

HOUSE BILL 956

Q3

9lr2354

By: **Delegates Mosby, Walker, Anderson, Conaway, Glenn, Haynes, Ivey, Jalisi, R. Lewis, and Turner**

Introduced and read first time: February 8, 2019

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Lead Remediation Credit**

3 FOR the purpose of allowing an individual or a corporation to claim a credit against the
4 State income tax under certain circumstances for certain costs incurred for an
5 approved lead hazard reduction project with respect to certain property; providing
6 for calculation of the credit; disallowing the credit for costs for which the taxpayer
7 has received a grant or loan under certain State programs; providing for the
8 carryover of unused credit; providing for submission of proposals for lead hazard
9 reduction projects to the Department of Housing and Community Development for
10 approval; limiting the total amount of credits that the Department may approve for
11 any fiscal year; prohibiting certain false statements; providing a certain penalty for
12 certain violations; requiring the Department to adopt certain regulations; defining
13 certain terms; providing for the application of this Act; and generally relating to a
14 credit against the State income tax for certain approved lead hazard reduction
15 projects.

16 BY adding to
17 Article – Tax – General
18 Section 10–749
19 Annotated Code of Maryland
20 (2016 Replacement Volume and 2018 Supplement)

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

23 **Article – Tax – General**

24 **10–749.**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

3 (2) “DEPARTMENT” MEANS THE DEPARTMENT OF HOUSING AND
4 COMMUNITY DEVELOPMENT.

5 (3) “EXTERIOR SURFACES” HAS THE MEANING STATED IN § 6-801 OF
6 THE ENVIRONMENT ARTICLE.

7 (4) “LEAD-FREE WINDOW” MEANS A WINDOW THAT IS LEAD-FREE OR
8 THAT WAS INSTALLED AFTER 1978.

9 (5) “LEAD HAZARD REDUCTION ACTIVITY” HAS THE MEANING
10 STATED IN § 4-701 OF THE HOUSING AND COMMUNITY DEVELOPMENT ARTICLE.

11 (6) “QUALIFYING PROPERTY” MEANS A PROPERTY CONSTRUCTED
12 BEFORE 1978 WITH RESPECT TO WHICH A CREDIT UNDER THIS SECTION HAS NOT
13 PREVIOUSLY BEEN GRANTED AND THAT IS:

14 (I) AN AFFECTED PROPERTY REGISTERED WITH THE
15 DEPARTMENT OF THE ENVIRONMENT UNDER § 6-811 OF THE ENVIRONMENT
16 ARTICLE THAT:

17 1. CONTAINS LEAD-BASED PAINT;

18 2. HAS AT LEAST TWO BEDROOMS; AND

19 3. NOTWITHSTANDING § 6-817 OF THE ENVIRONMENT
20 ARTICLE, AT THE TIME OF APPLICATION AND AT THE TIME OF COMMENCEMENT OF
21 AN APPROVED LEAD HAZARD REDUCTION PROJECT UNDER THIS SECTION, IS IN
22 FULL COMPLIANCE WITH THE REQUIREMENTS OF TITLE 6, SUBTITLE 8 OF THE
23 ENVIRONMENT ARTICLE; OR

24 (II) OWNER-OCCUPIED HOUSING THAT:

25 1. CONTAINS LEAD-BASED PAINT; AND

26 2. HAS AT LEAST TWO BEDROOMS.

27 (B) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, AN INDIVIDUAL OR
28 A CORPORATION MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX IN THE
29 AMOUNT DETERMINED UNDER SUBSECTION (C) OF THIS SECTION FOR AN APPROVED
30 LEAD HAZARD REDUCTION PROJECT FOR QUALIFYING PROPERTY.

1 **(C) SUBJECT TO THE LIMITATIONS UNDER SUBSECTION (D) OF THIS**
2 **SECTION, THE CREDIT ALLOWED UNDER THIS SECTION IS:**

3 **(1) FOR RENTAL PROPERTY, 90% OF THE DIRECT COSTS OF AN**
4 **APPROVED LEAD HAZARD REDUCTION PROJECT INCURRED WITH RESPECT TO A**
5 **RESIDENTIAL RENTAL UNIT; AND**

6 **(2) FOR OWNER–OCCUPIED PROPERTY, 90% OF THE DIRECT COSTS**
7 **OF AN APPROVED LEAD HAZARD REDUCTION PROJECT.**

8 **(D) (1) FOR ANY TAXABLE YEAR, THE TOTAL CREDIT ALLOWED UNDER**
9 **THIS SECTION MAY NOT EXCEED \$5,000 PER UNIT.**

10 **(2) THE TOTAL CREDIT ALLOWED UNDER THIS SECTION FOR AN**
11 **APPROVED LEAD HAZARD REDUCTION PROJECT MAY NOT EXCEED THE MAXIMUM**
12 **CREDIT SPECIFIED BY THE DEPARTMENT IN ITS APPROVAL OF THE LEAD HAZARD**
13 **REDUCTION PROJECT.**

14 **(E) THE CREDIT UNDER THIS SECTION IS ALLOWED FOR THE TAXABLE YEAR**
15 **IN WHICH AN APPROVED LEAD HAZARD REDUCTION PROJECT IS COMPLETED AND**
16 **THE REQUIREMENTS OF SUBSECTION (F) OF THIS SECTION ARE SATISFIED.**

17 **(F) (1) THE CREDIT UNDER THIS SECTION IS ALLOWED ONLY IF:**

18 **(I) ALL LEAD HAZARD REDUCTION ACTIVITIES UNDER AN**
19 **APPROVED LEAD HAZARD REDUCTION PROJECT ARE PERFORMED IN ACCORDANCE**
20 **WITH STANDARDS AND PROCEDURES ESTABLISHED IN REGULATIONS ADOPTED BY**
21 **THE DEPARTMENT OF THE ENVIRONMENT UNDER TITLE 6, SUBTITLES 8 AND 10 OF**
22 **THE ENVIRONMENT ARTICLE; AND**

23 **(II) AT COMPLETION OF THE APPROVED LEAD HAZARD**
24 **REDUCTION PROJECT:**

25 **1. THE FULL RISK REDUCTION STANDARD UNDER §**
26 **6–819(A)(2) OF THE ENVIRONMENT ARTICLE IS SATISFIED;**

27 **2. ALL EXTERIOR ENTRYWAYS FOR THE PROPERTY HAVE**
28 **A WALK–OFF FLOOR MAT;**

29 **3. ALL EXTERIOR SURFACES ARE FREE OF CHIPPING,**
30 **PEELING, OR FLAKING PAINT;**

1 4. ALL WINDOWS, OTHER THAN WINDOWS IN AN
2 UNFINISHED BASEMENT AREA NOT USED FOR COOKING, EATING, LIVING,
3 SANITATION, OR SLEEPING, ARE LEAD-FREE WINDOWS; AND

4 5. THE PROPERTY PASSES THE TEST FOR
5 LEAD-CONTAMINATED DUST UNDER § 6-816 OF THE ENVIRONMENT ARTICLE AND
6 REGULATIONS ADOPTED BY THE DEPARTMENT OF THE ENVIRONMENT.

7 (2) AN INDEPENDENT INSPECTOR WHO IS ACCREDITED BY THE
8 DEPARTMENT OF THE ENVIRONMENT AND IS NOT A RELATED PARTY AS DEFINED IN
9 § 6-801 OF THE ENVIRONMENT ARTICLE SHALL VERIFY THAT THE REQUIREMENTS
10 OF PARAGRAPH (1) OF THIS SUBSECTION HAVE BEEN SATISFIED AND A
11 STATE-ACCREDITED LABORATORY SHALL PROCESS THE LEAD-CONTAMINATED
12 DUST TEST UNDER PARAGRAPH (1)(II)5 OF THIS SUBSECTION.

13 (3) WHEN THE REQUIREMENTS OF THIS SUBSECTION HAVE BEEN
14 SATISFIED, THE INDEPENDENT INSPECTOR HIRED BY THE OWNER SHALL ISSUE A
15 CERTIFICATE INDICATING THAT THE TAXPAYER HAS MET THE REQUIREMENTS FOR
16 THE CREDIT UNDER PARAGRAPH (1) OF THIS SUBSECTION.

17 (4) THE CERTIFICATE ISSUED UNDER PARAGRAPH (3) OF THIS
18 SUBSECTION SHALL BE PROVIDED TO THE COMPTROLLER WITH THE TAXPAYER'S
19 RETURN FOR THE TAXABLE YEAR FOR WHICH THE CREDIT IS CLAIMED.

20 (G) THE CREDIT UNDER THIS SECTION MAY NOT BE ALLOWED FOR ANY
21 COSTS FOR WHICH THE TAXPAYER HAS RECEIVED A GRANT OR LOAN UNDER THE
22 LEAD HAZARD REDUCTION GRANT AND LOAN PROGRAMS ESTABLISHED UNDER
23 TITLE 4, SUBTITLE 7 OF THE HOUSING AND COMMUNITY DEVELOPMENT ARTICLE.

24 (H) IF THE CREDIT ALLOWED UNDER THIS SECTION EXCEEDS THE STATE
25 INCOME TAX FOR THE TAXABLE YEAR, THE TAXPAYER MAY APPLY THE EXCESS AS A
26 CREDIT AGAINST THE STATE INCOME TAX FOR SUCCEEDING TAXABLE YEARS UNTIL
27 THE EARLIER OF:

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

29 (2) THE EXPIRATION OF THE FIFTH TAXABLE YEAR AFTER THE
30 TAXABLE YEAR IN WHICH THE APPROVED LEAD HAZARD REDUCTION PROJECT WAS
31 COMPLETED.

32 (I) (1) FOR EACH FISCAL YEAR, A TAXPAYER MAY SUBMIT TO THE
33 DEPARTMENT FOR APPROVAL A PROPOSAL FOR A LEAD HAZARD REDUCTION
34 PROJECT QUALIFYING FOR THE TAX CREDIT ALLOWED UNDER THIS SECTION.

1 **(2) A PROPOSAL FOR A LEAD HAZARD REDUCTION PROJECT SHALL BE**
2 **SUBMITTED IN WRITING BEFORE COMMENCEMENT OF THE PROJECT AND SHALL**
3 **INCLUDE:**

4 **(I) A DESCRIPTION OF THE PROPERTY OR PROPERTIES THAT**
5 **ARE THE SUBJECT OF THE PROPOSED LEAD HAZARD REDUCTION PROJECT,**
6 **INCLUDING THE CURRENT AND ANTICIPATED USES OF THE PROPERTY;**

7 **(II) A DESCRIPTION OF ANY LEAD HAZARD REDUCTION**
8 **ACTIVITIES OF WHICH THE TAXPAYER IS AWARE THAT HAVE BEEN PERFORMED ON**
9 **THE PROPERTY;**

10 **(III) A DESCRIPTION OF THE LEAD HAZARD REDUCTION**
11 **ACTIVITIES THAT WILL BE PERFORMED ON THE PROPERTY UNDER THE PROJECT;**

12 **(IV) THE ANTICIPATED DIRECT COSTS OF THE PROJECT;**

13 **(V) THE ANTICIPATED DATES FOR COMMENCEMENT AND**
14 **COMPLETION OF THE PROJECT; AND**

15 **(VI) ANY OTHER INFORMATION THAT THE DEPARTMENT**
16 **REQUIRES BY REGULATION.**

17 **(3) IN APPROVING OR DISAPPROVING A LEAD HAZARD REDUCTION**
18 **PROJECT UNDER THIS SECTION AND IN DETERMINING THE MAXIMUM AMOUNT OF**
19 **CREDITS FOR EACH APPROVED PROJECT, THE DEPARTMENT SHALL:**

20 **(I) CONSIDER ANY RELEVANT FACTORS; AND**

21 **(II) APPORTION AMONG THE APPROVED PROJECTS THE LIMIT**
22 **IMPOSED UNDER SUBSECTION (J) OF THIS SECTION ON THE TOTAL TAX CREDITS**
23 **THAT MAY BE APPROVED FOR THE FISCAL YEAR.**

24 **(4) THE DEPARTMENT SHALL APPROVE OR DISAPPROVE AN**
25 **APPLICATION WITHIN 60 DAYS AFTER IT RECEIVES A COMPLETED APPLICATION.**

26 **(5) EACH APPROVAL:**

27 **(I) SHALL BE IN WRITING;**

28 **(II) SHALL SPECIFY THE MAXIMUM TOTAL AMOUNT OF TAX**
29 **CREDITS FOR WHICH THE PROJECT IS ELIGIBLE; AND**

1 (III) SHALL ASSIGN A PREAPPROVED VOUCHER NUMBER FOR
2 THE TAX CREDIT.

3 (6) EACH DISAPPROVAL SHALL STATE IN DETAIL THE REASONS FOR
4 THE DISAPPROVAL.

5 (J) THE SUM OF THE TAX CREDITS FOR ALL LEAD HAZARD REDUCTION
6 PROJECTS APPROVED FOR EACH FISCAL YEAR MAY NOT EXCEED \$500,000.

7 (K) (1) A PERSON MAY NOT KNOWINGLY MAKE OR CAUSE TO BE MADE ANY
8 FALSE STATEMENT OR REPORT IN ANY APPLICATION OR OTHER DOCUMENT
9 REQUIRED TO BE FURNISHED TO THE DEPARTMENT OR THE COMPTROLLER
10 RELATING TO THE TAX CREDIT ALLOWED UNDER THIS SECTION.

11 (2) A PERSON WHO VIOLATES PARAGRAPH (1) OF THIS SUBSECTION
12 IS GUILTY OF A MISDEMEANOR AND ON CONVICTION IS SUBJECT TO A FINE NOT
13 EXCEEDING \$50,000 OR IMPRISONMENT NOT EXCEEDING 2 YEARS OR BOTH.

14 (L) THE DEPARTMENT, IN COOPERATION WITH THE COMPTROLLER AND
15 THE DEPARTMENT OF THE ENVIRONMENT, SHALL ADOPT REGULATIONS TO CARRY
16 OUT THIS SECTION.

17 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
18 1, 2019, and shall be applicable to all taxable years beginning after December 31, 2018.