HOUSE BILL 1109

Unofficial Copy 2001 Regular Session
Q7 1lr1460
CF 1lr1707

By: **Delegates Rudolph, Bozman, Hixson, and Taylor**
Introduced and read first time: February 9, 2001
Assigned to: Ways and Means

Committee Report: Favorable with amendments
House action: Adopted with floor amendments
Read second time: March 19, 2001

CHAPTER 161

AN ACT concerning

Heritage Structure Rehabilitation Tax Credit ~~– Transfer of Credit~~

FOR the purpose of providing that certain tax credits for certain heritage structure rehabilitations may be allocated in a certain manner among the partners, members, or shareholders of an entity making the qualified rehabilitation expenditures; ~~allowing a business entity or individual to transfer certain tax credits for certain heritage structure rehabilitations to another business entity or individual under certain circumstances; allowing a business entity or individual to whom certain tax credits are transferred to claim a certain tax credit; providing that a business entity or individual to whom certain tax credits are transferred is entitled to rely on certain information received from the business entity or individual transferring the credit; providing a subtraction modification under the Maryland income tax for certain amounts received by an individual or corporation in consideration of the transfer of certain tax credits;~~ altering a certain definition for purposes of certain tax credits for certified heritage structure rehabilitations to exclude certain structures owned by certain governments; making certain tax credits for certain heritage structure rehabilitations refundable under certain circumstances; providing for certain recapture of certain tax credits for certain heritage structure rehabilitations under certain circumstances; specifying the revenue effect of certain refunds payable under certain tax credits; providing that certain persons may file certain tax returns to claim refunds of certain tax credits under certain circumstances; requiring the Director of the Maryland Historical Trust to submit a certain report annually to the Governor and General Assembly on certain credits for certain heritage structure rehabilitations; requiring certain persons subject to certain recapture provisions to file certain reports or returns under certain circumstances; repealing certain tax credits as to the financial institution franchise tax and the public service company franchise tax;

including certain tax-exempt organizations within the definition of business entity under a certain tax credit for certain heritage structure rehabilitations; providing that under certain circumstances certain provisions of law in effect on a certain date shall apply to the certified heritage structure rehabilitation credit for certain projects; providing for the application of this Act; and generally relating to ~~allowing the transfer of~~ certain tax credits for certain heritage structure rehabilitations ~~from one business entity or individual to another business entity or individual~~.

BY repealing and reenacting, with amendments,
Article 83B - Department of Housing and Community Development
Section 5-801
Annotated Code of Maryland
(1998 Replacement Volume and 2000 Supplement)

BY repealing and reenacting, without amendments,
Article - Insurance
Section 6-105.2
Annotated Code of Maryland
(1997 Volume and 2000 Supplement)

BY adding to
Article - Insurance
Section 6-107(c)
Annotated Code of Maryland
(1997 Volume and 2000 Supplement)

BY repealing
Article - Tax - General
Section 8-208.1 and 8-406.1
Annotated Code of Maryland
(1997 Replacement Volume and 2000 Supplement)

BY repealing and reenacting, with amendments,
Article - Tax - General
Section 10-207(u) and ~~10-307(g)~~ and 10-704.5
Annotated Code of Maryland
(1997 Replacement Volume and 2000 Supplement)

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

Article 83B - Department of Housing and Community Development

5-801.

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

(2) "Business entity" means [a]:

(I) A person conducting or operating a trade or business in the State; OR

(II) AN ORGANIZATION OPERATING IN MARYLAND THAT IS EXEMPT FROM TAXATION UNDER § 501(C)(3) OF THE INTERNAL REVENUE CODE.

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

(4) (I) "Certified heritage structure" means a structure that is LOCATED IN THE STATE AND IS:

~~(i)~~ 1. Listed in the National Register of Historic Places;

~~(ii)~~ 2. Designated as a historic property under local law;

~~(iii)~~ 3. ~~1.~~ A. Located in a historic district listed on the National Register of Historic Places or in a local historic district; and

~~2.~~ B. Certified by the Director of the Maryland Historical Trust as contributing to the significance of the district; or

~~(iv)~~ 4. Located in a certified heritage area and which has been certified by the Maryland Heritage Areas Authority as contributing to the significance of the certified heritage area.

(II) "CERTIFIED HERITAGE STRUCTURE" DOES NOT INCLUDE A STRUCTURE THAT IS OWNED BY THE STATE, A POLITICAL SUBDIVISION OF THE STATE, OR THE FEDERAL GOVERNMENT, OTHER THAN A STRUCTURE LOCATED ON THE HIPPODROME SITE, AS DEFINED IN § 13-701 OF THE FINANCIAL INSTITUTIONS ARTICLE.

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

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

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

(8) "Qualified rehabilitation expenditure" means any amount that is properly chargeable to capital account and is expended in the rehabilitation of a structure that by the end of the taxable year in which the certified rehabilitation is completed is a certified heritage structure.

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

(i) For owner-occupied residential property, $5,000; or

(ii) For all other property, the greater of:

1. The adjusted basis of the structure; or

2. $5,000.

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

(2) THE STATE TAX CREDIT ALLOWED UNDER THIS SECTION MAY BE ALLOCATED AMONG THE PARTNERS, MEMBERS, OR SHAREHOLDERS OF AN ENTITY ~~MAKING THE QUALIFIED REHABILITATION EXPENDITURES~~ IN ANY MANNER AGREED TO BY THOSE PERSONS IN WRITING~~:~~

~~(I) REGARDLESS OF THE ALLOCATION OF ANY FEDERAL INCOME TAX REHABILITATION CREDIT FOR THE QUALIFIED REHABILITATION EXPENDITURES AMONG THOSE PERSONS; AND~~

~~(II) WHETHER OR NOT THE PERSONS RECEIVING THE ALLOCATION OF THE STATE TAX CREDIT ARE ALLOCATED OR ALLOWED ANY PORTION OF ANY FEDERAL INCOME TAX REHABILITATION CREDIT FOR THE QUALIFIED REHABILITATION EXPENDITURES~~.

[(2)] (3) The same tax credit may not be applied more than once against different taxes.

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

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

~~(2) The expiration of the tenth taxable year after the taxable year in which the certified rehabilitation is completed~~ CLAIM A REFUND IN THE AMOUNT OF THE EXCESS.

~~(d) (1) If a certified heritage structure for which a certified rehabilitation has been completed is sold or transferred, the amount of any credit unused at the time of sale or transfer may be transferred to the individual or business entity to which the building is sold or transferred.~~

~~(2) If a certified heritage structure for which a certified rehabilitation has been completed by a nonprofit corporation exempt from taxation is sold or transferred, the full amount of the credit to which the nonprofit corporation would be entitled if taxable may be transferred to the purchaser or transferee at the time of the sale or transfer.~~

~~(e)~~ (D)(1) ~~A.~~ EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, A business entity or individual that incurs qualified rehabilitation expenditures in the rehabilitation of a certified historic structure in a state other than Maryland may claim a tax credit to the same extent as provided under subsection (b) of this section if the other state has in effect a reciprocal historic rehabilitation tax credit program and agreement for taxpayers of that state who rehabilitate historic structures in Maryland.

(2) A BUSINESS ENTITY OR INDIVIDUAL THAT QUALIFIES FOR A TAX CREDIT UNDER THIS SUBSECTION MAY NOT CLAIM A REFUND UNDER SUBSECTION (C) OF THIS SECTION.

(3) IF THE CREDIT ALLOWED TO A BUSINESS ENTITY OR INDIVIDUAL UNDER THIS SUBSECTION FOR ANY TAXABLE YEAR EXCEEDS THE TOTAL TAX OTHERWISE PAYABLE BY THE BUSINESS ENTITY OR THE INDIVIDUAL FOR THAT TAXABLE YEAR, THE BUSINESS ENTITY OR INDIVIDUAL MAY APPLY THE EXCESS AS A CREDIT FOR SUCCEEDING TAXABLE YEARS UNTIL THE EARLIER OF:

(I) THE FULL AMOUNT OF THE CREDIT IS USED; OR

(II) THE EXPIRATION OF THE TENTH TAXABLE YEAR AFTER THE TAXABLE YEAR IN WHICH THE REHABILITATION IS COMPLETED.

~~(f) (1) (i) In this subsection the following words have the meanings indicated.~~

~~(ii) "Historic rehabilitation mortgage credit certificate" means a certificate issued under this subsection by the Director to a business entity or individual that elects to receive the certificate in lieu of the credit allowed under this section.~~

~~(iii) "Qualified purchased heritage structure" means a certified heritage structure:~~

~~1. For which a certified rehabilitation has been completed and as to which the full amount of the credit is unused and could be transferred to the purchaser under subsection (d) of this section;~~

~~2. As to which the purchaser is the first purchaser of the certified heritage structure after the completion of the certified rehabilitation;~~

~~3. That was purchased within 10 years after the completion of the certified rehabilitation; and~~

~~4. All or a part of which within a reasonable period will be the principal residence of the purchaser.~~

~~(2) (i) A business entity or an individual may elect to receive a historic rehabilitation mortgage credit certificate in lieu of the credit otherwise allowable under this section.~~

~~(ii) An election under this subsection shall be made:~~

~~1. For a qualified purchased heritage structure, on or before the date of the purchase; and~~

~~2. For any other certified rehabilitation, on or before the date the certified rehabilitation is completed.~~

~~(iii) An election may not be made under this subsection for a certified rehabilitation of a certified heritage structure that has been sold or transferred if the seller or transferor of the structure has claimed any portion of the credit allowed under this section for the certified rehabilitation.~~

~~(3) If a business entity or individual makes an election under this subsection, the Director shall issue a historic rehabilitation mortgage credit certificate to the business entity or individual in a face amount equal to the total amount of the credit that, but for the election under this subsection, would be allowable to the business entity or individual with respect to the certified rehabilitation.~~

~~(4) A business entity or individual may transfer a historic rehabilitation mortgage credit certificate to a lending institution subject to Maryland tax, including a nondepository institution, in connection with a loan:~~

~~(i) That is secured by a certified heritage structure; and~~

~~(ii) The proceeds of which may not be used for any purpose other than the acquisition or rehabilitation of the certified heritage structure.~~

~~(5) A lending institution that accepts a historic rehabilitation mortgage credit certificate from a business entity or individual shall in exchange provide the business entity or individual an amount equal to the face amount of the historic rehabilitation mortgage credit certificate, discounted by the amount by which the lending institution's federal income tax liability is increased as a result of its use of the historic rehabilitation mortgage credit certificate to offset State taxes under this subsection, to be allocated, at the borrower's election:~~

~~(i) To reduce the principal amount or to reduce the interest rate on the loan to result in interest payment reductions substantially equal on a present value basis to the face amount of the historic rehabilitation mortgage credit certificate, as discounted; or~~

~~(ii) To reduce the business entity's or individual's cost of purchasing the certified heritage structure by an amount equal to the face amount of the certificate, as discounted.~~

~~(6) (i) A lending institution may claim a tax credit under this section in an amount equal to the face amount specified in a historic rehabilitation mortgage credit certificate.~~

~~(ii) If the credit allowed under this subsection in any taxable year exceeds the total tax otherwise payable by the lending institution for that taxable year, the lending institution may apply the excess as a credit for succeeding years until the earlier of:~~

~~1. The full amount of the excess is used; or~~

~~2. The expiration of the 10th taxable year after the taxable year in which the historic rehabilitation mortgage credit certificate is issued.~~

~~(7) If the amount of the discount retained by a lending institution exceeds the amount by which the lending institution's federal income tax is increased as a result of its use of the historic rehabilitation mortgage credit certificate to offset State taxes under this subsection, the lending institution shall refund the excess to the business entity or individual and any interest earned by the institution on the excess.~~

~~(8) A lending institution that accepts a historic rehabilitation mortgage credit certificate from a business entity or individual under this subsection shall be entitled to rely in good faith on the information contained in and used in connection with obtaining the certificate by the business entity or individual including, without limitation, the amount of the qualified rehabilitation expenditures.~~

~~(9) Notwithstanding any provision in this subsection, a lending institution is not required to accept a historic rehabilitation mortgage credit certificate from any business entity or individual.~~

~~(g)~~ (E) (1) The Director and the Maryland Heritage Areas Authority may adopt regulations to establish procedures and standards for certifying heritage structures and rehabilitations under this section ~~and for issuance and use of historic rehabilitation mortgage credit certificates under subsection (f) of this section~~.

(2) THE DIRECTOR MAY NOT CERTIFY THAT A REHABILITATION IS A CERTIFIED REHABILITATION ELIGIBLE FOR THE TAX CREDIT UNDER THIS SECTION UNLESS THE INDIVIDUAL OR BUSINESS ENTITY SEEKING CERTIFICATION STATES UNDER OATH THE AMOUNT OF THE INDIVIDUAL'S OR BUSINESS ENTITY'S QUALIFIED REHABILITATION EXPENDITURES.

~~(h)~~ (F) (1) In this subsection, "Authority affiliate" has the meaning stated in § 13-701(t) of the Financial Institutions Article.

(2) As authorized under § 13-708 of the Financial Institutions Article, the Maryland Stadium Authority or an Authority affiliate may transfer to any business entity or individual any credit under this section for qualified rehabilitation expenditures of the Maryland Stadium Authority or an Authority affiliate.

(3) A business entity or individual to whom any credit is transferred by the Maryland Stadium Authority or an Authority affiliate under this subsection may claim a tax credit under this section in the full amount of the credit transferred.

~~(I) (1) A BUSINESS ENTITY OR INDIVIDUAL MAY TRANSFER ALL OR ANY PART OF THE CREDIT UNDER THIS SECTION FOR QUALIFIED REHABILITATION EXPENDITURES OF THE BUSINESS ENTITY OR INDIVIDUAL TO ANOTHER BUSINESS ENTITY OR INDIVIDUAL.~~

~~(2) A CREDIT MAY NOT BE TRANSFERRED UNDER THIS SUBSECTION UNLESS THE BUSINESS ENTITY OR INDIVIDUAL TRANSFERRING THE CREDIT NOTIFIES THE MARYLAND HISTORICAL TRUST WITHIN 30 DAYS AFTER THE EFFECTIVE DATE OF THE TRANSFER.~~

~~(3) A BUSINESS ENTITY OR INDIVIDUAL TO WHOM ANY CREDIT IS TRANSFERRED BY ANOTHER BUSINESS ENTITY OR INDIVIDUAL UNDER THIS SUBSECTION:~~

~~(I) MAY CLAIM A TAX CREDIT UNDER THIS SECTION IN THE FULL AMOUNT OF THE CREDIT TRANSFERRED, BY FILING WITH ITS TAX RETURN A COPY OF THE FORM EVIDENCING THE TRANSFER OF THE TAX CREDIT; AND~~

~~(II) SHALL BE ENTITLED TO RELY IN GOOD FAITH ON INFORMATION ON WHICH THE CREDIT IS BASED RECEIVED FROM THE BUSINESS ENTITY OR INDIVIDUAL TRANSFERRING THE CREDIT, INCLUDING THE AMOUNT OF THE QUALIFIED REHABILITATION EXPENDITURES.~~

(G) (1) IN THIS SUBSECTION, "DISQUALIFYING WORK" MEANS WORK THAT:

(I) IS PERFORMED ON A CERTIFIED HERITAGE STRUCTURE FOR WHICH A REHABILITATION HAS BEEN CERTIFIED UNDER THIS SECTION; AND

(II) IF PERFORMED AS PART OF THE REHABILITATION CERTIFIED UNDER THIS SECTION, WOULD HAVE MADE THE REHABILITATION INELIGIBLE FOR CERTIFICATION.

(2) EXCEPT AS PROVIDED IN PARAGRAPH (4) OF THIS SUBSECTION, THE CREDIT ALLOWED UNDER THIS SECTION SHALL BE RECAPTURED AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION IF, DURING THE TAXABLE YEAR IN WHICH A CERTIFIED REHABILITATION IS COMPLETED OR ANY OF THE 4 TAXABLE YEARS SUCCEEDING THE TAXABLE YEAR IN WHICH THE CERTIFIED REHABILITATION IS COMPLETED, ANY DISQUALIFYING WORK IS PERFORMED ON THE CERTIFIED

HERITAGE STRUCTURE FOR WHICH THE CERTIFIED REHABILITATION HAS BEEN COMPLETED.

(3) (I) 1. IF THE DISQUALIFYING WORK IS PERFORMED DURING THE TAXABLE YEAR IN WHICH THE CERTIFIED REHABILITATION WAS COMPLETED, 100% OF THE CREDIT SHALL BE RECAPTURED.

2. IF THE DISQUALIFYING WORK IS PERFORMED DURING THE FIRST FULL YEAR SUCCEEDING THE TAXABLE YEAR IN WHICH THE CERTIFIED REHABILITATION WAS COMPLETED, 80% OF THE CREDIT SHALL BE RECAPTURED.

3. IF THE DISQUALIFYING WORK IS PERFORMED DURING THE SECOND FULL YEAR SUCCEEDING THE TAXABLE YEAR IN WHICH THE CERTIFIED REHABILITATION WAS COMPLETED, 60% OF THE CREDIT SHALL BE RECAPTURED.

4. IF THE DISQUALIFYING WORK IS PERFORMED DURING THE THIRD FULL YEAR SUCCEEDING THE TAXABLE YEAR IN WHICH THE CERTIFIED REHABILITATION WAS COMPLETED, 40% OF THE CREDIT SHALL BE RECAPTURED.

5. IF THE DISQUALIFYING WORK IS PERFORMED DURING THE FOURTH FULL YEAR SUCCEEDING THE TAXABLE YEAR IN WHICH THE CERTIFIED REHABILITATION WAS COMPLETED, 20% OF THE CREDIT SHALL BE RECAPTURED.

(II) EXCEPT AS PROVIDED UNDER PARAGRAPH (4) OF THIS SUBSECTION, THE BUSINESS ENTITY OR INDIVIDUAL THAT CLAIMED THE CREDIT SHALL PAY THE AMOUNT TO BE RECAPTURED AS DETERMINED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH AS TAXES PAYABLE TO THE STATE FOR THE TAXABLE YEAR IN WHICH THE DISQUALIFYING WORK IS PERFORMED.

(4) RECAPTURE OF THE CREDIT ALLOWED UNDER THIS SECTION IS NOT REQUIRED IF THE BUSINESS ENTITY OR INDIVIDUAL THAT CLAIMED THE CREDIT DOES NOT OWN AN INTEREST IN THE CERTIFIED HERITAGE STRUCTURE WHEN THE DISQUALIFYING WORK IS PERFORMED.

(H) A REFUND PAYABLE UNDER SUBSECTION (C) OF THIS SECTION:

(1) OPERATES TO REDUCE THE INCOME TAX REVENUE FROM CORPORATIONS IF THE PERSON ENTITLED TO THE REFUND IS A CORPORATION SUBJECT TO THE INCOME TAX UNDER TITLE 10 OF THE TAX - GENERAL ARTICLE;

(2) OPERATES TO REDUCE INSURANCE PREMIUM TAX REVENUES IF THE PERSON ENTITLED TO THE REFUND IS SUBJECT TO TAXATION UNDER TITLE 6 OF THE INSURANCE ARTICLE; AND

(3) OPERATES TO REDUCE THE INCOME TAX REVENUE FROM INDIVIDUALS IF THE PERSON ENTITLED TO THE REFUND IS:

(I) AN INDIVIDUAL SUBJECT TO THE INCOME TAX UNDER TITLE 10 OF THE TAX - GENERAL ARTICLE; OR

(II) AN ORGANIZATION EXEMPT FROM TAXATION UNDER § 501(C)(3) OF THE INTERNAL REVENUE CODE.

(I) (1) ON OR BEFORE JANUARY 15 OF EACH YEAR, THE DIRECTOR SHALL REPORT TO THE GOVERNOR AND, SUBJECT TO § 2-1246 OF THE STATE GOVERNMENT ARTICLE, TO THE GENERAL ASSEMBLY, ON THE CREDIT ALLOWED UNDER THIS SECTION.

(2) THE REPORT REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL INCLUDE, FOR EACH CATEGORY OF CERTIFIED REHABILITATIONS SPECIFIED IN PARAGRAPH (3) OF THIS SUBSECTION:

(I) THE NUMBER OF APPLICANTS FOR CERTIFICATION OF REHABILITATIONS DURING THE PRECEDING CALENDAR YEAR;

(II) THE NUMBER OF REHABILITATIONS CERTIFIED AS QUALIFYING FOR THE TAX CREDIT UNDER THIS SECTION DURING THE PRECEDING CALENDAR YEAR;

(III) THE TOTAL QUALIFIED REHABILITATION EXPENDITURES FOR REHABILITATIONS CERTIFIED DURING THE PRECEDING CALENDAR YEAR; AND

(IV) THE AVERAGE QUALIFIED REHABILITATION EXPENDITURES OF REHABILITATIONS CERTIFIED DURING THE PRECEDING CALENDAR YEAR.

(3) THE INFORMATION REQUIRED UNDER PARAGRAPH (2) OF THIS SUBSECTION SHALL BE PROVIDED IN THE AGGREGATE AND SEPARATELY FOR EACH OF THE FOLLOWING CATEGORIES OF CERTIFIED REHABILITATIONS:

(I) OWNER-OCCUPIED SINGLE FAMILY RESIDENTIAL STRUCTURES;

(II) OTHER SINGLE FAMILY RESIDENTIAL STRUCTURES;

(III) MULTIFAMILY RESIDENTIAL STRUCTURES; AND

(IV) NONRESIDENTIAL STRUCTURES.

Article - Insurance

6-105.2.

A person subject to the tax imposed under this subtitle may claim a credit against the tax for a certified rehabilitation as provided under Article 83B, § 5-801 of the Code.

6-107.

(C) A PERSON THAT IS NOT OTHERWISE REQUIRED TO FILE A REPORT WITH THE COMMISSIONER UNDER THIS SECTION SHALL FILE A REPORT AND PAY THE TAX DUE IF THE PERSON:

(1) CLAIMED A CREDIT FOR A PREVIOUS YEAR AGAINST THE TAX IMPOSED UNDER THIS SUBTITLE FOR A CERTIFIED REHABILITATION AS PROVIDED UNDER ARTICLE 83B, § 5-801 OF THE CODE; AND

(2) IS SUBJECT TO THE RECAPTURE OF THE CREDIT AS PROVIDED UNDER ARTICLE 83B, § 5-801 OF THE CODE.

Article - Tax - General

[8-208.1.

A financial institution may claim a credit against the financial institution franchise tax for a certified rehabilitation as provided under Article 83B, § 5-801 of the Code.]

[8-406.1.

A public service company may claim a credit against the public service company franchise tax for a certified rehabilitation as provided under Article 83B, § 5-801 of the Code.]

10-207.

(u) The subtraction under subsection (a) of this section includes any amount received by ~~AN INDIVIDUAL, INCLUDING~~ any Authority affiliate, as defined in § 13-701(t) of the Financial Institutions [Article] ARTICLE, in consideration of the transfer of the credit allowed under Article 83B, § 5-801~~(h) OR (I)~~ (F) of the Code.

~~10-307.~~

~~(g) The subtraction under subsection (a) of this section includes the amounts allowed to be subtracted for an individual under:~~

~~(1) § 10-207(i) of this title (Profits on sale or exchange of State or local bonds);~~

~~(2) § 10-207(k) of this title (Relocation and assistance payments);~~

~~(3) § 10-207(m) of this title (State or local income tax refunds);~~

~~(4) § 10-207(c-1) of this title (State tax exempt interest from mutual funds); or~~

~~(5) § 10-207(u) of this title (Amounts received [by Stadium Authority affiliate] in consideration of transfer of certified rehabilitation credit).~~

10-704.5.

(A) An individual or corporation may claim a credit against the State income tax for a certified rehabilitation as provided under Article 83B, § 5-801 of the Code.

(B) AN INDIVIDUAL OR CORPORATION THAT IS NOT OTHERWISE REQUIRED TO FILE AN INCOME TAX RETURN, INCLUDING A CORPORATION EXEMPT FROM INCOME TAX UNDER § 501(C)(3) OF THE INTERNAL REVENUE CODE:

(1) MAY FILE A RETURN TO CLAIM A REFUND OF THE CREDIT UNDER THIS SECTION; AND

(2) SHALL FILE A RETURN IF THE INDIVIDUAL OR CORPORATION IS SUBJECT TO THE RECAPTURE OF THE CREDIT UNDER THIS SECTION AS PROVIDED UNDER ARTICLE 83B, § 5-801 OF THE CODE.

SECTION 2. AND BE IT FURTHER ENACTED, That, except as otherwise provided in this Section, this Act shall take effect July 1, 2001, and shall be applicable to all taxable years beginning after December 31, 2000 for certified heritage structure rehabilitations certified on or after July 1, 2001. If the Director of the Maryland Historical Trust has preliminarily determined, on or before June 30, 2001, that a proposed substantial rehabilitation meets the Secretary of the Interior's Standards for Rehabilitation, at the option of the person making the qualified rehabilitation expenditures, the provisions of Article 83B, § 5-801 of the Code in effect on June 30, 2001, shall apply to the certified heritage structure rehabilitation credit for the substantial rehabilitation project.