
By: **Delegate Hixson**

Introduced and read first time: February 18, 1999

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Certified Heritage Structure Rehabilitation Credit - Reciprocity with Other**
3 **States**

4 FOR the purpose of allowing a business entity or individual that incurs certain
5 expenditures in the rehabilitation of a certified historic structure in a state
6 other than Maryland to claim a certain tax credit against certain Maryland
7 taxes if the other state has in effect a reciprocal historic rehabilitation tax credit
8 program and agreement for taxpayers of that state who rehabilitate historic
9 structures in Maryland; providing for the application of this Act; and generally
10 relating to a certain tax credit for certain rehabilitation expenditures.

11 BY repealing and reenacting, with amendments,
12 Article 83B - Department of Housing and Community Development
13 Section 5-801
14 Annotated Code of Maryland
15 (1998 Replacement Volume)

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

18 **Article 83B - Department of Housing and Community Development**

19 5-801.

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

21 (2) "Business entity" means a person conducting or operating a trade or
22 business in the State.

23 (3) "Certified heritage area" has the meaning stated in § 13-1101(d) of
24 the Financial Institutions Article.

25 (4) "Certified heritage structure" means a structure that is:

26 (i) Listed in the National Register of Historic Places;

- 1 (ii) Designated as a historic property under local law;
- 2 (iii) 1. Located in a historic district listed on the National
3 Register of Historic Places or in a local historic district; and
- 4 2. Certified by the Director of the Maryland Historical Trust
5 as contributing to the significance of the district; or
- 6 (iv) Located in a certified heritage area and which has been
7 certified by the Maryland Heritage Areas Authority as contributing to the
8 significance of the certified heritage area.

9 (5) "Certified rehabilitation" means rehabilitation of a certified heritage
10 structure which the Director certifies is substantial rehabilitation in conformance
11 with the rehabilitation standards of the United States Secretary of the Interior.

12 (6) "Director" means the Director of the Maryland Historical Trust.

13 (7) "Local historic district" means a district that the governing body of a
14 county or municipal corporation, or the Mayor and City Council of Baltimore, has
15 designated under local law as historic.

16 (8) "Qualified rehabilitation expenditure" means any amount expended
17 in the rehabilitation of a structure that is properly chargeable to capital account.

18 (9) "Substantial rehabilitation" means rehabilitation of a structure for
19 which the qualified rehabilitation expenditures, during the 24-month period selected
20 by the taxpayer ending with or within the taxable year, exceed:

- 21 (i) For owner-occupied residential property, \$5,000; or
- 22 (ii) For all other property, the greater of:
- 23 1. The adjusted basis of the structure; or
- 24 2. \$5,000.

25 (b) (1) Subject to subsection (c) of this section, for the taxable year in which
26 a certified rehabilitation is completed, a business entity or an individual may claim a
27 tax credit in an amount equal to 25% of the taxpayer's qualified rehabilitation
28 expenditures for the rehabilitation.

29 (2) The same tax credit may not be applied more than once against
30 different taxes.

31 (c) If the credit allowed under this section in any taxable year exceeds the
32 total tax otherwise payable by the business entity or the individual for that taxable
33 year, the business entity or individual may apply the excess as a credit for succeeding
34 years until the earlier of:

- 35 (1) The full amount of the excess is used; or

1 (2) The expiration of the tenth taxable year after the taxable year in
2 which the certified rehabilitation is completed.

3 (d) If a certified heritage structure for which a certified rehabilitation has
4 been completed is sold or transferred, the amount of any credit unused at the time of
5 sale or transfer may be transferred to the individual or business entity to which the
6 building is sold or transferred.

7 (E) A BUSINESS ENTITY OR INDIVIDUAL THAT INCURS QUALIFIED
8 REHABILITATION EXPENDITURES IN THE REHABILITATION OF A CERTIFIED
9 HISTORIC STRUCTURE IN A STATE OTHER THAN MARYLAND MAY CLAIM A TAX
10 CREDIT TO THE SAME EXTENT AS PROVIDED UNDER SUBSECTION (B) OF THIS
11 SECTION IF THE OTHER STATE HAS IN EFFECT A RECIPROCAL HISTORIC
12 REHABILITATION TAX CREDIT PROGRAM AND AGREEMENT FOR TAXPAYERS OF THAT
13 STATE WHO REHABILITATE HISTORIC STRUCTURES IN MARYLAND.

14 [(e)] (F) The Director and the Maryland Heritage Areas Authority may adopt
15 regulations to establish procedures and standards for certifying heritage structures
16 and rehabilitations under this section.

17 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
18 July 1, 1999 and shall be applicable to all taxable years beginning after December 31,
19 1999.