

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 697

(Senator Guzzone)

Budget and Taxation

Income Tax - Community Investment Tax Credit - Verification of Credit
Eligibility

This bill prohibits the Comptroller from requiring a person who claims the community investment tax credit to submit additional information with the person's income tax return that verifies eligibility for the tax credit. The Comptroller is required to verify tax credit eligibility based on existing program reports that the Department of Housing and Community Development (DHCD) submits to the Comptroller and specified State agencies. **The bill takes effect July 1, 2018, and applies to tax year 2018 and beyond.**

Fiscal Summary

State Effect: None. The bill codifies existing practice.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: The purposes of DHCD's Neighborhood and Community Assistance Program are to (1) help nonprofit organizations carry out approved projects in priority funding areas; (2) encourage business entities and individuals to invest in priority funding areas; and (3) strengthen partnerships between public and private entities.

A business entity or individual can claim the community investment tax credit for 50% of the contributions in excess of \$500 made to DHCD-approved projects. The tax credit can be claimed against the personal, corporate, public service franchise, and insurance

premiums taxes. An application for the tax credit must include the name of the approved project to which the business intends to contribute and certification of the value of any nonmonetary contribution. In each fiscal year, a maximum of \$3.5 million in contributions are eligible for a tax credit.

By January 31 of each year, DHCD must report to the State Department of Assessments and Taxation, Maryland Insurance Administration, and Comptroller's Office the contributions that qualified for the tax credit in the previous tax year.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Comptroller's Office; Department of Housing and Community Development; Department of Legislative Services

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