Chapter 487
(House Bill 475)

AN ACT concerning

Smart, Green, and Growing – The Sustainable Communities Act of 2010

FOR the purpose of stating certain findings and the intent of the General Assembly concerning sustainable communities; providing for the designation of certain areas as sustainable communities eligible for certain programs; altering the criteria to consider a sustainable community area; authorizing the Smart Growth Subcabinet to designate sustainable communities and approve sustainable community plans; abolishing certain boards; authorizing the Secretary of Housing and Community Development to administer the Community Legacy Program and to take certain actions; repealing certain authority for certain political subdivisions to approve a designated neighborhood for certain purposes under certain circumstances; requiring the Department of Transportation to consider sustainable communities during the revisions to the Consolidated Transportation Program; requiring the Department of Transportation to consult with the Smart Growth Subcabinet concerning sustainable communities; altering certain authority of the Secretary of Transportation to designate certain facilities, structures, and uses as transit-oriented development for certain purposes; authorizing the Department of Transportation to exercise certain powers with respect to sustainable communities; requiring the Secretary of Business and Economic Development to receive a recommendation of the Smart Growth Subcabinet prior to designating a BRAC Revitalization and Incentive Zone; altering the membership of the Smart Growth Subcabinet; authorizing the Smart Growth Subcabinet to work on sustainable communities, make certain recommendations, and certify certain local jurisdictions for certain purposes; reestablishing extending and altering the Maryland Heritage Structure Rehabilitation Tax Credit Program to be the Sustainable Communities Tax Credit Program; providing a certain tax credit for rehabilitation of certain properties; making certain rehabilitation projects eligible for a certain tax credit under certain circumstances; requiring the Director of the Maryland Historical Trust to adopt certain regulations; providing limits on the amount of tax credits for certain purposes; providing for an additional credit if a certain rehabilitation meets a certain high performance building standard; providing for the issuance of credit certificates for certain rehabilitations, subject to certain requirements and limitations; providing certain limits on the amount of the credit percentage of the initial credit certificates issued for any fiscal year that may be claimed issued for certain rehabilitations; authorizing the Director to charge a certain fee for certain purposes; prohibiting the Director from issuing credit certificates that exceed a certain amount; prohibiting the Director from issuing certain credit certificates
before a certain date or after a certain date; establishing the Maryland Department of Planning Sustainable Communities Tax Credit Administration Fund; providing for amended tax returns under certain circumstances; authorizing the allocation of the credit in a certain manner; providing for certain determinations by the Comptroller; providing for the expiration of certain initial credit certificates under certain circumstances; establishing certain requirements for certain rehabilitation projects to be eligible for the tax credit; altering the percentage of qualified rehabilitation expenditures for which the credit is allowed for certain projects; altering the name of a certain reserve fund; authorizing the Governor to include an appropriation to a certain reserve fund for certain fiscal years; extending through a certain fiscal year certain authority for the Director to issue certain initial credit certificates; providing for altering certain reporting requirements; providing for the recapture of the credit under certain circumstances; providing for the termination of the Sustainable Communities Tax Credit Program; requiring certain funds in the Heritage Structure Rehabilitation Tax Credit Reserve Fund to revert to the General Fund on a certain date; providing for the application of certain provisions of this Act consideration of certain community legacy areas and certain designated neighborhoods as sustainable communities under certain circumstances; requiring a sponsor of a community legacy area or a designated neighborhood to submit a certain application under certain circumstances; providing for the retroactive application of a certain provision of this Act; authorizing the Comptroller to make certain determinations and adopt certain regulations; defining certain terms; altering certain definitions; and generally relating to sustainable communities.

BY repealing and reenacting, with amendments,
   Article – Economic Development
   Section 5–1304
   Annotated Code of Maryland
   (2008 Volume and 2009 Supplement)

BY adding to
   Article – Housing and Community Development
   Section 6–104
   Annotated Code of Maryland
   (2006 Volume and 2009 Supplement)

BY repealing and reenacting, with amendments,
   Article – Housing and Community Development
   Section 6–201, 6–202, 6–204 through 6–211, 6–213, 6–301, 6–303, 6–304, and 6–306
   Annotated Code of Maryland
   (2006 Volume and 2009 Supplement)

BY repealing
Article – Housing and Community Development
Section 6–203, 6–212, and 6–305
Annotated Code of Maryland
(2006 Volume and 2009 Supplement)

BY adding to
Article – State Finance and Procurement
Section 5–901 through 5–911 to be under the new subtitle “Subtitle 9.
Sustainable Communities Tax Credit Program”
Annotated Code of Maryland
(2009 Replacement Volume)

BY repealing and reenacting, with amendments,
Article – State Government
Section 9–1406(b)(12) and (13) and (h)
Annotated Code of Maryland
(2009 Replacement Volume)

BY adding to
Article – State Government
Section 9–1406(b)(14) through(16)
Annotated Code of Maryland
(2009 Replacement Volume)

BY adding to
Article – Transportation
Section 2–701 through 2–703 to be under the new subtitle “Subtitle 7.
Sustainable Communities”
Annotated Code of Maryland
(2008 Replacement Volume and 2009 Supplement)

BY repealing and reenacting, with amendments,
Article – Transportation
Section 7–101(m)
Annotated Code of Maryland
(2008 Replacement Volume and 2009 Supplement)

BY repealing and reenacting, with amendments,
Article – Insurance
Section 6–105.2
Annotated Code of Maryland
(2003 Replacement Volume and 2009 Supplement)

BY repealing and reenacting, with amendments,
Article – Tax – General
Section 10–704.5
BY repealing and reenacting, with amendments, and transferring to the Session Laws Article – State Finance and Procurement Section 5A–303 Annotated Code of Maryland (2009 Replacement Volume)

Preamble

WHEREAS, In June 2009, the Obama Administration announced a new interagency partnership on sustainable communities between the Department of Transportation, the Department Housing and Urban Development, and the Environmental Protection Agency to better coordinate federal transportation, environmental protection, and housing investments; and

WHEREAS, An early action by the federal interagency partnership announced a set of Livability Principles to guide future federal investments, policy development, and programs towards the creation of sustainable communities; and

WHEREAS, In the Obama Administration’s Fiscal Year 2010 Budget submission and in the current funding bills before Congress, $150 million is provided to the federal Department of Housing and Urban Development and the Department of Transportation to award grants to communities for more integrated regional planning and sustainability projects; and

WHEREAS, A number of studies, reports, and articles by organizations including the Environmental Protection Agency have found that one of the keys to revitalizing and maintaining the character of town centers and preserving surrounding agricultural land in small and rural communities is the promotion of integrated housing, historic preservation, economic, and transportation development in town centers; and

WHEREAS, As resources, both natural and financial, become more scarce, there is a need for more integrated thinking about how transportation, land use, and housing programs all intersect with environmental, economic, and equity goals at the State level; and natural and financial resources dwindle, there is a need for tax incentives that will create jobs and spur entrepreneurship, to unlock sources of credit and capital which have been in short supply as a result of the financial crisis and that will do so in a way that promotes and furthers the State’s goal of revitalizing communities; and

WHEREAS, The State of Maryland needs to further refine its focus on and develop a coordinated approach to creating, enhancing, supporting, and revitalizing
sustainable communities in order to position itself to take advantage of federal opportunities; and

WHEREAS, The State of Maryland has several programs that are focused on revitalizing communities and have operated independently of each other to achieve similar but slightly different policy goals and that now require more integrated thinking about how transportation, land use, and housing programs intersect with environmental, economic, and equity goals at the State level; and

WHEREAS, These revitalization programs can be better coordinated and targeted to achieve investment in housing, historic preservation, economic growth, and transportation development in existing neighborhoods and town centers; now, therefore,

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

Article – Economic Development

5–1304.

(a) (1) Within 60 days after a submission date, the Secretary, AFTER RECEIVING A RECOMMENDATION OF THE SMART GROWTH SUBCABINET, may designate one or more BRAC Revitalization and Incentive Zones from among the areas described in the applications timely submitted.

(2) The designation of an area as a BRAC Revitalization and Incentive Zone is effective for 10 years, beginning on the date the first property in the BRAC Revitalization and Incentive Zone becomes a qualified property, as defined in § 2–222 of the Tax – Property Article.

(3) The Secretary may not designate more than six BRAC Revitalization and Incentive Zones in a calendar year.

(4) A county may not receive more than two BRAC Revitalization and Incentive Zones.

(5) The precise location and boundaries of a BRAC Revitalization and Incentive Zone may be determined only on application to and approval by the Secretary.

(b) [Before designating a BRAC Revitalization and Incentive Zone, the Secretary shall consult with the following cabinet secretaries or their respective designees:

(1) the Secretary of Transportation;
(2) the Secretary of Housing and Community Development;

(3) the Secretary of the Environment; and

(4) the Secretary of Planning.

(c) The designation of the Secretary is final.

[(d)] (C) At any time, a political subdivision may reapply to the Secretary to designate as a BRAC Revitalization and Incentive Zone an area that is not designated.

[(e)] (D) (1) This subsection applies only to a political subdivision that is authorized under § 7–211.3 of the Tax – Property Article to enter into a payment in lieu of tax agreement with a private developer for federal enclave property.

(2) The Secretary may not designate a BRAC Revitalization and Incentive Zone in a county until, in the judgment of the Secretary, the political subdivision has entered into good faith negotiations for a payment in lieu of tax agreement with all private developers of federal enclave property.

Article – Housing and Community Development

6–104.

(A) (1) The General Assembly finds that the State must have sustainable communities in order to:

(I) preserve and protect the State’s natural resources; and

(II) achieve the State’s economic growth, resource protection, and planning policy in § 5–7A–01 of the State Finance and Procurement Article.

(2) The General Assembly finds that sustainable communities are places where public and private investments and partnerships achieve:

(I) development of a healthy local economy;

(II) protection and appreciation of historic and cultural resources;

(III) a mix of land uses;
(IV) AFFORDABLE AND SUSTAINABLE HOUSING AND JOB OPTIONS; AND

(V) GROWTH AND DEVELOPMENT PRACTICES THAT PROTECT THE ENVIRONMENT AND CONSERVE AIR, WATER, AND ENERGY RESOURCES, ENCOURAGE WALKABILITY AND RECREATIONAL OPPORTUNITIES, AND, WHERE AVAILABLE, CREATE ACCESS TO TRANSIT.

(B) IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT THE COMMUNITY LEGACY AND DESIGNATED NEIGHBORHOOD BUSINESS DEVELOPMENT PROGRAMS:

(1) BE USED TO CREATE, ENHANCE, SUPPORT, AND REVITALIZE SUSTAINABLE COMMUNITIES ACROSS THE STATE; AND

(2) BE COORDINATED WITH OTHER STATE PROGRAMS, SUCH AS THE SUSTAINABLE COMMUNITIES TAX CREDIT PROGRAM ESTABLISHED UNDER TITLE 5 5A, SUBTITLE 9 3 OF THE STATE FINANCE AND PROCUREMENT ARTICLE, IN ORDER TO MAXIMIZE THE STATE’S INVESTMENT IN SUSTAINABLE COMMUNITIES.

6–201.

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

(b) “Application” means an application to the [Board] SECRETARY that includes a request to:

(1) designate an area as a SUSTAINABLE community [legacy area];

(2) approve a SUSTAINABLE community [legacy] plan; or

(3) approve a community legacy project.

(c) [“Board” means the Community Legacy Board.

(d) “Community development financial institution” has the meaning stated in 12 U.S.C. § 4702.

[(e)] (D) “Community development organization” means an entity that meets the qualifications of § [6–204] 6–203 of this subtitle.
“Community legacy agreement” means an agreement between the Department and a sponsor to develop a SUSTAINABLE community legacy plan or to implement one or more community legacy projects in a designated SUSTAINABLE community legacy area.

“Community legacy area” means the part of a priority funding area that:

(1) as determined by the Board, satisfies the requirements of § 6–206 of this subtitle; or

(2) has been designated as a BRAC Revitalization and Incentive Zone under Title 5, Subtitle 13 of the Economic Development Article.

“Community legacy plan” means a plan consisting of one or more community legacy projects to prevent or reverse the decline of or disinvestment in a community legacy area through improvements in residential, commercial, or other public or private properties.

“Community legacy project” includes projects to:

(1) create, improve, or preserve housing opportunities by acquiring, constructing, rehabilitating, or improving new or existing residential properties;

(2) demolish buildings or improvements strategically to enhance the use of land;

(3) create, improve, or preserve commercial or mixed–use development, including an appropriate combination of properties related to business, housing, open–space, and institutional uses;

(4) develop public infrastructure that is incidental to the implementation of a community legacy project, such as streets, parking, public utilities, landscaping, lighting, and improvements to pedestrian and bicycle circulation;

(5) encourage and develop cooperative ownership or control of open space;

(6) develop or create strategies designed to increase investment in existing communities, including outreach activities to attract business, capital, residents, and visitors and the development and maintenance of resources directly related to the development of a SUSTAINABLE community legacy plan or the implementation of a community legacy project;
(7) engage in landbanking or otherwise acquire or improve vacant buildings or unimproved land;

(8) provide financial assistance for neighborhood intervention projects; or

(9) develop other plans or implement other projects as the [Board] DEPARTMENT considers necessary to further the purposes of this subtitle.

[j] (G) “Financial assistance” includes:

(1) a grant;

(2) a loan;

(3) a reduction in the principal obligation of or rate of interest payable on a loan or portion of a loan;

(4) a prepayment of interest on a subordinate or superior loan or portion of a loan;

(5) an assurance;

(6) a guarantee; or

(7) any other form of credit enhancement.

[k] (H) “Landbanking” means acquiring or holding improved and unimproved property:

(1) in anticipation of future development of the property; or

(2) to keep the future use of the property and improvements affordable.

[l] (I) “Priority funding area” means an area designated as a priority funding area under § 5–7B–02 of the State Finance and Procurement Article.

[m] (J) “Program” means the Community Legacy Program established by this subtitle.

(K) “SMART GROWTH SUBCABINET” MEANS THE SUBCABINET ESTABLISHED UNDER § 9–1406 OF THE STATE GOVERNMENT ARTICLE.

(L) “SUSTAINABLE COMMUNITY” MEANS THE PART OF A PRIORITY FUNDING AREA THAT:
As determined by the Smart Growth Subcabinet, satisfies the requirements of § 6–205 of this subtitle;

(2) has been designated as a BRAC Revitalization and Incentive Zone under Title 5, Subtitle 13 of the Economic Development Article; or

(3) has been designated a transit–oriented development under § 7–101 of the Transportation Article.

“Sustainable community plan” means a plan consisting of one or more community legacy projects or other revitalization projects to prevent or reverse the decline of or disinvestment in a sustainable community through improvements in residential, commercial, or other public or private properties.

6–202.

(a) There is a Community Legacy Program.

(b) The Department [and the Board] shall administer the Program.

(c) The purposes of the Program are to:

(1) preserve existing communities as desirable places to live and conduct business to reduce outward pressure for sprawl development; and

(2) provide financial assistance to sponsors or their designees to develop sustainable community [legacy] plans or community legacy projects.

(d) The Program shall encourage partnerships among the federal government, the State government, political subdivisions, and community development organizations to develop and implement sustainable community [legacy] plans and community legacy projects.

(e) A sustainable community [legacy] plan or a community legacy project may be sponsored by a political subdivision, a group of political subdivisions, a community development organization, or a community development financial institution.

[6–203.

(a) There is a Community Legacy Board.
(b) The Board consists of the following five members:

(1) the Secretary of Housing and Community Development;
(2) the Secretary of Natural Resources;
(3) the Secretary of Planning;
(4) the Secretary of Transportation; and
(5) the Governor’s Special Secretary for Smart Growth.

(c) The Secretary of Housing and Community Development is the chair of the Board.

(d) The Department shall provide staff to the Board.

(e) The Board may:

(1) exercise all powers necessary to carry out this subtitle; and
(2) recommend to the Secretary the adoption of regulations.

[6–204.] 6–203.

A corporation, foundation, or other legal entity qualifies as a community development organization if:

(1) its purpose is to improve the physical, economic, or social environment of the area where it operates; and

(2) no part of its net earnings inures to the benefit of a private shareholder or individual holding an interest in that entity.

[6–205.] 6–204.

(a) A sponsor may file one or more applications in accordance with the schedules that the [Board] DEPARTMENT establishes.

(b) An application shall set forth:

(1) a description of one or more [community legacy areas] SUSTAINABLE COMMUNITIES where the sponsor proposes to develop a SUSTAINABLE community [legacy] plan or to carry out a community legacy project using the standards listed in § [6–206] 6–205 of this subtitle;

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(2) a detailed description of the proposed SUSTAINABLE community [legacy] plan or proposed community legacy project;

(3) the amount and type of financial assistance sought;

(4) the ability of the sponsor to carry out the proposed SUSTAINABLE community [legacy] plan or community legacy project;

(5) the strength and quality of partnerships created among the federal government, the State government, political subdivisions, community development organizations, and other private organizations to develop the SUSTAINABLE community [legacy] plan or carry out the community legacy project, including:

(i) financial support;

(ii) dedication of staff and resources; and

(iii) commitment to and development of local smart growth policies;

(6) proposed benchmarks for evaluating whether the proposed SUSTAINABLE community [legacy] plan or community legacy project results in a desired outcome for a proposed SUSTAINABLE community [legacy area], such as:

(i) stabilizing it;

(ii) reversing its social, economic, or physical decline; or

(iii) encouraging growth in it; and

(7) the process used to seek and receive public input on the proposed SUSTAINABLE community [legacy] plan or community legacy project, including the nature and extent of public support or opposition.

(c) (1) [Except as provided in subsection (d) of this section, a community legacy plan or a community legacy project does not take effect until its sponsor has submitted to the Board an application for its approval and the Board has approved it] THE SMART GROWTH SUBCABINET, ON THE RECOMMENDATION OF THE SECRETARY, MAY DESIGNATE AN AREA AS A SUSTAINABLE COMMUNITY OR MAY APPROVE A SUSTAINABLE COMMUNITY PLAN.

(2) IF THE SMART GROWTH SUBCABINET HAS NOT ACTED WITHIN 90 DAYS OF A RECOMMENDATION FROM THE SECRETARY, THE SECRETARY MAY DESIGNATE AN AREA AS A SUSTAINABLE COMMUNITY WITHOUT THE APPROVAL OF THE SMART GROWTH SUBCABINET.
[(d) The Secretary may approve a community legacy project without the approval of the Board in the case of an emergency or when the project requires urgent approval if the project is funded from the reserve established under § 6–213(h) of this subtitle.]


(A) The [Board] Smart Growth Subcabinet, on the recommendation of the Secretary, may designate an area as a Sustainable community [legacy area] if the sponsor demonstrates that past and current trends in homeownership, property values, commercial and residential vacancy, and business or housing investment show a need for reinvestment in the area and if:

(1) entities in the community, such as LOCAL GOVERNMENTS, employers, educational institutions, civic organizations, community organizations, or cultural organizations, support the proposed Sustainable community [legacy] plan [or community legacy project] and have pledged resources to develop or implement it;

(2) the proposed Sustainable community [legacy] plan [or community legacy project] addresses the need for reinvestment in the area and will enhance the area, and give individuals of different incomes a range of housing options, employment opportunities, and other amenities;

(3) a community in the proposed area is culturally or historically significant;

(4) the proposed area is near a town center or a transportation center; [or]

(5) the proposed Sustainable community [legacy] plan [or community legacy project] is consistent with and complements other existing or proposed projects for housing, commercial or community development, education, historic preservation, neighborhood revitalization, transportation, or other things significant to the comprehensive enhancement of the community; OR

(6) THERE IS A DEMONSTRATED NEED FOR FINANCING ASSISTANCE FOR SMALL BUSINESSES, NONPROFIT ORGANIZATIONS, OR MICROENTERPRISES; OR

(7) OTHER STANDARDS THAT THE DEPARTMENT CONSIDERS RELEVANT AS SET FORTH IN REGULATIONS, INCLUDING STANDARDS ESTABLISHED FOR OTHER STATE OR FEDERAL PROGRAMS.
(B) (1) TO MAINTAIN A SUSTAINABLE COMMUNITY DESIGNATION:

(i) EVERY 5 YEARS A SPONSOR SHALL FILE AN UPDATED PLAN AND APPLICATION WITH THE DEPARTMENT; AND

(ii) THE SECRETARY SHALL MAKE DESIGNATION RECOMMENDATIONS FOR APPROVAL BY THE SMART GROWTH SUBCABINET UNDER § 6–204 OF THIS SUBTITLE.

(2) THE DEPARTMENT SHALL CONVENE AN INTERAGENCY REVIEW TEAM FROM THE AGENCIES OF THE SMART GROWTH SUBCABINET TO:

(i) REVIEW APPLICATIONS AND PLANS;

(ii) PROVIDE ASSISTANCE AND GUIDANCE TO APPLICANTS;

AND

(iii) MAKE RECOMMENDATIONS TO THE SECRETARY.

(3) THE SMART GROWTH SUBCABINET MAY REDESIGNATE AN AREA AS A SUSTAINABLE COMMUNITY TAKING INTO CONSIDERATION THE FACTORS IN SUBSECTION (A) OF THIS SECTION.


(a) The [Board] DEPARTMENT shall:

(1) review each application and may request more information from the sponsor;

(2) accept public input on each application;

(3) submit each application to appropriate State units and APPROPRIATE MEMBERS OF THE SMART GROWTH SUBCABINET;

(4) consider any recommendation a State unit OR MEMBER OF THE SMART GROWTH SUBCABINET makes;

[(4)] (5) consider geographic balance when reviewing applications;

AND

[(5)] (6) give priority in awarding financial assistance to applicants that are likely to repay the financial assistance to a community development financial institution or to the Community Legacy Financial Assistance Fund; and
(6) refer to the Secretary each application that it approves.

(b) (1) The [Board] DEPARTMENT may not approve an application unless the political subdivision in which the proposed project is located approves the application by resolution.

(2) If an application affects a SUSTAINABLE community [legacy area] entirely within a municipal corporation, the approval must come from the municipal corporation rather than the surrounding county.

(3) If an application affects a SUSTAINABLE community [legacy area] within more than one political subdivision, each political subdivision must approve it by resolution.

(c) The Secretary shall award financial assistance to a sponsor or a sponsor’s designee:

(1) in the amount and of the type that the [Board] SECRETARY determines; and

(2) under the terms of a community legacy agreement.

[6–208.] 6–207.

(a) The Department and the sponsor shall execute a community legacy agreement.

(b) The sponsor shall comply with the terms of the community legacy agreement and any regulations the Department adopts to carry out this subtitle.

(c) Not more than 15% of the total financial assistance that the Program provides may be used for noncapital expenditures.

(d) The Department may exercise any remedy provided under the community legacy agreement or by law if a sponsor:

(1) violates any provision of the community legacy agreement; or

(2) ceases to meet the requirements of this subtitle.


(a) Subject to this section, the Department has the powers necessary or desirable to implement the Program.
(b)  (1) The Department may determine the terms and conditions for financial assistance awarded under § [6–207(c)] 6–206(c) of this subtitle.

(2) Financial assistance may be secured by a mortgage, lien, or security interest that is superior to or subordinate to other mortgages, liens, or security interests.

(3) The Department may establish time limits for the use of financial assistance.

(c)  (1) The Department may enforce the terms and conditions of the financial assistance given under this subtitle.

(2) Notwithstanding any other law, if a loan or grant is secured by a first or subordinate mortgage or other lien, the Department may:

   (i) begin an action to protect or enforce any right given by law, a contract, or other agreement;

   (ii) foreclose on property;

   (iii) purchase property at any foreclosure or other sale, or acquire or take possession of the property through conveyance in lieu of foreclosure or otherwise, and convey property after acquiring it;

   (iv) settle or compromise any debt or obligation owed to the Department;

   (v) pay the principal of and interest on any obligation incurred in connection with the property, and dispose of or otherwise deal with the property to protect the interests of the Program; or

   (vi) release or sell any mortgage, obligation, or property that the Department holds at public or private sale, with or without public bidding.

(d)  (1) The Department may contract with any person, including a private property manager, mortgage servicer, architect, engineer, or other property consultant, or with any governmental unit, for property or services necessary to operate the Program or to implement community legacy projects.

(2) The Department may make agreements with other governmental units to establish partnerships to carry out the Program.

(3) The Department may contract for and accept any grant, contribution, or loan of money, property, or other aid from the federal government and
may do all things consistent with this subtitle to qualify for the aid or participate in or administer a federal program.

(e) In connection with loans that it makes, the Department may:

(1) require and obtain appraisals, credit information, and other pertinent information; and

(2) charge interest.

(f) When it is consistent with the best interests of the State to do so, the Department may consent to the modification of any provision of any loan or other financial assistance.


(a) The purposes of a neighborhood intervention project are to provide financial assistance for:

(1) buying properties that need rehabilitation and redeveloping the properties through rehabilitation, demolition, reconstruction, or re-use; or

(2) demolishing property improvements and preparing property for revitalization, redevelopment, or re-use.

(b) To be eligible for financial assistance for a neighborhood intervention project, an applicant shall be:

(1) a political subdivision; or

(2) a community development finance institution.

(c) To be eligible for financial assistance, the applicant must provide evidence at the time of application that:

(1) the applicant has a legal interest in the property through:

(i) ownership of the property;

(ii) a contract, option, or other legal right to acquire the property; or

(iii) the right to demolish the improvements on the property;

(2) the applicant intends to revitalize, redevelop, sell, or re-use the property as part of a redevelopment strategy for the property or a redevelopment plan;
(3) the applicant has complied with the requirements of §§ 5A–325 and 5A–326 of the State Finance and Procurement Article and § 13–1112(b) of the Financial Institutions Article;

(4) the financial assistance from the Program is the least amount necessary to complete the project; and

(5) the project meets any other condition that the [Board] DEPARTMENT may require under this subtitle.

(d) Unless waived by [the Board or] the Secretary [acting under subsection (f) of this section], a neighborhood intervention project shall meet the additional following requirements:

(1) the project shall be located in a SUSTAINABLE community [legacy area] and be a part of a SUSTAINABLE community [legacy] plan in accordance with §§ 6–204(B)(1) AND 6–205 of this subtitle; and

(2) for a project under subsection (a)(2) of this section, the applicant shall agree to repay the financial assistance to the Community Legacy Financial Assistance Fund, up to the amount the applicant receives from:

(i) the net proceeds of the sale of the property on which the demolition took place; or

(ii) any payment to the applicant relating to the property, including any payment for the costs of demolishing the improvements on the property.

(e) (1) The [Board] SECRETARY may not allocate annually more than 15% of the Community Legacy Financial Assistance Fund to neighborhood intervention projects.

(2) The [Board] SECRETARY may not award more than $500,000 for any neighborhood intervention project.

(3) The restrictions in paragraphs (1) and (2) of this subsection do not apply to projects approved by the Secretary [under subsection (f) of this section].

(f) The Secretary may approve a neighborhood intervention project without the approval of the Board] in the case of an emergency or when the project requires urgent approval if the project is funded from the reserve established under § [6–213(h)] 6–211(H) of this subtitle.

(a) The sponsor shall submit to the Board DEPARTMENT quarterly progress reports on the development of a SUSTAINABLE community [legacy] plan or the implementation of a community legacy project.

(b) (1) The Board DEPARTMENT shall submit an annual report to the Governor and, subject to § 2–1246 of the State Government Article, to the General Assembly on or before each October 31.

(2) The report shall include:

(i) the financial status of the Program for the preceding fiscal year, including the amount and type of financial assistance encumbered and disbursed;

(ii) the number of applications received;

(iii) the number and location of community legacy areas SUSTAINABLE COMMUNITIES designated; and

(iv) a summary of the quarterly reports submitted by sponsors under subsection (a) of this section.

[6–212.

(a) There is an Advisory Committee to the Board.

(b) The Committee shall:

(1) make recommendations to the Board concerning community legacy areas, community legacy plans, and community legacy projects; and

(2) consider the matters that the Board requests.

(c) (1) The Committee consists of the following 11 members appointed by the Governor:

(i) one member to represent the Department of Business and Economic Development;

(ii) one member to represent the Governor’s Office of Crime Control and Prevention;

(iii) one member to represent the Department of General Services;
(iv) one member to represent the State Economic Growth, Resource Protection, and Planning Commission; and

(v) seven members with experience and expertise in community development and preservation.

(2) Members with experience and expertise in community development and preservation may include representatives of political subdivisions, advocacy organizations, the business community, and the public.

(d) To the extent possible, the members shall reflect the geographic and ethnic diversity of the State.

(e) (1) The term of a member is 3 years.

(2) A member may not serve more than two terms consecutively.

(3) The terms of the members are staggered as required by the terms provided for members of the Committee on October 1, 2005.

(4) At the end of a term, a member continues to serve until a successor is appointed.

(5) A member who is appointed after a term has begun serves only for the rest of the term and until a successor is appointed.

(f) A member:

(1) may not receive compensation as a member of the Committee; but

(2) is entitled to reimbursement for expenses under the Standard State Travel Regulations as provided in the State budget.

(g) The Governor shall designate a chair from among the members of the Committee.

(h) The Department shall provide staff to the Committee.

[6–213.] 6–211.

(a) In this section, “Fund” means the Community Legacy Financial Assistance Fund.

(b) There is a Community Legacy Financial Assistance Fund.

(c) The Fund shall be used to carry out this subtitle.
(d) (1) The Secretary shall administer the Fund in accordance with [the recommendations of the Board] THIS SUBTITLE.

(2) The State Treasurer shall hold and the Comptroller shall account for the Fund.

(e) The Fund is a continuing, nonlapsing special fund that is not subject to § 7–302 of the State Finance and Procurement Article.

(f) The Fund consists of:

(1) money appropriated in the State budget to the Fund;
(2) earnings from the investment of money in the Fund;
(3) repayments and prepayments of financial assistance provided by the Program; and
(4) any other money accepted for the benefit of the Fund from any governmental or private source.

(g) Notwithstanding any other law, the State Treasurer may invest money in the Fund in the same way as money is invested by the State Retirement and Pension System.

(h) In any fiscal year, the Secretary may hold up to 10% of the money in the Fund in reserve for emergency use or urgent projects in accordance with this subtitle.

6–301.

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

[(b)] “Designated neighborhood” means:

(1) an area approved as a designated neighborhood under § 6–305 of this subtitle; or
(2) an area located in a priority funding area and designated as a BRAC Revitalization and Incentive Zone under Title 5, Subtitle 13 of the Economic Development Article.]

[(c)] (B) (1) “Development costs” means the costs incurred to construct or rehabilitate a neighborhood business development project.

(2) “Development costs” includes the costs of:
(i) necessary studies, surveys, plans, and specifications;

(ii) architectural, engineering, or other special services, including flood plain studies, environmental audits, and critical area or wetland assessments;

(iii) land and improvements;

(iv) site preparation;

(v) construction, reconstruction, and rehabilitation;

(vi) machinery, equipment, and furnishings;

(vii) essential start-up operating costs, including working capital and initial occupancy expenses;

(viii) indemnity and surety bonds and premiums on insurance;

(ix) temporary relocation expenses; and

(x) other necessary fees.

[(d)] (C) “Fund” means the Neighborhood Business Development Fund.

[(e)] (D) “Microenterprise” means a business with not more than five employees that:

(1) requires not more than $35,000 in total start–up capital; and

(2) does not have access to the traditional commercial banking sector.

[(f)] (E) “Program” means the Neighborhood Business Development Program.

[(g)] (F) “Project” means a neighborhood business development project that receives financial assistance from the Fund.

[(h)] (G) “Small business” means a business that qualifies as a small business under § 6–302 of this subtitle.

(H) “SUSTAINABLE COMMUNITY” MEANS THE PART OF A PRIORITY FUNDING AREA THAT:
(1) AS DETERMINED BY THE SMART GROWTH SUBCABINET, SATISFIES THE REQUIREMENTS OF § 6–205 OF THIS TITLE;

(2) HAS BEEN DESIGNATED AS A BRAC REVITALIZATION AND INCENTIVE ZONE UNDER TITLE 5, SUBTITLE 13 OF THE ECONOMIC DEVELOPMENT ARTICLE; OR

(3) HAS BEEN DESIGNATED A TRANSIT–ORIENTED DEVELOPMENT UNDER § 7–101 OF THE TRANSPORTATION ARTICLE.

6–303.

(a) There is a Neighborhood Business Development Program.

(b) The purposes of the Program are, in [designated neighborhoods] SUSTAINABLE COMMUNITIES, to:

   (1) help develop, redevelop, or expand small businesses and microenterprises;

   (2) stimulate investment by the private sector;

   (3) invest in revitalization projects for small businesses and microenterprises; and

   (4) stimulate political subdivisions to participate in developing and expanding small businesses and microenterprises.

(c) The Program includes:

   (1) the Business Development Program; and

   (2) the Capital Access Program.

6–304.

(a) There is a Business Development Program in the Neighborhood Business Development Program.

(b) The Business Development Program shall provide financial assistance to projects in [designated neighborhoods] SUSTAINABLE COMMUNITIES.

[6–305.

With the concurrence of the Secretary, a political subdivision may approve a designated neighborhood after considering:
(1) the availability, cost, and condition of business facilities;

(2) the age and number of abandoned structures;

(3) the age and number of substandard structures;

(4) the income of residents relative to State or regional median incomes, including the number of welfare recipients;

(5) the extent of unemployment and the availability of jobs for residents;

(6) the need for financing for small businesses, nonprofit organizations, or microenterprises to upgrade social and economic conditions;

(7) the development or redevelopment strategy of the political subdivision for the area and any plans, or financial commitment to undertake improvements there; and

(8) other standards that the Department considers relevant as set forth in regulations, including standards established for other State or federal programs.

6–306. 6–305.

(a) (1) A small business, nonprofit organization, or microenterprise may apply for financial assistance under the Business Development Program.

(2) The Department shall review each application.

(b) An applicant may qualify for financial assistance for a project in a [designated neighborhood] SUSTAINABLE COMMUNITY if the application demonstrates that:

(1) the project has significant commitments for financing from other private and nonState public sources that are sufficient to complete the project with the money from the Fund;

(2) the financial assistance from the Fund is the minimum amount necessary to make the project financially feasible;

(3) the project is ready to proceed when it receives financial assistance from the Business Development Program; and
(4) the political subdivision has adopted a resolution, or its authorized
designee has delivered a letter to the Business Development Program, that expresses
support for the project.

(c) Financial assistance under the Business Development Program may be
provided to a small business, nonprofit organization, or microenterprise as:

(1) a grant;
(2) a loan;
(3) a reduction in the principal obligation of or interest rate on a loan
or portion of a loan;
(4) a prepayment of interest on a subordinate or superior loan or
portion of a loan;
(5) an assurance;
(6) a guarantee; or
(7) any other form of credit enhancement.

Article—State Finance and Procurement

Subtitle 9. Sustainable Communities Tax Credit Program.

5–901.

(A) (1) The General Assembly finds that the State must
have sustainable communities in order to:

(I) preserve and protect the State’s natural
resources; and

(II) achieve the State’s economic growth, resource
protection, and planning policy in § 5–7A–01 of this title.

(2) The General Assembly finds that sustainable
communities are places where public and private investments and
partnerships achieve:

(I) development of a healthy local economy;
(II) Protection and appreciation of historic and cultural resources;

(III) A mix of land uses;

(IV) Affordable and sustainable housing and job options; and

(V) Growth and development practices that protect the environment and conserve air, water, and energy resources, encourage walkability and recreational opportunities, and where available, create access to transit.

(B) It is the intent of the General Assembly that the sustainable communities tax credit program:

(1) be used to create, enhance, support, and revitalize sustainable communities across the State; and

(2) be coordinated with other State programs, such as the community legacy and neighborhood business development programs established under Title 6 of the Housing and Community Development Article, in order to maximize the State’s investment in sustainable communities.

5–902.

(A) In this subtitle the following words have the meanings indicated:

(B) “Business entity” means:

(1) a person conducting or operating a trade or business in the State; or

(2) an organization operating in Maryland that is exempt from taxation under § 501(c)(3) of the Internal Revenue Code.

(C) “Certified heritage area” has the meaning stated in § 13–1101 of the Financial Institutions Article.
(D) (1) “Certified historic structure” means a structure that is located in the State and is:

(i) listed in the National Register of Historic Places;

(ii) designated as a historic property under local law and determined by the Director to be eligible for listing on the National Register of Historic Places;

(iii) 1. located in a historic district listed on the National Register of Historic Places or in a local historic district that the Director determines is eligible for listing on the National Register of Historic Places; and

2. certified by the Director as contributing to the significance of the district; or

(iv) located in a certified heritage area and certified by the Maryland Heritage Areas Authority as contributing to the significance of the certified heritage area.

(2) “Certified historic structure” does not include a structure that is owned by the State, a political subdivision of the State, or the federal government.

(E) “Certified rehabilitation” means a completed rehabilitation of:

(1) a certified historic structure that the Director certifies is a substantial rehabilitation in conformance with the rehabilitation standards of the United States Secretary of the Interior; or

(2) a qualified rehabilitated structure.

(F) “Commercial rehabilitation” means a rehabilitation of a structure other than a single-family, owner-occupied residence.

(G) “Director” means the Director of the Maryland Historical Trust.

(H) “Financial assistance” means action by the State or a State unit to award grants, loans, loan guarantees, or insurance to
A public or private entity to finance, wholly or partly, a project that involves or may result in building construction, building alteration, or land disturbance.

(i) “High performance building” means a building that:

(1) meets or exceeds the current version of the U.S. Green Building Council’s LEED (Leadership in Energy and Environmental Design) green building rating system gold rating; or

(2) achieves at least a comparable numeric rating according to a nationally recognized, accepted, and appropriate numeric sustainable development rating system, guideline, or standard approved by the secretaries of Budget and Management and General Services under § 3–602.1 of this article.

(j) (1) “Historic property” means a district, site, building, structure, monument, or object significant to:

(i) the prehistory or history of the State; or

(ii) the upland or underwater archaeology, architecture, engineering, or culture of the State.

(2) “Historic property” includes related artifacts, records, and remains.

(k) “Initial credit certificate” means a certificate that guarantees the business entity a tax credit under the provisions of this subtitle.

(l) “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.

(m) “Main Street Maryland community” means:

(1) a commercial area in a local jurisdiction designated by the Secretary of Housing and Community Development as a Main Street Maryland community under the Main Street Maryland Program on or before January 1, 2010; or
(2) A commercial area in Baltimore City designated as a Main Street by the Mayor of Baltimore City on or before January 1, 2010.

(n) “Main Street Maryland Program” means the Maryland Main Street designation program for local jurisdictions established in the Code of Maryland Regulations (COMAR).

(o) “Maple Street community” means a residential area in a local jurisdiction designated by the Secretary of Housing and Community Development under COMAR as part of the Main Street Maryland Program on or before January 1, 2010.

(p) “National Register structure” means a structure that is:

(1) listed on the National Register of Historic Places;

or

(2) located in a historic district listed on the National Register of Historic Places and certified by the Director as contributing to the significance of the district.

(q) “Political subdivision” means a county or municipal corporation of the State.

(r) “Program” means the Sustainable Communities Tax Credit Program.

(s) “Qualified rehabilitation expenditure” means any amount that:

(1) is properly chargeable to a capital account;

(2) is expended in the rehabilitation of a structure that by the end of the calendar year in which the certified rehabilitation is completed is a certified historic structure or a qualified rehabilitated structure;

(3) is expended in compliance with a plan of proposed rehabilitation that has been approved by the Director; and

(4) is not funded, financed, or otherwise reimbursed by any:
(I) State or local grant;

(II) Grant made from the proceeds of tax-exempt bonds issued by the State, a political subdivision of the State, or an instrumentality of the State or of a political subdivision of the State;

(III) State tax credit other than the tax credit under this subtitle; or

(IV) Other financial assistance from the State or a political subdivision of the State, other than a loan that must be repaid at an interest rate that is greater than the interest rate on general obligation bonds issued by the State at the most recent bond sale prior to the time the loan is made.

(T) (1) “Qualified rehabilitated structure” means a building:

(I) that:

1. is located in a transit-oriented development and is a commercial rehabilitation; or

2. is located in a Main Street Maryland community, a Maple Street community, or in fiscal year 2012, a sustainable community;

(II) that will be substantially rehabilitated under the Program; and

(III) that meets the requirements set forth in § 5–904 of this subtitle.

(2) “Qualified rehabilitated structure” does not include a certified historic structure.

(U) (1) “Single-family, owner-occupied residence” means a structure occupied by the owner and the owner’s immediate family as their primary or secondary residence.

(2) “Single-family, owner-occupied residence” includes a residential unit in a cooperative project owned by or leased to a
COOPERATIVE HOUSING CORPORATION, as defined in § 5–6B–01 of the Corporations and Associations Article, and leased for exclusive occupancy to, and occupied by, a member of the corporation and the member’s immediate family under a proprietary lease.

(v) “Smart Growth Subcabinet” means the Smart Growth Subcabinet established under Title 9, Subtitle 14 of the State Government Article.

(W) “State unit” has the meaning stated in § 11–101 of the State Government Article.

(X) “Sustainable community” has the meaning stated in § 6–201 of the Housing and Community Development Article.

(Y) (1) “Substantial rehabilitation” means rehabilitation of a structure for which the qualified rehabilitation expenditures, during the 24-month period selected by the individual or business entity ending with or within the taxable year, exceed:

(I) for single-family, owner-occupied residential property, $5,000;

(II) for commercial property located in a Main Street Maryland community, the greater of 50% of the adjusted basis of the structure or $25,000; or

(III) for all other commercial property, the greater of the adjusted basis of the structure or $25,000.

(Z) “Transit-oriented development” means transit-oriented development as defined in § 7–101 of the Transportation Article that is located within one-half mile of a transit station on a light rail or heavy rail line.

(AA) “Trust” means the Maryland Historical Trust established under Subtitle 5A of this title.

5–903.

(A) The Director shall adopt regulations to:

(1) establish procedures and standards for certifying historic structures and rehabilitations under this section;
(2) For commercial rehabilitations, establish a rating system, based on past practices and to fund the highest quality rehabilitation projects that will provide a stimulus for revitalization beyond the individual project, that favors the award of tax credits for rehabilitation projects that:

(i) are located in jurisdictions that have been historically underrepresented in the award of tax credits for commercial rehabilitations, based on the number of National Register structures in each jurisdiction;

(ii) are consistent with and advance growth and development policies and programs of the State;

(iii) are located in areas targeted by the State for additional revitalization and economic development opportunities due to the focusing of State resources and incentives;

(iv) are located in sustainable communities;

(v) are located in areas where local jurisdictions have implemented regulatory streamlining or other development incentives in priority funding areas that have been certified by the Smart Growth Subcabinet in accordance with § 9–1406 of the State Government Article;

(vi) include affordable and workforce housing options; and

(vii) are qualified rehabilitated structures more than 50 years old;

(3) For commercial rehabilitations, establish an application process for the award of initial credit certificates for sustainable communities tax credits consistent with the requirements of this subtitle;

(4) For rehabilitations, establish criteria, consistent with the requirements of this subsection, for evaluating plans of proposed rehabilitation that have been determined by the Director to: 
(I) FOR CERTIFIED HISTORIC STRUCTURES, CONFORM TO
THE REHABILITATION STANDARDS OF THE UNITED STATES SECRETARY OF THE
INTERIOR; AND

(II) FOR REHABILITATIONS OF THE EXTERIORS OF
QUALIFIED REHABILITATED STRUCTURES, BE COMPATIBLE WITH THE
REHABILITATION STANDARDS OF THE UNITED STATES SECRETARY OF THE
INTERIOR IF THE STRUCTURE IS LOCATED IN, OR ADVERSELY AFFECTS:

1. DESIGNATED HISTORIC DISTRICTS; OR

2. DISTRICTS DETERMINED BY THE DIRECTOR TO BE
ELIGIBLE FOR LISTING ON THE NATIONAL REGISTER OF HISTORIC PLACES;

(5) FOR COMMERCIAL REHABILITATIONS, DETERMINE WHETHER
THE CERTIFIED REHABILITATION IS A HIGH PERFORMANCE BUILDING;

(6) FOR COMMERCIAL REHABILITATIONS, ESTABLISH A
REQUIRED EXTERNAL MARKER OR, AT LEAST, AN INTERNAL MARKER FOR THE
REHABILITATION PROJECTS THAT IDENTIFIES THAT THE REHABILITATION WAS
FUNDED BY MARYLAND SUSTAINABLE COMMUNITIES TAX CREDITS; AND

(7) AS PROVIDED IN SUBSECTION (B)(1) AND (2) OF THIS
SECTION, CHARGE A REASONABLE FEE TO CERTIFY HISTORIC REHABILITATIONS
AND QUALIFIED REHABILITATED STRUCTURES UNDER THIS SUBTITLE.

(B) (1) THE DIRECTOR SHALL SET THE LEVEL OF THE FEE UNDER
SUBSECTION (A)(7) OF THIS SECTION SO THAT THE PROJECTED PROCEEDS
FROM THE FEE WILL COVER THE COSTS TO THE TRUST OF ADMINISTERING THE
CREDIT UNDER THIS SUBTITLE AND THE FEDERAL HISTORIC PRESERVATION
TAX CREDIT.

(2) THE FEE CHARGED MAY NOT EXCEED 2% OF THE AMOUNT OF:

(i) THE INITIAL CREDIT CERTIFICATE ISSUED FOR A
COMMERCIAL REHABILITATION; OR

(ii) THE QUALIFIED REHABILITATION EXPENDITURES FOR A
SINGLE-FAMILY, OWNER-OCCLUDED RESIDENTIAL REHABILITATION;

(3) IF THE FEE FOR A COMMERCIAL REHABILITATION IS NOT
RECEIVED BY THE TRUST WITHIN 120 DAYS AFTER THE TRUST SENDS NOTICE
THAT THE FEE IS DUE, THE RESERVATION OF AN AWARD FOR AN INITIAL CREDIT
CERTIFICATE FOR THE REHABILITATION SHALL EXPIRE.
(c) The Director shall consult with the Smart Growth Subcabinet on the rating system required under subsection (a)(2) of this section.

5–904.

A building is a qualified rehabilitated structure if, in the rehabilitation process:

(1) 50% or more of the existing external walls of the building are retained in place as external walls;

(2) 75% or more of the existing external walls of the building are retained in place as internal or external walls; and

(3) 75% or more of the internal structural framework of the building is retained in place.

5–905.

(A) (1) The Director may accept an application for approval of plans of a proposed rehabilitation if the proposed rehabilitation meets the requirements for eligibility under the Program.

(2) If the plans of a proposed rehabilitation meet the eligibility requirements of the Program, the Director shall accept applications for approval of plans for rehabilitation in the order in which they are received by the Trust.

(3) The Director may not accept an application for approval of plans of a proposed rehabilitation if:

(i) any substantial part of the proposed rehabilitation work has begun; or

(ii) the applicant for a commercial rehabilitation has previously submitted three or more applications for commercial rehabilitations with total proposed rehabilitations exceeding $500,000 in that year.
(4) Subject to paragraph (5) of this subsection, for a commercial rehabilitation, the Director may make an award of an initial credit certificate consistent with the requirements of this subtitle.

(5) Prior to making awards of an initial credit certificate, the Director shall notify the Smart Growth Subcabinet of the applications and proposed awards.

(b) The Director may not certify a completed rehabilitation for the certified rehabilitation under this subtitle unless the individual or business entity seeking certification states under oath the amount of the individual’s or business entity’s qualified rehabilitation expenditures.

(c) (1) Except as otherwise provided in this section, for the taxable year in which a certified rehabilitation is completed, an individual or business entity may claim a tax credit in an amount equal to:

(I) 20% of the individual’s or business entity’s qualified rehabilitation expenditures for a single-family, owner-occupied residential certified historic structure rehabilitation; or

(II) except as provided in paragraphs (2) and (3) of this subsection, 20% of the individual’s or business entity’s qualified rehabilitation expenditures for any other rehabilitation.

(2) For the taxable year in which a certified commercial rehabilitation is completed, an individual or business entity may claim a tax credit in an amount equal to 25% of the individual’s or business entity’s qualified rehabilitation expenditures if the certified rehabilitation is a certified historic structure and a high performance building.

(3) For the taxable year in which a certified rehabilitation is completed, an individual or business entity may claim a tax credit in an amount equal to 10% of the individual’s or business entity’s qualified rehabilitation expenditures if the certified rehabilitation is a qualified rehabilitated structure.
(4) (i) For any commercial rehabilitation, the State tax credit allowed under this section may not exceed the lesser of:

1. $3,000,000; or
2. the maximum amount specified under the initial credit certificate issued for the rehabilitation.

(ii) For a rehabilitation other than a commercial rehabilitation, the State tax credit allowed under this section may not exceed $50,000.

(iii) For the purposes of the limitation under subparagraph (i) of this paragraph, the following shall be treated as a single commercial rehabilitation:

1. the phased rehabilitation of the same structure or property;
2. the separate rehabilitation of different components of the same structure or property; or
3. the rehabilitation of multiple structures that are functionally related to serve an overall purpose.

(5) (i) Subject to subparagraph (ii) of this paragraph, the initial credit certificate for a proposed commercial rehabilitation shall expire and the credit under this section may not be claimed if:

1. within 18 months after the initial credit certificate was issued, the applicant has not notified the Trust, in writing, that the commercial rehabilitation has begun; or
2. within 30 months after the initial credit certificate was issued, the commercial rehabilitation is not completed.

(ii) For reasonable cause, the Director may postpone the 30-month expiration date for an initial credit certificate for a commercial rehabilitation.
(6) If the tax 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 individual or business entity may:

(i) apply the excess as a credit for succeeding taxable years until the earlier of:

1. the full amount of the credit is used; or
2. the expiration of the tenth taxable year after the taxable year in which the rehabilitation is completed; or

(ii) claim a refund in the amount of the excess if:

1. the rehabilitation is a single-family, owner-occupied residence;
2. the rehabilitation is a commercial rehabilitation and the qualified rehabilitation expenditures for the rehabilitation do not exceed $250,000; or
3. the business entity is a nonprofit corporation and the qualified rehabilitation and the qualified expenditures do not exceed $250,000.

(e) The state credit allowed under this section may be allocated among the partners, members, or shareholders of an entity in any manner agreed to by those persons in writing.

(f) (1) Subject to the provisions of paragraph (2) of this subsection, the Director may not issue initial credit certificates under this subtitle that:

(i) in the aggregate exceed $50,000,000; and

(ii) 1. exceed $20,000,000 in fiscal year 2011;
2. exceed $15,000,000 in fiscal year 2012; and
3. exceed $15,000,000 in fiscal year 2013.
(2) The Director may not issue initial credit certificates to qualified rehabilitated structures that exceed 40% of the total credit certificates issued in a fiscal year.

(3) The amount of reservations for initial credit certificate awards and issued initial credit certificates that expire prior to October 1, 2013, under the provisions of § 5–903(b)(3) of this subtitle and subsection (c)(5) of this section may not be included in the aggregate amount of initial credit certificates issued.

(4) If the initial credit certificates issued in any fiscal year do not exceed the amounts under paragraph (1)(ii) of this subsection, the amount not awarded shall be carried over to and available for award in the next fiscal year.

(5) The Director may not issue an initial credit certificate under this subtitle before October 1, 2010, or after September 30, 2013.

5–906.

(A) (1) In this section the following words have the meanings indicated:

(2) (i) “Disposition” or “dispose” means a transfer of legal title or, in the case of a leasehold, the leasehold interest.

(ii) “Disposition” or “dispose” includes a sale in a sale-and-leaseback transaction, a transfer upon the foreclosure of a security interest, and a gift.

(iii) “Disposition” or “dispose” does not include a transfer of title or the leasehold interest to a creditor upon creation of a security interest.

(3) “Disqualifying work” means work that:

(i) is performed on a certified rehabilitation; and

(ii) if performed as part of the rehabilitation certified under this section, would have made the rehabilitation ineligible for certification.
(b) The credit allowed under this section shall be recaptured as provided in subsection (c) of this section 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:

1. Any disqualifying work is performed on a certified rehabilitation; or

2. For a commercial rehabilitation, the certified rehabilitation is complete and has been disposed of.

(c) (1) If disposition occurs or disqualifying work is performed during the taxable year in which the certified rehabilitation was completed, 100% of the credit shall be recaptured.

(i) If disposition occurs or 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.

(ii) If disposition occurs or 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.

(iii) If disposition occurs or 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.

(iv) If disposition occurs or 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.

(v) If disposition occurs or disqualifying work is performed during the fifth full year succeeding the taxable year in which the certified rehabilitation was completed, 10% of the credit shall be recaptured.

2. The individual or business entity that claimed the tax credit shall pay the amount to be recaptured, as determined under paragraph (1) of this subsection, as taxes payable to the state for the taxable year in which the disposition occurs or the disqualifying work is performed.
(A) The Comptroller may determine, under the process for return examination and audit under §§ 13–301 and 13–302 of the Tax—General Article:

(1) The amount of rehabilitation expenditures used in calculating the credit;

(2) Whether such expenditures are qualified rehabilitation expenditures under this section; and

(3) Whether the credit is allowable as claimed.

(B) The authority of the Comptroller to examine and audit a tax return does not limit the authority of the Director to determine whether a rehabilitation qualifies as a certified rehabilitation or whether a certificate of completion for the certified rehabilitation has been properly issued.

(C) The Comptroller may adopt regulations to require that an entity, other than a corporation, claim the tax credit on the tax return filed by that entity.

5–908.

(A) (1) Except as otherwise provided in this section, the credit under this subtitle may be claimed for the year a certified rehabilitation is completed, only if the Director has, by the time the return is filed, issued a certificate of completion for the certified rehabilitation.

(2) A taxpayer claiming the credit may amend a return for the year the certified rehabilitation was completed to account for a certificate issued subsequent to the filing of the original return.

(3) An amended return shall be filed within the period allowed under the Tax—General Article for filing refund claims.

(4) The provisions of this subsection do not extend the period in which a certified rehabilitation must be completed to be eligible for a tax credit under this subtitle.
(5) An amended return may account for an amended certification issued by the Director for a certified rehabilitation.

(b) A refund payable under § 5-905(c)(6)(ii) of this subtitle:

(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.

5-909.

(a) On or before December 15 of each year, the Director shall report to the Governor, the Smart Growth Subcabinet, and, subject to § 2-1246 of the State Government Article, the General Assembly, on:

(1) The initial credit certificates awarded for commercial rehabilitations under this section during that fiscal year;

(2) The tax credits awarded for certified rehabilitations completed in the preceding fiscal year;

(3) Whether the tax credits awarded for certified rehabilitations completed in the preceding fiscal year were located in:

(I) A Main Street Maryland community or Maple Street community;
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(II) A TRANSIT-ORIENTED DEVELOPMENT;

(III) A SUSTAINABLE COMMUNITY;

(IV) A LOCAL HISTORIC DISTRICT; OR

(V) A NATIONAL REGISTER DISTRICT; AND

(4) TO THE EXTENT POSSIBLE AND IN CONSULTATION WITH THE DEPARTMENTS OF HOUSING AND COMMUNITY DEVELOPMENT AND TRANSPORTATION, WHETHER THE CERTIFIED REHABILITATIONS COMPLETED IN THE PRECEDING FISCAL YEAR CONTRIBUTED TO THE REVITALIZATION OF A COMMUNITY.

(b) The report required under subsection (a) of this section shall include for each initial credit certificate awarded during the fiscal year for a commercial rehabilitation:

(1) The name of the owner or developer of the commercial rehabilitation;

(2) The name and address of the proposed or certified rehabilitation and the county where the project is located;

(3) The dates of receipt and approval by the Director of all applications regarding the project, including applications:

(I) FOR CERTIFICATION THAT A STRUCTURE OR PROPERTY WILL QUALIFY AS A CERTIFIED HISTORIC STRUCTURE; AND

(II) FOR APPROVAL OF THE PLAN OF PROPOSED REHABILITATION; AND

(4) The maximum amount of the credit stated in the initial credit certificate for the project and the estimated rehabilitation expenditures stated in the application for approval of the plan of proposed rehabilitation.

(c) The report required under subsection (a) of this section shall include for each certified commercial rehabilitation completed during the preceding fiscal year:
(1) THE NAME OF THE OWNER OR DEVELOPER OF THE COMMERCIAL REHABILITATION;

(2) THE NAME AND ADDRESS OF THE CERTIFIED REHABILITATION AND THE COUNTY WHERE THE PROJECT IS LOCATED;

(3) THE DATES OF RECEIPT AND APPROVAL BY THE DIRECTOR OF ALL APPLICATIONS REGARDING THE PROJECT; AND

(4) (I) THE MAXIMUM AMOUNT OF THE CREDIT STATED IN THE INITIAL CREDIT CERTIFICATE FOR THE PROJECT AND THE ESTIMATED REHABILITATION EXPENDITURES STATED IN THE APPLICATION FOR APPROVAL OF THE PLAN OF PROPOSED REHABILITATION; AND

   (II) THE ACTUAL QUALIFIED REHABILITATION EXPENDITURES AND THE FINAL AMOUNT OF THE CREDIT FOR WHICH THE PROJECT QUALIFIED.

(D) THE REPORT REQUIRED UNDER SUBSECTION (A) OF THIS SECTION SHALL SUMMARIZE FOR EACH CATEGORY OF CERTIFIED REHABILITATIONS:

(1) THE TOTAL NUMBER OF APPLICANTS FOR:

   (I) CERTIFICATION THAT A STRUCTURE OR PROPERTY WILL QUALIFY AS A CERTIFIED HISTORIC STRUCTURE;

   (II) APPROVAL OF PLANS OF PROPOSED REHABILITATIONS;

   OR

   (III) CERTIFICATION OF THE COMPLETED REHABILITATIONS;

(2) THE NUMBER OF PROPOSED PROJECTS FOR WHICH PLANS OF PROPOSED REHABILITATION WERE APPROVED; AND

(3) THE TOTAL ESTIMATED REHABILITATION EXPENDITURES STATED IN APPROVED APPLICATIONS FOR APPROVAL OF PLANS OF PROPOSED REHABILITATION AND THE TOTAL QUALIFIED REHABILITATION EXPENDITURES FOR COMPLETED REHABILITATIONS CERTIFIED.

(E) THE INFORMATION REQUIRED UNDER SUBSECTION (D) OF THIS SECTION SHALL BE PROVIDED IN THE AGGREGATE AND SEPARATELY FOR EACH OF THE FOLLOWING CATEGORIES OF CERTIFIED REHABILITATIONS:
(1) SINGLE–FAMILY, OWNER–OCCUPIED RESIDENTIAL STRUCTURES, AND

(2) COMMERCIAL REHABILITATIONS.

5–910.

(A) THERE IS A MARYLAND DEPARTMENT OF PLANNING SUSTAINABLE COMMUNITIES TAX CREDIT ADMINISTRATION FUND THAT IS A CONTINUING, NONLAPSING SPECIAL FUND THAT IS NOT SUBJECT TO § 7–302 OF THIS ARTICLE.

(B) THE PROCEEDS FROM THE FEE CHARGED UNDER THIS SUBTITLE SHALL BE DEPOSITED IN THE FUND, TO BE USED ONLY FOR THE PURPOSES OF PAYING THE COSTS OF ADMINISTERING THE CREDIT UNDER THIS SUBTITLE AND THE FEDERAL HISTORIC TAX CREDIT.

(C) THE STATE TREASURER SHALL HOLD THE FUND AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.

5–911.

(A) SUBJECT TO THE PROVISIONS OF THIS SECTION, THE PROVISIONS OF THIS SUBTITLE AND THE TAX CREDIT AUTHORIZED UNDER THIS SUBTITLE SHALL TERMINATE AS OF OCTOBER 1, 2013.

(B) ON AND AFTER OCTOBER 1, 2013, THE TAX CREDIT AUTHORIZED UNDER THIS SECTION MAY BE CLAIMED FOR:

(1) A REHABILITATION PROJECT, OTHER THAN A COMMERCIAL REHABILITATION, FOR WHICH AN APPLICATION FOR APPROVAL OF A PLAN OF PROPOSED REHABILITATION WAS RECEIVED BY THE DIRECTOR ON OR BEFORE OCTOBER 1, 2013; OR

(2) A COMMERCIAL REHABILITATION FOR WHICH AN INITIAL CREDIT CERTIFICATE HAS BEEN AWARDED UNDER § 5–905 OF THIS SUBTITLE.

(C) THE DIRECTOR SHALL CONTINUE TO REPORT TO THE GOVERNOR AND THE GENERAL ASSEMBLY AS REQUIRED UNDER § 5–909 OF THIS SUBTITLE FOR AS LONG AS ANY REHABILITATION PROJECT FOR WHICH THE TAX CREDIT MAY BE CLAIMED REMAINS INCOMPLETE.
9–1406.

(b) The Subcabinet consists of:

(12) the Secretary of Transportation; [and]

(13) a representative of the Governor’s office;

(14) the Secretary of Health and Mental Hygiene;

(15) the Secretary of Labor, Licensing, and Regulation;

AND

(16) the Director of the Maryland Energy Administration.

(h) (1) The Subcabinet shall:

[(1)] (I) provide a forum for discussion of interdepartmental issues relating to activities that affect growth, development, neighborhood conservation, and resource management;

[(2)] (II) work together using all available resources to promote the understanding of smart growth;

(III) work together to create, enhance, support, and revitalize sustainable communities across the State;

(IV) after receiving a request from a local jurisdiction, certify that the local jurisdiction has implemented regulatory streamlining or other development incentives in priority funding areas for the purpose of the rating system in the Sustainable Communities Tax Credit Program under Title 5 of the State Finance and Procurement Article;

(V) subject to paragraph (2) of this subsection, make recommendations to:

1. the Department of Business and Economic Development in accordance with § 5–1304 of the Economic Development Article;
2. **The Department of Housing and Community Development in accordance with § 6–206 of the Housing and Community Development Article;**

3. **The Department of Planning in accordance with § 5–904 of the State Finance and Procurement Article; and**

4. **The Department of Transportation in accordance with § 7–101 of the Transportation Article;**

[(3) (VI) (V)] in coordination with State agencies, evaluate and report annually to the Governor and, in accordance with § 2–1246 of this article, to the General Assembly on the implementation of the State’s smart growth policy; and

[(4) (VII) (VI)] perform other duties assigned by the Governor.

(2) The failure of the Subcabinet to make a recommendation under paragraph (1)(V) (1)(IV) of this subsection may not be construed as prohibiting a department to act in accordance with the department’s authority under State law.

Article – Transportation

**Subtitle 7. Sustainable Communities.**

2–701.

(A) **The General Assembly finds that the State must have sustainable communities in order to:**

(1) **Preserve and protect the State’s natural resources;**

and

(2) **Achieve the State’s economic growth, resource protection, and planning policy in § 5–7A–01 of the State Finance and Procurement Article.**

(B) **The General Assembly finds that sustainable communities are places where public and private investments and partnerships achieve:**

(1) **Development of a healthy local economy;**
(2) Protection and appreciation of historic and cultural resources;

(3) A mix of land uses;

(4) Affordable and sustainable housing and job options; and

(5) Growth and development practices that protect the environment and conserve air, water, and energy resources, encourage walkability and recreational opportunities, and, where available, create access to transit.

2–702.

It is the intent of the General Assembly that the Department shall:

(1) Consider sustainable communities as it considers annual revisions under the Consolidated Transportation Program in § 2–103.1(b) through (f) of this title; and

(2) Twice a year consult with the Smart Growth Subcabinet established under § 9–1406 of the State Government Article on how the Department may work cooperatively to make mutual investments towards creating and supporting sustainable communities across the State.

2–703.

Subject to the limitations imposed by this subtitle, the Department may exercise all powers reasonably necessary to achieve the purposes of this subtitle, including the authority to:

(1) Adopt regulations to implement the provisions of this subtitle;

(2) Apply for and receive grants, gifts, payments, loans, advances, appropriations, property, and services from the federal government and the State, any of the agencies or political subdivisions of the federal government and the State, or other public or private person; and

(3) Enter into agreements and contract for:
(I) Any studies, plans, demonstrations, or projects;

(II) Planning, engineering, and technical services;
or

(III) Any purpose necessary for or incidental to the performance of its duties and the exercise of its powers under this subtitle.

7–101.

(m) “Transit–oriented development” means a mix of private or public parking facilities, commercial and residential structures, and uses, improvements, and facilities customarily appurtenant to such facilities and uses, that:

(1) Is part of a deliberate development plan or strategy involving:

   (i) Property that is adjacent to the passenger boarding and alighting location of a planned or existing transit station; or

   (ii) Property, any part of which is located within one–half mile of the passenger boarding and alighting location of a planned or existing transit station;

(2) Is planned to maximize the use of transit, walking, and bicycling by residents and employees; and

(3) Is designated as a transit–oriented development by:

   (i) The Secretary [in consultation with the secretaries of Business and Economic Development, General Services, Housing and Community Development, the Environment, and Planning], after considering a recommendation of the Smart Growth Subcabinet established under § 9–1406 of the State Government Article; and

   (ii) The local government or multicounty agency with land use and planning responsibility for the relevant area.

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 § 5A–303 TITLE 5, SUBTITLE 9 of the State Finance and Procurement Article.

Article—Tax—General

10–704.5.

(a) An individual or corporation may claim a credit against the State income tax for a certified rehabilitation as provided under § 5A–303 TITLE 5, SUBTITLE 9 of the State Finance and Procurement Article.

(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 § 5A–303 TITLE 5, SUBTITLE 9 of the State Finance and Procurement Article.

SECTION 2. AND BE IT FURTHER ENACTED, That Section(s) 5A–303 of the Article—State Finance and Procurement of the Annotated Code of Maryland be repealed and reenacted, with amendments, and transferred to the Session Laws, to read as follows:

Article—State Finance and Procurement

5A–303.

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

(2) “Business entity” means:

(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 of the Financial Institutions Article.
(4) (i) “Certified heritage HISTORIC structure” means a structure that is located in the State and is:

1. listed in the National Register of Historic Places;

2. designated as a historic property under local law and determined by the Director to be eligible for listing on the National Register of Historic Places;

3. A. located in a historic district listed on the National Register of Historic Places or in a local historic district that the Director determines is eligible for listing on the National Register of Historic Places; and

B. certified by the Director as contributing to the significance of the district; or

4. located in a certified heritage area and certified by the Maryland Heritage Areas Authority as contributing to the significance of the certified heritage area.

(ii) “Certified heritage HISTORIC structure” does not include a structure that is owned by the State, a political subdivision of the State, or the federal government.

(5) “Certified rehabilitation” means a completed rehabilitation of:

(I) a certified heritage HISTORIC structure that the Director certifies is a substantial rehabilitation in conformance with the rehabilitation standards of the United States Secretary of the Interior; OR

(II) A QUALIFIED REHABILITATED STRUCTURE.

(6) “Commercial rehabilitation” means a rehabilitation of a structure other than a single–family, owner–occupied residence.

(7) “Director” means the Director of the Maryland Historical Trust.

(8) “FINANCIAL ASSISTANCE” MEANS ACTION BY THE STATE OR A STATE UNIT TO AWARD GRANTS, LOANS, LOAN GUARANTEES, OR INSURANCE TO A PUBLIC OR PRIVATE ENTITY TO FINANCE, WHOLLY OR PARTLY, A PROJECT THAT INVOLVES OR MAY RESULT IN BUILDING CONSTRUCTION, BUILDING ALTERATION, OR LAND DISTURBANCE.

(9) “HIGH PERFORMANCE BUILDING” MEANS A BUILDING THAT:
(I) **MEETS OR EXCEEDS THE CURRENT VERSION OF THE U.S. GREEN BUILDING COUNCIL’S LEED (LEADERSHIP IN ENERGY AND ENVIRONMENTAL DESIGN) GREEN BUILDING RATING SYSTEM GOLD RATING; OR**

(II) **ACHIEVES AT LEAST A COMPARABLE NUMERIC RATING ACCORDING TO A NATIONALLY RECOGNIZED, ACCEPTED, AND APPROPRIATE NUMERIC SUSTAINABLE DEVELOPMENT RATING SYSTEM, GUIDELINE, OR STANDARD APPROVED BY THE SECRETARIES OF BUDGET AND MANAGEMENT AND GENERAL SERVICES UNDER § 3–602.1 OF THIS ARTICLE.**

(10) (I) **“HISTORIC PROPERTY” MEANS A DISTRICT, SITE, BUILDING, STRUCTURE, MONUMENT, OR OBJECT SIGNIFICANT TO:**

1. **THE PREHISTORY OR HISTORY OF THE STATE; OR**
2. **THE UPLAND OR UNDERWATER ARCHEOLOGY, ARCHITECTURE, ENGINEERING, OR CULTURE OF THE STATE.**

(II) **“HISTORIC PROPERTY” INCLUDES RELATED ARTIFACTS, RECORDS, AND REMAINS.**

(11) **“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.**

(12) **“MAIN STREET MARYLAND COMMUNITY” MEANS:**

(I) **A COMMERCIAL AREA IN A LOCAL JURISDICTION DESIGNATED BY THE SECRETARY OF HOUSING AND COMMUNITY DEVELOPMENT AS A MAIN STREET MARYLAND COMMUNITY UNDER THE MAIN STREET MARYLAND PROGRAM ON OR BEFORE JANUARY 1, 2010; OR**

(II) **A COMMERCIAL AREA IN BALTIMORE CITY DESIGNATED AS A MAIN STREET BY THE MAYOR OF BALTIMORE CITY ON OR BEFORE JANUARY 1, 2010.**

(13) **“MAIN STREET MARYLAND PROGRAM” MEANS THE MARYLAND MAIN STREET DESIGNATION PROGRAM FOR LOCAL JURISDICTIONS ESTABLISHED IN THE CODE OF MARYLAND REGULATIONS (COMAR).**

(14) **“National register structure” means a structure that is:**

(i) **listed on the National Register of Historic Places; or**
(ii) located in a historic district listed on the National Register of Historic Places and certified by the Director as contributing to the significance of the district.

(15) “POLITICAL SUBDIVISION” MEANS A COUNTY OR MUNICIPAL CORPORATION OF THE STATE.

(16) “Qualified rehabilitation expenditure” means any amount that:

(i) is properly chargeable to a capital account;

(ii) is expended in the rehabilitation of a structure that by the end of the calendar year in which the certified rehabilitation is completed is a certified heritage HISTORIC structure OR A QUALIFIED REHABILITATED STRUCTURE;

(iii) is expended in compliance with a plan of proposed rehabilitation that has been approved by the Director; and

(iv) is not funded, financed, or otherwise reimbursed by any:

1. State or local grant;

2. grant made from the proceeds of tax–exempt bonds issued by the State, a political subdivision of the State, or an instrumentality of the State or of a political subdivision of the State;

3. State tax credit other than the tax credit under this section; or

4. other financial assistance from the State or a political subdivision of the State, other than a loan that must be repaid at an interest rate that is greater than the interest rate on general obligation bonds issued by the State at the most recent bond sale prior to the time the loan is made.

(17) (i) “QUALIFIED REHABILITATED STRUCTURE” MEANS A BUILDING, OTHER THAN A SINGLE–FAMILY, OWNER–OCCUPIED RESIDENCE, THAT:

1. A. IS LOCATED IN A MAIN STREET MARYLAND COMMUNITY; OR

B. BEGINNING IN FISCAL 2012, IS LOCATED IN A MAIN STREET MARYLAND COMMUNITY OR A SUSTAINABLE COMMUNITY;
2. WILL BE SUBSTANTIALLY REHABILITATED; AND

3. MEETS THE REQUIREMENTS SET FORTH IN SUBSECTION (B)(7) OF THIS SECTION.

(II) “QUALIFIED REHABILITATED STRUCTURE” DOES NOT INCLUDE A CERTIFIED HISTORIC STRUCTURE.

(18) (I) “SINGLE–FAMILY, OWNER–OCCUPIED RESIDENCE” MEANS A STRUCTURE OR A PORTION OF A STRUCTURE OCCUPIED BY THE OWNER AND THE OWNER’S IMMEDIATE FAMILY AS THEIR PRIMARY OR SECONDARY RESIDENCE.

(II) “SINGLE–FAMILY, OWNER–OCCUPIED RESIDENCE” INCLUDES A RESIDENTIAL UNIT IN A COOPERATIVE PROJECT OWNED BY OR LEASED TO A COOPERATIVE HOUSING CORPORATION, AS DEFINED IN § 5–6B–01 OF THE CORPORATIONS AND ASSOCIATIONS ACT, AND LEASED FOR EXCLUSIVE OCCUPANCY TO, AND OCCUPIED BY, A MEMBER OF THE CORPORATION AND THE MEMBER’S IMMEDIATE FAMILY UNDER A PROPRIETARY LEASE.

(19) “SMART GROWTH SUBCABINET” MEANS THE SMART GROWTH SUBCABINET ESTABLISHED UNDER TITLE 9, SUBTITLE 14 OF THE STATE GOVERNMENT ARTICLE.

(20) “STATE UNIT” HAS THE MEANING STATED IN § 11–101 OF THE STATE GOVERNMENT ARTICLE.

(21) “Substantial rehabilitation” means rehabilitation of a structure for which the qualified rehabilitation expenditures, during the 24–month period selected by the individual or business entity ending with or within the taxable year, exceed:

(i) for SINGLE–FAMILY, owner–occupied residential property, $5,000; ☞

(II) FOR A QUALIFIED REHABILITATED STRUCTURE LOCATED IN A MAIN STREET MARYLAND COMMUNITY, THE GREATER OF:

1. 50% OF THE ADJUSTED BASIS OF THE STRUCTURE; OR

2. $25,000; OR
(iii) (III) for all other property, the greater of:

1. the adjusted basis of the structure; or

2. $5,000 $25,000.

(22) “SUSTAINABLE COMMUNITY” has the meaning stated in § 6–201 of the Housing and Community Development Article.

(b) (1) The Director, in consultation with the Smart Growth Subcabinet, shall adopt regulations to:

(i) establish procedures and standards for certifying historic structures and rehabilitations under this section;

(ii) for commercial rehabilitations, establish an application process for the award of initial credit certificates for Maryland heritage structure rehabilitation tax credits consistent with the requirements of this subsection;

(iii) for commercial rehabilitations, establish criteria, consistent with the requirements of this subsection, for evaluating, comparing, and rating plans of proposed rehabilitation that have been determined by the Director to:

1. FOR CERTIFIED HISTORIC STRUCTURES, TO conform with the rehabilitation standards of the United States Secretary of the Interior;

2. FOR REHABILITATIONS OF THE EXTERIORS OF QUALIFIED REHABILITATED STRUCTURES, TO BE COMPATIBLE WITH THE REHABILITATION STANDARDS OF THE UNITED STATES SECRETARY OF THE INTERIOR IF THE STRUCTURE IS LOCATED IN, OR ADVERSELY AFFECTS:

A. A DESIGNATED HISTORIC DISTRICT; OR

B. A DISTRICT DETERMINED BY THE DIRECTOR TO BE ELIGIBLE FOR LISTING ON THE NATIONAL REGISTER OF HISTORIC PLACES; and

(iv) for commercial rehabilitations, establish a competitive award process for the award of initial credit certificates for Maryland heritage structure rehabilitation SUSTAINABLE COMMUNITIES tax credits that FAVORS THE AWARD OF TAX CREDITS FOR REHABILITATION PROJECTS THAT:
1. favors the award of tax credits for rehabilitation projects that are located in jurisdictions that have been historically underrepresented in the award of tax credits for commercial rehabilitations, based on the number of national register structures in each jurisdiction;

2. favors the award of tax credits for rehabilitation projects that are consistent with and promote current growth and development policies and programs of the State; and

3. A. favors the award of tax credits for structures that are listed in the National Register of Historic Places or are designated as historic properties under local law and determined by the Director to be eligible for listing in the National Register of Historic Places; or

   B. favors the award of tax credits for structures that are contributing buildings with historic significance and are located in historic districts listed in the National Register of Historic Places.

3. ARE LOCATED IN AREAS TARGETED BY THE STATE FOR ADDITIONAL REVITALIZATION AND ECONOMIC DEVELOPMENT OPPORTUNITIES DUE TO THE FOCUSING OF STATE RESOURCES AND INCENTIVES;

4. BEGINNING IN FISCAL 2012, ARE LOCATED IN SUSTAINABLE COMMUNITIES;

5. ARE LOCATED IN AREAS WHERE THE POLITICAL SUBDIVISION HAS IMPLEMENTED REGULATORY STREAMLINING OR OTHER DEVELOPMENT INCENTIVES THAT FOSTER REDEVELOPMENT AND REVITALIZATION IN PRIORITY FUNDING AREAS, AS DEFINED IN TITLE 5, SUBTITLE 7B OF THE STATE FINANCE AND PROCUREMENT ARTICLE, AND THE APPROPRIATE LOCAL GOVERNING BODY OR THE PLANNING BOARD OR COMMISSION, IF DESIGNATED BY THE LOCAL GOVERNING BODY, HAS CERTIFIED TO THE SMART GROWTH SUBCABINET THOSE REGULATORY STREAMLINING OR OTHER DEVELOPMENT INCENTIVES;

6. INCLUDE AFFORDABLE AND WORKFORCE HOUSING OPTIONS; AND

7. ARE QUALIFIED REHABILITATED STRUCTURES MORE THAN 50 YEARS OLD;

   (V) FOR COMMERCIAL REHABILITATIONS, DETERMINE WHETHER THE CERTIFIED REHABILITATION IS A HIGH PERFORMANCE BUILDING;
(VI) FOR COMMERCIAL REHABILITATIONS, ESTABLISH A REQUIRED EXTERNAL MARKER OR, AT A MINIMUM, AN INTERNAL MARKER FOR THE REHABILITATION PROJECTS THAT IDENTIFIES THAT THE REHABILITATION WAS FUNDED BY MARYLAND SUSTAINABLE COMMUNITIES TAX CREDITS; AND

(VII) AS PROVIDED IN PARAGRAPH (6) OF THIS SUBSECTION, CHARGE A REASONABLE FEE TO CERTIFY HISTORIC STRUCTURES AND QUALIFIED REHABILITATED STRUCTURES UNDER THIS SUBTITLE.

(2) The Director may not certify that a rehabilitation is a certified rehabilitation eligible for a tax credit provided 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.

(3) Each year, the Director may accept applications for approval of plans of proposed commercial rehabilitations and for the award of initial credit certificates for the fiscal year that begins July 1 of that year.

(4) For commercial rehabilitations, the Director may not accept an application for approval of plans of proposed rehabilitation if:

   (i) any substantial part of the proposed rehabilitation work has begun; or

   (ii) the applicant for a commercial rehabilitation has previously submitted three or more applications for commercial rehabilitations with total proposed rehabilitations exceeding $500,000 in that year.

(5) (I) Except as provided in subsection (d)(3)(iii) of this section, not more than 75% of the total credit amounts under initial credit certificates issued for any fiscal year may be issued for projects in a single county or Baltimore City.

   (II) NOT MORE THAN 10% OF THE TOTAL CREDIT AMOUNTS UNDER INITIAL CREDIT CERTIFICATES ISSUED FOR ANY FISCAL YEAR MAY BE ISSUED FOR PROJECTS THAT ARE QUALIFIED REHABILITATED STRUCTURES.

(6) (i) The Director shall adopt regulations to charge a reasonable fee to certify historic structures and rehabilitations under this section.

   (ii) The Director shall set the level of the fee so that the projected proceeds from the fee will cover the costs to the Trust of administering the credit under this section and the federal historic tax credit.
(iii) The fee charged may not exceed 1% of the amount of the initial credit certificate issued for a commercial rehabilitation project or the amount of the credit for which a single-family, owner-occupied rehabilitation would be eligible based on the greater of the estimated or final qualified rehabilitation expenditures for the rehabilitation.

(IV) IF THE FEE CHARGED FOR A COMMERCIAL REHABILITATION IS NOT RECEIVED BY THE TRUST WITHIN 120 DAYS AFTER THE TRUST SENDS NOTICE THAT THE FEE IS DUE, THE INITIAL CREDIT CERTIFICATE FOR THE REHABILITATION SHALL EXPIRE.

(V) The proceeds from the fee shall be deposited in a special fund, to be used only for the purposes of paying the costs of administering the credit under this section and the federal historic tax credit.

(VI) Any unused balance of the fund at the end of each fiscal year shall be transferred to the Reserve Fund established under subsection (d) of this section and shall increase the amount of the initial credit certificates that the Trust may issue for the following fiscal year.

(7) FOR A BUILDING TO BE A QUALIFIED REHABILITATED STRUCTURE, AFTER THE REHABILITATION PROCESS:

(I) 50% OR MORE OF THE EXISTING EXTERNAL WALLS OF THE BUILDING MUST BE RETAINED IN PLACE AS EXTERNAL WALLS;

(II) 75% OR MORE OF THE EXISTING EXTERNAL WALLS OF THE BUILDING MUST BE RETAINED IN PLACE AS INTERNAL OR EXTERNAL WALLS; AND

(III) 75% OR MORE OF THE INTERNAL STRUCTURAL FRAMEWORK OF THE BUILDING MUST BE RETAINED IN PLACE.

(c) (1) (I) Except as otherwise provided in this section, for the taxable year in which a certified rehabilitation is completed, an individual or business entity may claim a tax credit in an amount equal to 20% of the individual’s or business entity’s qualified rehabilitation expenditures for the rehabilitation.

(II) AN INDIVIDUAL OR BUSINESS ENTITY MAY CLAIM A TAX CREDIT IN AN AMOUNT EQUAL TO 25% OF THE INDIVIDUAL’S OR BUSINESS ENTITY’S QUALIFIED REHABILITATION EXPENDITURES IF THE CERTIFIED REHABILITATION IS A CERTIFIED HISTORIC STRUCTURE AND A HIGH PERFORMANCE BUILDING.
(III) An individual or business entity may claim a tax credit in an amount equal to 10% of the individual’s or business entity’s qualified rehabilitation expenditures if the certified rehabilitation is a qualified rehabilitated structure.

(2) (i) For any commercial rehabilitation, the State tax credit allowed under this section may not exceed the lesser of:

1. $3,000,000; or

2. the maximum amount specified under the initial credit certificate issued for the rehabilitation.

(ii) For a rehabilitation other than a commercial rehabilitation, the State tax credit allowed under this section may not exceed $50,000.

(iii) For the purposes of the limitation under subparagraph (i) of this paragraph, the following shall be treated as a single commercial rehabilitation:

1. the phased rehabilitation of the same structure or property;

2. the separate rehabilitation of different components of the same structure or property; or

3. the rehabilitation of multiple structures that are functionally related to serve an overall purpose.

(3) (i) Subject to subparagraph (ii) of this paragraph, the initial credit certificate for a proposed commercial rehabilitation shall expire and the credit under this section may not be claimed if:

1. within 18 months after the initial credit certificate was issued, the applicant has not notified the Trust, in writing, that the commercial rehabilitation has begun; or

2. the commercial rehabilitation is not completed within 30 months after the initial credit certificate was issued.

(ii) For reasonable cause, the Director may postpone the 30-month expiration date for an initial credit certificate for a commercial rehabilitation.

(4) If the tax 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 individual or business entity may claim a refund in the amount of the excess.

(d) (1) In this subsection, “Reserve Fund” means the Heritage Structure SUSTAINABLE COMMUNITIES Rehabilitation Tax Credit Reserve Fund established under paragraph (2) of this subsection.

(2) (i) There is a Heritage Structure Rehabilitation SUSTAINABLE COMMUNITIES Tax Credit Reserve Fund that is a continuing, nonlapsing special fund that is not subject to § 7–302 of [this article] THE STATE FINANCE AND PROCUREMENT ARTICLE.

(ii) The money in the Fund shall be invested and reinvested by the Treasurer, and interest and earnings shall be credited to the General Fund.

(3) (i) Subject to the provisions of this subsection, the Director shall issue an initial credit certificate for each commercial rehabilitation for which a plan of proposed rehabilitation is approved.

(ii) An initial credit certificate issued under this subsection shall state the maximum amount of credit under this section for which the commercial rehabilitation may qualify.

(iii) 1. Except as otherwise provided in this subparagraph and in subsection (b)(6)(v) of this section, for any fiscal year, the Director may not issue initial credit certificates for credit amounts in the aggregate totaling more than the amount appropriated to the Reserve Fund for that fiscal year in the State budget as approved by the General Assembly.

2. If the aggregate credit amounts under initial credit certificates issued in a fiscal year total less than the amount appropriated to the Reserve Fund for that fiscal year as a result of the limitation under subsection (b)(5)(B)(5)(I) of this section, any excess amount may be issued under initial credit certificates for projects in a county or Baltimore City in the same fiscal year, without regard to the limitation under subsection (b)(5)(B)(5)(I) of this section.

3. Subject to subsubsection 2 of this subparagraph, if the aggregate credit amounts under initial credit certificates issued in a fiscal year total less than the amount appropriated to the Reserve Fund for that fiscal year, any excess amount shall remain in the Reserve Fund and may be issued under initial credit certificates for the next fiscal year.

4. 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 for which the Director may issue initial credit certificates shall be reduced by the amount transferred.
(iv) For each of fiscal years 2009 and 2010 2011, 2012, 2013, and 2014, the Governor shall include in the budget bill an appropriation to the Reserve Fund.

(v) Notwithstanding the provisions of § 7-213 of [this article] the State Finance and Procurement Article, the Governor may not reduce an appropriation to the Reserve Fund in the State budget as approved by the General Assembly.

(vi) The Director may not issue an initial credit certificate for any fiscal year after fiscal year 2010 2014.

(4) (i) Except as provided in this paragraph, money appropriated to the Reserve Fund shall remain in the Fund.

(ii) 1. Within 15 days after the end of each calendar quarter, the Trust shall notify the Comptroller as to each commercial rehabilitation completed and certified during the quarter:
   
   A. the maximum credit amount stated in the initial credit certificate for the project; and
   
   B. the final certified credit amount for the project.

   2. On notification that a project has been certified, the Comptroller shall transfer an amount equal to the maximum credit amount stated in the initial credit certificate for the project from the Reserve Fund to the General Fund.

(iii) 1. On or before October 1 of each year, the Trust shall notify the Comptroller as to the maximum credit amount stated in the initial credit certificate for each commercial rehabilitation for which the initial credit certificate has expired under subsection (c)(3) of this section as of the end of the prior fiscal year.

   2. On notification that the initial credit certificate for a project has expired under subsection (c)(3) of this section, the Comptroller shall transfer an amount equal to the maximum credit amount stated in the initial credit certificate for the project from the Reserve Fund to the General Fund.

(e) (1) (I) In this subsection, “disqualifying work” means work that: THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

   (II) 1. “DISPOSE OF” MEANS TO TRANSFER LEGAL TITLE OR, IN THE CASE OF A LEASEHOLD, THE LEASEHOLD INTEREST.
2. “DISPOSE OF” INCLUDES TO SELL IN A SALE–AND–LEASEBACK TRANSACTION, TO TRANSFER ON THE FORECLOSURE OF A SECURITY INTEREST, OR TO TRANSFER BY GIFT.

3. “DISPOSE OF” DOES NOT INCLUDE TO TRANSFER TITLE OR THE LEASEHOLD INTEREST TO A CREDITOR ON CREATION OF A SECURITY INTEREST.

(III) “DISQUALIFYING WORK” MEANS WORK THAT:

(i) 1. is performed on a certified heritage structure for which a rehabilitation has been certified under this section; and

(ii) 2. if performed as part of the rehabilitation certified under this section, would have made the rehabilitation ineligible for certification.

(2) 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:

(i) any disqualifying work is performed on the certified heritage structure for which the certified rehabilitation has been completed; OR

(ii) FOR A COMMERCIAL REHABILITATION, THE CERTIFIED REHABILITATION IS COMPLETE AND HAS BEEN DISPOSED OF.

(3) (i) 1. If the disqualifying work is performed OR THE CERTIFIED REHABILITATION IS DISPOSED OF 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 OR THE CERTIFIED REHABILITATION IS DISPOSED OF 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 OR THE CERTIFIED REHABILITATION IS DISPOSED OF 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 OR THE CERTIFIED REHABILITATION IS DISPOSED OF 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 OR THE CERTIFIED REHABILITATION IS DISPOSED OF during the fourth full year succeeding the taxable year in which the certified rehabilitation was completed, 20% of the credit shall be recaptured.

(ii) The individual or business entity that claimed the tax 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 OR THE CERTIFIED REHABILITATION IS DISPOSED OF.

(f) (1) The Comptroller may determine, under the process for return examination and audit under §§ 13–301 and 13–302 of the Tax – General Article:

(i) the amount of rehabilitation expenditures used in calculating the credit;

(ii) whether such expenditures are qualified rehabilitation expenditures under this section; and

(iii) whether the credit is allowable as claimed.

(2) The authority of the Comptroller to examine and audit a tax return does not limit the authority of the Director to determine whether a rehabilitation qualifies as a certified rehabilitation or whether a certificate of certified rehabilitation has been properly issued.

(3) The Comptroller may adopt regulations to require that an entity other than a corporation claim the tax credit on the tax return filed by that entity.

(4) (i) Except as otherwise provided in this paragraph, the credit under this section may be claimed for the year a certified rehabilitation is completed, only if the Director has, by the time the return is filed, issued a certificate of completion for the certified rehabilitation.

(ii) A taxpayer claiming the credit may amend a return for the year the certified rehabilitation was completed to account for a certificate issued subsequent to the filing of the original return.

(iii) An amended return shall be filed within the period allowed under the Tax – General Article for filing refund claims.
(iv) The provisions of this paragraph do not extend the period in which a certified rehabilitation must be completed to be eligible for a tax credit under this section.

(v) An amended return may account for an amended certification issued by the Director for a certified rehabilitation.

(g) 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.

(h) (1) On or before December 15 of each fiscal year, the Director shall report to the Governor and, subject to § 2–1246 of the State Government Article, to the General Assembly, on:

   (i) the initial credit certificates awarded for commercial rehabilitations under this section for that fiscal year; and

   (ii) the tax credits awarded for certified rehabilitations completed in the preceding fiscal year; AND

   (III) WHETHER THE TAX CREDITS AWARDED FOR CERTIFIED REHABILITATIONS COMPLETED IN THE PRECEDING FISCAL YEAR WERE LOCATED IN:

   1. A MAIN STREET MARYLAND COMMUNITY;

   2. BEGINNING IN FISCAL 2012, A SUSTAINABLE COMMUNITY;

   3. A LOCAL HISTORIC DISTRICT; OR
4. A NATIONAL REGISTER DISTRICT.

(2) The report required under paragraph (1) of this subsection shall include for each initial credit certificate awarded for the fiscal year for a commercial rehabilitation:

(i) the name of the owner or developer of the commercial rehabilitation;

(ii) the name and address of the proposed or certified rehabilitation and the county where the project is located;

(iii) the dates of receipt and approval by the Director of all applications regarding the project, including applications:

1. for certification that a structure or property will qualify as a certified heritage HISTORIC structure OR A QUALIFIED REHABILITATED STRUCTURE; and

2. for approval of the proposed rehabilitation; and

(iv) the maximum amount of the credit stated in the initial credit certificate for the project and the estimated rehabilitation expenditures stated in the application for approval of the plan of proposed rehabilitation.

(3) The report required under paragraph (1) of this subsection shall include for each certified commercial rehabilitation completed during the preceding fiscal year:

(i) the name of the owner or developer of the commercial rehabilitation;

(ii) the name and address of the certified rehabilitation and the county where the project is located;

(iii) the dates of receipt and approval by the Director of all applications regarding the project; and

(iv) 1. the maximum amount of the credit stated in the initial credit certificate for the project and the estimated rehabilitation expenditures stated in the application for approval of the plan of proposed rehabilitation; and

2. the actual qualified rehabilitation expenditures and the final amount of the credit for which the project qualified.
(4) The report required under paragraph (1) of this subsection shall summarize for each category of certified rehabilitations:

(i) the total number of applicants for:

1. certification that a structure or property will qualify as a certified historic structure or a qualified rehabilitated structure;

2. approval of plans of proposed rehabilitations; or

3. certification of the completed rehabilitations;

(ii) the number of proposed projects for which plans of proposed rehabilitation were approved; and

(iii) the total estimated rehabilitation expenditures stated in approved applications for approval of plans of proposed rehabilitation and the total qualified rehabilitation expenditures for completed rehabilitations certified.

(5) The information required under paragraph (4) 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; and

(ii) commercial rehabilitations.

(i) (1) Subject to the provisions of this subsection, the provisions of this section and the tax credit authorized under this section shall terminate as of July 1, 2014.

(2) On and after July 1, 2014:

(i) the tax credit authorized under this section may be claimed for:

1. a rehabilitation project, other than a commercial rehabilitation, for which an application for approval of a plan of proposed rehabilitation was received by the Director on or before June 30, 2014; or

2. a commercial rehabilitation for which an initial credit certificate has been awarded under subsection (d) of this section; and
(ii) the Director shall continue to report to the Governor and the General Assembly as required under subsection (h) of this section for as long as any rehabilitation project for which the tax credit may be claimed remains incomplete.

(j) The state credit allowed under this section may be allocated among the partners, members, or shareholders of an entity in any manner agreed to by those persons in writing.

SECTION 3. AND BE IT FURTHER ENACTED, That:

(a) Title 5, Subtitle 9 of the State Finance and Procurement Article, as enacted by Section 1 of this Act, shall be applicable to:

(1) Any project for rehabilitation of a single-family, owner-occupied residence for which an application for approval of a plan of proposed rehabilitation is received by the Director of the Maryland Historical Trust on or after July 1, 2010; and

(2) Any commercial rehabilitation project for which an application of a plan of proposed rehabilitation is approved by the Director of the Maryland Historical Trust on or after July 1, 2010.

(b) Former § 5A–303 of the State Finance and Procurement Article, as amended and transferred to the Session Laws by Section 2 of this Act, shall continue to be applicable to:

(1) Any project for rehabilitation of a single-family, owner-occupied residence for which an application for approval of a plan of proposed rehabilitation is received by the Director of the Maryland Historical Trust on or before June 30, 2010; and

(2) Any commercial rehabilitation project for which an application of a plan of proposed rehabilitation is approved by the Director of the Maryland Historical Trust on or before June 30, 2010.

SECTION 4. AND BE IT FURTHER ENACTED, That any unencumbered funds in the Heritage Structure Rehabilitation Tax Credit Reserve Fund established under former § 5A–303 of the State Finance and Procurement Article, as amended and transferred to the Session Laws by Section 2 of this Act, shall revert to the General Fund on June 30, 2014.

SECTION 5. AND BE IT FURTHER ENACTED, That subsection (j) of Section 2 of this Act shall be construed to apply retroactively and shall be applied to and interpreted to affect any commercial rehabilitation project for which an application of a plan of proposed rehabilitation is approved by the Director of the Maryland Historical Trust on or after January 1, 2005.
SECTION 6. AND BE IT FURTHER ENACTED, That any community legacy area and community legacy plan approved by the Community Legacy Board prior to the effective date of this Act January 1, 2008 shall be considered a sustainable community and a sustainable plan for 18 months for 24 months after the effective date of this Act, and any community legacy area approved by the Community Legacy Board on or after January 1, 2008, shall be considered a sustainable community for 36 months after the effective date of this Act.

SECTION 7. AND BE IT FURTHER ENACTED, That within 18 months after the effective date the time periods specified in Section 2 of this Act, a sponsor shall submit an updated application and plan to the Secretary to redesignate any previously approved community legacy area and community legacy plan to a sustainable community and sustainable community plan in accordance with §§ 6–204 and 6–205 of the Housing and Community Development Article for projects to be eligible for financial assistance under §§ 6–205 and 6–207 § 6–206 of the Housing and Community Development Article, as enacted by Section 1 of this Act.

SECTION 8. AND BE IT FURTHER ENACTED, That any designated neighborhood approved by the Secretary of Housing and Community Development prior to the effective date of this Act shall be considered a sustainable community for 18 months after the effective date of this Act.

SECTION 9. AND BE IT FURTHER ENACTED, That within 18 months after the effective date of this Act, a sponsor shall file an application to redesignate any approved designated neighborhood as a sustainable community under §§ 6–204 and 6–205 and 6–206 of the Housing and Community Development Article for projects to be eligible for financial assistance under § 6–306(b) 6–305(b) of the Housing and Community Development Article, as enacted by Section 1 of this Act.

SECTION 6. AND BE IT FURTHER ENACTED, That a sponsor of a proposed sustainable community may use, and is encouraged to use, a current or recently updated community legacy area plan or another revitalization plan as a basis for an application to redesignate any community legacy area as a sustainable community.

SECTION 10. AND BE IT FURTHER ENACTED, That this Act shall take effect October June 1, 2010.

Approved by the Governor, May 20, 2010.