUNITY ZONE” MEANS AN AREA THAT HAS BEEN DESIGNATED AS A QUALIFIED OPPORTUNITY ZONE IN THE STATE UNDER § 1400Z-1 OF THE INTERNAL REVENUE CODE.

(C) “QUALIFIED WORKFORCE HOUSING PROJECT” MEANS A WORKFORCE HOUSING PROJECT IN AN OPPORTUNITY ZONE THAT MEETS REQUIREMENTS FOR ELIGIBILITY FOR THE STATE TAX CREDIT AS SPECIFIED IN REGULATIONS THAT THE SECRETARY ADOPTS UNDER § 4-2502 OF THIS SUBTITLE.

(D) “STATE TAX CREDIT” MEANS THE INCOME TAX CREDIT ALLOWED UNDER § 10-749 OF THE TAX – GENERAL ARTICLE.

(E) “WORKFORCE HOUSING” HAS THE MEANING STATED IN § 4-1801 OF THIS TITLE.

4-2502.

(A) THE OWNER OF A QUALIFIED WORKFORCE HOUSING PROJECT OR THE DEVELOPER OF A PROPOSED PROJECT THAT WILL BECOME A QUALIFIED WORKFORCE HOUSING PROJECT MAY APPLY TO THE SECRETARY FOR ALLOCATION TO THE PROJECT OF A PORTION OF THE STATE TAX CREDIT.

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(B) AN APPLICATION UNDER THIS SECTION SHALL BE MADE IN THE FORM AND MANNER AND CONTAIN ANY INFORMATION THAT THE SECRETARY REQUIRES BY REGULATION.

(C) (1) THE SECRETARY MAY REQUIRE THAT THE OWNER OF A QUALIFIED WORKFORCE HOUSING PROJECT, AS A CONDITION TO RECEIVING AN ALLOCATION OF THE STATE TAX CREDIT, ENTER INTO A WRITTEN REGULATORY AGREEMENT WITH THE SECRETARY UNDER TERMS AND CONDITIONS SET BY THE SECRETARY, REGARDING THE USE OF THE PROJECT.

(2) THE SECRETARY MAY REQUIRE THAT ANY AGREEMENT REQUIRED BY THE SECRETARY UNDER THIS SUBSECTION BE FILED IN THE OFFICIAL LAND RECORDS OF THE COUNTY WHERE THE PROJECT IS LOCATED.

(3) THE SECRETARY AND ANY LOCAL AGENCY OR AUTHORITY DESIGNATED BY THE SECRETARY MAY ENFORCE AN AGREEMENT REQUIRED BY THE SECRETARY UNDER THIS SECTION IN THE EVENT THE OWNER FAILS TO SATISFY ANY OF THE REQUIREMENTS OF THE AGREEMENT.

(4) THE SECRETARY MAY NOT REQUIRE THAT THE OWNER OF A QUALIFIED WORKFORCE HOUSING PROJECT, AS A CONDITION TO RECEIVING AN ALLOCATION OF THE STATE TAX CREDIT, USE THE BONDING AUTHORITY OF THE STATE.

(D) THE SECRETARY SHALL ADOPT:

(1) REGULATIONS OR POLICIES ESTABLISHING CRITERIA BY WHICH THE STATE TAX CREDIT WILL BE ALLOCATED AMONG QUALIFIED

WORKFORCE HOUSING PROJECTS; AND

(2) ANY OTHER REGULATIONS NECESSARY TO ADMINISTER THE PROVISIONS OF THIS SUBTITLE.

(E) ANY PROJECT THAT RECEIVES AN ALLOCATION OF A PORTION OF THE STATE TAX CREDIT SHALL BE RESTRICTED IN OCCUPANCY AS SPECIFIED IN THE REGULATIONS ADOPTED BY THE SECRETARY UNDER SUBSECTION (D) OF THIS SECTION FOR A PERIOD OF AT LEAST 30 YEARS BEGINNING WITH THE FIRST TAXABLE YEAR IN WHICH A STATE TAX CREDIT IS CLAIMED BY THE OWNER.

4-2503.

(A) (1) THE MAXIMUM AGGREGATE AVAILABLE STATE TAX CREDIT THAT MAY BE ALLOCATED FOR EACH FISCAL YEAR EQUALS THE LESSER OF:

(I) THE AMOUNT APPROPRIATED FOR THE QUALIFIED WORKFORCE HOUSING TAX CREDIT RESERVE FUND FOR THAT FISCAL YEAR IN THE STATE BUDGET AS APPROVED BY THE GENERAL ASSEMBLY; OR

(II) \$4,000,000.

(2) THE SECRETARY MAY ALLOCATE THE AGGREGATE AVAILABLE STATE TAX CREDIT FOR A FISCAL YEAR AMONG PROJECTS TO BE QUALIFIED WORKFORCE HOUSING PROJECTS TO BE PLACED IN SERVICE DURING OR AFTER THAT FISCAL YEAR.

(3) ANY PART OF THE AGGREGATE AVAILABLE STATE TAX CREDIT FOR ANY FISCAL YEAR THAT IS NOT ALLOCATED BY THE SECRETARY IN THAT

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FISCAL YEAR MAY BE CARRIED OVER AND ALLOCATED FOR ANY SUBSEQUENT FISCAL YEAR.

(B) (1) IN THIS SUBSECTION, "RESERVE FUND" MEANS THE QUALIFIED WORKFORCE HOUSING TAX CREDIT RESERVE FUND ESTABLISHED UNDER PARAGRAPH (2) OF THIS SUBSECTION.

(2) (I) THERE IS A QUALIFIED WORKFORCE HOUSING TAX CREDIT RESERVE FUND.

(II) THE RESERVE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

(III) THE MONEY IN THE RESERVE FUND SHALL BE INVESTED AND REINVESTED BY THE STATE TREASURER, AND INTEREST AND EARNINGS SHALL BE CREDITED TO THE GENERAL FUND OF THE STATE.

(3) (I) 1. EXCEPT AS OTHERWISE PROVIDED IN THIS SUBPARAGRAPH, FOR ANY FISCAL YEAR, THE SECRETARY MAY NOT ALLOCATE TAX CREDITS UNDER THIS SUBTITLE IN THE AGGREGATE TOTALING MORE THAN THE AMOUNT APPROPRIATED FOR THE RESERVE FUND FOR THAT FISCAL YEAR IN THE STATE BUDGET AS APPROVED BY THE GENERAL ASSEMBLY.

2. IF THE AGGREGATE CREDIT AMOUNTS ALLOCATED IN A FISCAL YEAR TOTAL LESS THAN THE AMOUNT APPROPRIATED FOR THE RESERVE FUND FOR THAT FISCAL YEAR, ANY EXCESS AMOUNT SHALL REMAIN IN THE RESERVE FUND AND MAY BE ALLOCATED FOR THE NEXT FISCAL YEAR.

3. FOR ANY FISCAL YEAR, IF FUNDS ARE TRANSFERRED FROM THE RESERVE FUND UNDER THE AUTHORITY OF ANY PROVISION OF LAW OTHER THAN PARAGRAPH (4) OF THIS SUBSECTION, THE MAXIMUM CREDIT AMOUNTS IN THE AGGREGATE THAT THE SECRETARY MAY ALLOCATE SHALL BE REDUCED BY THE AMOUNT TRANSFERRED.

(II) FOR EACH FISCAL YEAR, THE GOVERNOR MAY INCLUDE IN THE BUDGET BILL AN APPROPRIATION FOR THE RESERVE FUND.

(III) NOTWITHSTANDING THE PROVISIONS OF § 7-213 OF THE STATE FINANCE AND PROCUREMENT ARTICLE, THE GOVERNOR MAY NOT REDUCE AN APPROPRIATION FOR THE RESERVE FUND IN THE STATE BUDGET AS APPROVED BY THE GENERAL ASSEMBLY.

(4) (I) EXCEPT AS PROVIDED IN THIS PARAGRAPH, MONEY APPROPRIATED FOR THE RESERVE FUND SHALL REMAIN IN THE RESERVE FUND.

(II) 1. WITHIN 15 DAYS AFTER THE END OF EACH CALENDAR QUARTER, AS TO EACH QUALIFIED WORKFORCE HOUSING PROJECT FOR WHICH A FINAL CREDIT CERTIFICATE WAS ISSUED DURING THE QUARTER, THE DEPARTMENT SHALL NOTIFY THE COMPTROLLER OF:

A. THE MAXIMUM CREDIT AMOUNT INITIALLY ALLOCATED TO THE PROJECT; AND

B. THE FINAL CERTIFIED CREDIT AMOUNT FOR THE PROJECT.

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2. ON NOTIFICATION THAT THE FINAL CREDIT FOR A PROJECT HAS BEEN CERTIFIED, THE COMPTROLLER SHALL TRANSFER AN AMOUNT EQUAL TO THE CREDIT AMOUNT INITIALLY ALLOCATED TO THE PROJECT FROM THE RESERVE FUND TO THE GENERAL FUND OF THE STATE.

4-2504.

(A) ON OR BEFORE THE LAST DAY OF THE TAXABLE YEAR IN WHICH A QUALIFIED WORKFORCE HOUSING PROJECT THAT HAS BEEN ALLOCATED A PART OF THE STATE TAX CREDIT UNDER THIS SUBTITLE IS PLACED IN SERVICE, THE OWNER SHALL:

(1) NOTIFY THE SECRETARY THAT THE PROJECT HAS BEEN PLACED IN SERVICE; AND

(2) CERTIFY THAT THE PROJECT IS A QUALIFIED WORKFORCE HOUSING PROJECT ELIGIBLE FOR THE STATE TAX CREDIT.

(B) WITHIN 15 DAYS AFTER NOTIFICATION THAT A PROJECT HAS BEEN PLACED IN SERVICE, THE SECRETARY SHALL ISSUE TO THE OWNER A FINAL CREDIT CERTIFICATE FOR THE PROJECT STATING THE FINAL CREDIT AMOUNT FOR THE PROJECT, NOT TO EXCEED THE CREDIT AMOUNT INITIALLY ALLOCATED TO THE PROJECT.

(C) THE SECRETARY SHALL:

(1) DETERMINE WHETHER ANY EVENT HAS OCCURRED IN VIOLATION OF THIS SUBTITLE OR REGULATIONS ADOPTED UNDER THIS SUBTITLE THAT MAKES THE PROJECT INELIGIBLE FOR THE STATE TAX CREDIT

OR OTHERWISE TRIGGERS THE RECAPTURE OF ANY STATE TAX CREDIT AS PROVIDED UNDER § 10-749 OF THE TAX – GENERAL ARTICLE; AND

(2) PROMPTLY NOTIFY THE COMPTROLLER OF THE OCCURRENCE OF THE EVENT.

4-2505.

ON OR BEFORE DECEMBER 31 EACH YEAR, THE SECRETARY SHALL REPORT, IN ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE, TO THE GENERAL ASSEMBLY:

(1) THE NUMBER OF QUALIFIED WORKFORCE HOUSING PROJECTS THAT RECEIVED A TAX CREDIT ALLOCATION DURING THE YEAR;

(2) THE NUMBER OF HOUSING UNITS SUPPORTED BY EACH QUALIFIED WORKFORCE HOUSING PROJECT THAT RECEIVED A TAX CREDIT ALLOCATION DURING THE YEAR;

(3) A DESCRIPTION OF EACH QUALIFIED WORKFORCE HOUSING PROJECT THAT INCLUDES:

(I) THE GEOGRAPHIC LOCATION OF THE PROJECT;

(II) DEMOGRAPHIC INFORMATION ON AND INCOME LEVELS OF THE RESIDENTS INTENDED TO BE SERVED BY THE PROJECT; AND

(III) THE RENT THAT IS AUTHORIZED TO BE CHARGED FOR A UNIT IN THE PROJECT; AND

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(4) HOUSING MARKET AND DEMOGRAPHIC INFORMATION THAT DEMONSTRATES HOW EACH QUALIFIED WORKFORCE HOUSING PROJECT IS ADDRESSING THE NEED FOR WORKFORCE HOUSING WITHIN THE COMMUNITIES THAT THE PROJECT IS INTENDED TO SERVE.

Article – Tax – General

10-749.

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

(2) “QUALIFIED WORKFORCE HOUSING PROJECT” HAS THE MEANING STATED IN § 4-2501 OF THE HOUSING AND COMMUNITY DEVELOPMENT ARTICLE.

(3) “SECRETARY” MEANS THE SECRETARY OF HOUSING AND COMMUNITY DEVELOPMENT.

(B) AN INDIVIDUAL OR A CORPORATION MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX IN THE AMOUNT DETERMINED UNDER SUBSECTION (C) OF THIS SECTION FOR A QUALIFIED WORKFORCE HOUSING PROJECT.

(C) (1) THE CREDIT UNDER THIS SECTION EQUALS THE AMOUNT DETERMINED UNDER PARAGRAPH (2) OF THIS SUBSECTION FOR EACH QUALIFIED WORKFORCE HOUSING PROJECT.

(2) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE AMOUNT ALLOWED UNDER PARAGRAPH (1) OF THIS

SUBSECTION FOR EACH QUALIFIED WORKFORCE HOUSING PROJECT EQUALS THE AMOUNT STATED IN THE FINAL CREDIT CERTIFICATE ISSUED BY THE SECRETARY UNDER TITLE 4, SUBTITLE 25 OF THE HOUSING AND COMMUNITY DEVELOPMENT ARTICLE.

(II) THE CREDIT AMOUNT ALLOWED FOR A PROJECT UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH MAY BE CLAIMED IN FULL FOR THE FIRST TAXABLE YEAR THE PROJECT IS PLACED IN SERVICE.

(D) IF THE CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE YEAR EXCEEDS THE STATE INCOME TAX FOR THAT TAXABLE YEAR, AN INDIVIDUAL OR A CORPORATION MAY APPLY THE EXCESS AS A CREDIT AGAINST THE STATE INCOME TAX FOR SUCCEEDING TAXABLE YEARS UNTIL THE EARLIER OF:

(1) THE FULL AMOUNT OF THE EXCESS IS USED; OR

(2) THE EXPIRATION OF THE NINTH TAXABLE YEAR AFTER THE TAXABLE YEAR IN WHICH THE FINAL CREDIT CERTIFICATE WAS ISSUED.

(E) AN INDIVIDUAL OR A CORPORATION CLAIMING THE STATE TAX CREDIT FOR A QUALIFIED WORKFORCE HOUSING PROJECT SHALL SUBMIT WITH THE INDIVIDUAL'S OR CORPORATION'S INCOME TAX RETURN A COPY OF THE FINAL CREDIT CERTIFICATE FOR THE PROJECT ISSUED BY THE SECRETARY UNDER TITLE 4, SUBTITLE 25 OF THE HOUSING AND COMMUNITY DEVELOPMENT ARTICLE.

(F) THE SECRETARY, IN CONSULTATION WITH THE COMPTROLLER, MAY ADOPT REGULATIONS PROVIDING FOR THE RECAPTURE OF THE STATE TAX

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CREDITS ALLOWED UNDER THIS SECTION FOR A QUALIFIED WORKFORCE HOUSING PROJECT THAT FAILS TO CONTINUE TO MEET THE REQUIREMENTS OF TITLE 4, SUBTITLE 25 OF THE HOUSING AND COMMUNITY DEVELOPMENT ARTICLE.

(G) AN INDIVIDUAL OR A CORPORATION MAY NOT CLAIM THE CREDIT ALLOWED UNDER THIS SECTION FOR A PROJECT FOR ANY TAXABLE YEAR IN WHICH THE OWNER OF THE PROJECT IS IN DEFAULT UNDER ANY REGULATORY AGREEMENT REQUIRED WITH RESPECT TO THE PROJECT UNDER § 4-2502 OF THE HOUSING AND COMMUNITY DEVELOPMENT ARTICLE.”.

On page 59, in lines 4, 17, 26, 28, 30, 32, and 33, strike “4.”, “5.”, “6.”, “7.”, “8.”, “9.”, and “8”, respectively, and substitute “5.”, “6.”, “7.”, “8.”, “9.”, “10.”, and “9”, respectively; and in line 30, strike “Section 3” and substitute “Sections 3 and 4”.