

## Chapter 211

## (Senate Bill 581)

AN ACT concerning

**Economic, Housing, and Community Development Tax Credits – Opportunity Zone Enhancement Program Incentives**

FOR the purpose of extending certain benefits under the More Jobs for Marylanders Program to businesses that locate or expand in opportunity zones in the State; extending the termination date of the Program; altering the maximum aggregate credit amounts of initial tax credit certificates the Department of Commerce may issue from the More Jobs for Marylanders Tax Credit Reserve Fund in a fiscal year; altering the calculation the Governor shall use in determining the amount to include in the budget for the More Jobs for Marylanders Tax Credit Reserve Fund; altering the information required to be contained in a certain report on the More Jobs for Marylanders Tax Credit; altering the maximum aggregate amount of sales and use tax refunds the Department of Commerce may issue from the More Jobs for Marylanders Sales and Use Tax Refund Reserve Fund in a fiscal year; altering the calculation of the amount of the property tax credit under the Program; establishing the Opportunity Zone Enhancement Program in the Department of Commerce; expanding certain economic development tax credits administered by the Department of Commerce under certain circumstances; requiring the Department of Commerce to administer the tax credit enhancements under the Program; requiring the Department of Commerce to maintain and publish certain information on its website, subject to certain limitations; authorizing a certain additional tax credit under the heritage structure rehabilitation tax credit program for certain commercial rehabilitations that qualify as certain opportunity zone projects; requiring the Director of the Maryland Historical Trust, in consultation with the Smart Growth Subcabinet, to adopt certain regulations specifying certain criteria and procedures; increasing by a certain amount the maximum tax credit allowed for certain rehabilitations under certain circumstances; making a certain tax credit transferable and refundable under certain circumstances; prohibiting the Director from issuing initial tax credit certificates for targeted projects before a certain date and for more than a certain amount; altering the name of the heritage structure rehabilitation tax credit; extending for a certain number of years the termination date of a certain credit; authorizing the Mayor and City Council of Baltimore City or the governing body of a county or municipal corporation to grant a property tax credit on a certain assessment of qualified opportunity zone business property under certain circumstances; authorizing the governing body of a county or municipal corporation to provide, by law, for certain matters relating to the credit; requiring a county or municipal corporation to provide certain reports to the General Assembly on or before certain dates; authorizing the Department of Commerce to provide financial assistance to certain projects in certain opportunity zones in certain counties under certain circumstances; requiring the Department of Housing and Community Development to report to certain committees of the General Assembly

on or before a certain date each year; requiring the Division of Development Finance within the Department of Housing and Community Development to conduct certain outreach; authorizing the Department of Housing and Community Development to provide financial assistance to certain business and revitalization projects in certain opportunity zones in certain counties under certain circumstances; authorizing the availability of certain tax credits in certain opportunity zones in certain counties under certain circumstances; requiring the approval of a municipal corporation or a political subdivision for a certain proposed project affecting an opportunity zone in certain counties under certain circumstances; authorizing certain growth-related projects without the approval of the Board of Public Works under certain circumstances; allowing a credit against the State income tax for certain qualified workforce housing in opportunity zones; providing for allocation of the aggregate available credit amount among qualified workforce housing projects by the Secretary of Housing and Community Development; limiting the aggregate credit amount that may be allocated for any fiscal year; establishing the Qualified Workforce Housing Tax Credit Reserve Fund; authorizing the Governor to include certain appropriations for the fund in the annual budget bill; requiring the Comptroller to transfer certain amounts from the fund to the General Fund of the State under certain circumstances; requiring the Secretary to adopt certain regulations; authorizing the Secretary, in consultation with the Comptroller, to adopt certain regulations providing for the recapture of the tax credit under certain circumstances; allowing unused credits to be claimed in subsequent taxable years under certain circumstances; requiring the Secretary to report to the General Assembly on or before a certain date each year; requiring the Department of Commerce to report to the General Assembly on or before a certain date; requiring the Department of Planning to conduct and report the findings of a certain feasibility study to the Governor and the General Assembly on or before a certain date; providing for the application of this Act; altering and defining certain terms; and generally relating to ~~an opportunity zone zones, enhancement program in the Department of Commerce and the heritage structure rehabilitation tax credit~~ and certain economic, housing, and community development programs.

BY repealing and reenacting, with amendments,

Article – Corporations and Associations

Section 1-203.1(b)

Annotated Code of Maryland

(2014 Replacement Volume and 2018 Supplement)

BY repealing and reenacting, with amendments,

Article – Economic Development

Section 4-704(a), 5-704(a)(1), 5-1303(a)(1), 6-301(f), 6-402(b)(1), 6-801, and 6-803 through 6-805

Annotated Code of Maryland

(2018 Replacement Volume)

BY adding to

Article – Economic Development

Section ~~6–1001 through 6–1009~~ 6–1008 to be under the new subtitle “Subtitle 10.  
Opportunity Zone Enhancement Program”

Annotated Code of Maryland  
(2018 Replacement Volume)

BY repealing and reenacting, with amendments,

Article – State Finance and Procurement

Section ~~5A–303(a) through (e)~~ 5–7B–06, 5A–303, and 7–314(o)

Annotated Code of Maryland  
(2015 Replacement Volume and 2018 Supplement)

BY repealing and reenacting, without amendments,

Article – Tax – General

Section 10–741(a)(1) and 11–411(b) and (d)

Annotated Code of Maryland  
(2016 Replacement Volume and 2018 Supplement)

BY repealing and reenacting, with amendments,

Article – Tax – General

Section 10–741(a)(9) and (10) and (b) through (e) and ~~11–411(d)~~

Annotated Code of Maryland  
(2016 Replacement Volume and 2018 Supplement)

BY adding to

Article – Tax – General

Section 10–749

Annotated Code of Maryland  
(2016 Replacement Volume and 2018 Supplement)

BY repealing and reenacting, without amendments,

Article – Tax – Property

Section 9–110(a)(1) and 9–229(b)

Annotated Code of Maryland  
(2012 Replacement Volume and 2018 Supplement)

BY adding to

Article – Tax – Property

Section 9–110(a)(5) and (7) and 9–263

Annotated Code of Maryland  
(2012 Replacement Volume and 2018 Supplement)

BY repealing and reenacting, with amendments,

Article – Tax – Property

Section 9–110(a)(5) and (6) and (b), 9–229(a) and (f), and 9–230(b)(4)

Annotated Code of Maryland

(2012 Replacement Volume and 2018 Supplement)BY adding toArticle – Housing and Community DevelopmentSection 2–301 to be under the new subtitle “Subtitle 3. Miscellaneous Reporting Requirements”; 4–2501 through 4–2505 to be under the new subtitle “Subtitle 25. Qualified Workforce Housing Tax Credit”; and 4–104Annotated Code of Maryland(2006 Volume and 2018 Supplement)BY repealing and reenacting, with amendments,Article – Housing and Community DevelopmentSection 4–223(a), 4–508(g)(1), 6–201, 6–206(b), 6–301, 6–303(b), 6–304(b), and 6–305(b)Annotated Code of Maryland(2006 Volume and 2018 Supplement)BY repealing and reenacting, without amendments,Article – Housing and Community DevelopmentSection 4–508(a) and 6–305(a)Annotated Code of Maryland(2006 Volume and 2018 Supplement)BY repealing and reenacting, without amendments,Article – State Finance and ProcurementSection 5–7B–01(c)(1)(iii)Annotated Code of Maryland(2015 Replacement Volume and 2018 Supplement)

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

**Article – Corporations and Associations**1–203.1.

(b) A qualified business entity that is a new business entity in a Tier I [county] AREA, as defined under the More Jobs for Marylanders Program established under Title 6, Subtitle 8 of the Economic Development Article, is not subject to the fees enumerated in § 1–203 of this subtitle.

**Article – Economic Development**6–801.

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

(b) “Benefit year” means a taxable year in which a qualified business entity claims a program benefit established under § 6–805 of this subtitle.

(c) (1) “Business entity” means a person conducting or operating a trade or business that is:

(I) primarily engaged in activities that, in accordance with the North American Industrial Classification System (NAICS), United States Manual, United States Office of Management and Budget, 2012 Edition, would be included in Sector 31, 32, or 33; OR

(II) LOCATED IN AN OPPORTUNITY ZONE.

(2) “Business entity” does not include:

(I) a refiner, as defined in § 10–101 of the Business Regulation Article; OR

(II) A PERSON CONDUCTING OR OPERATING A TRADE OR BUSINESS THAT IS:

1. PROVIDING ADULT ENTERTAINMENT, AS DETERMINED BY THE DEPARTMENT;

2. PRIMARILY ENGAGED IN RETAIL ACTIVITIES, UNLESS THE PERSON IS OPERATING A GROCERY STORE LOCATED IN AN OPPORTUNITY ZONE; OR

3. PRIMARILY ENGAGED IN THE SALE OR DISTRIBUTION OF ALCOHOLIC BEVERAGES.

(d) “Eligible project” means a facility operated by a business entity in a Tier I [county] AREA or Tier II [county] AREA.

(e) “Existing business entity” means a business entity that is located in the State at the time it notifies the Department under § 6–803(c) of this subtitle.

**(F) “GROCERY STORE” HAS THE MEANING STATED IN § 9–254 OF THE TAX – PROPERTY ARTICLE.**

[(f)] (G) “New business entity” means a business entity that is not located in the State at the time it notifies the Department under § 6–803(b) of this subtitle.

**(H) “OPPORTUNITY ZONE” MEANS AN AREA THAT HAS BEEN DESIGNATED AS A QUALIFIED OPPORTUNITY ZONE IN THE STATE UNDER § 1400Z-1 OF THE INTERNAL REVENUE CODE.**

**[(g)] (I) “Program” means the More Jobs for Marylanders Program established under this subtitle.**

**[(h)] (J) “Qualified business entity” means a new business entity or an existing business entity operating an eligible project under this subtitle.**

**[(i)] (K) (1) “Qualified position” means a position that:**

**(i) is full-time and of indefinite duration;**

**(ii) 1. EXCEPT AS PROVIDED IN ITEM 2 OF THIS ITEM, FOR A POSITION IN A FACILITY THAT IS LOCATED IN AN OPPORTUNITY ZONE, PAYS AN AVERAGE ANNUAL SALARY THAT EXCEEDS \$50,000; OR**

**2. FOR A POSITION IN A FACILITY ~~THAT IS NOT LOCATED IN AN OPPORTUNITY ZONE~~ OF A BUSINESS ENTITY DESCRIBED UNDER SUBSECTION (C)(1)(I) OF THIS SECTION, pays at least 120% of the State minimum wage;**

**(iii) is located in a facility;**

**(iv) is newly created at a single facility in the State; and**

**(v) is filled.**

**(2) “Qualified position” does not include a position that is:**

**(i) created when an employment function is shifted from an existing facility of a business entity in the State to another facility of the same business entity if the position is not a net new job in the State;**

**(ii) created through a change in ownership of a trade or business;**

**(iii) created through a consolidation, merger, or restructuring of a business entity if the position is not a net new job in the State;**

**(iv) created when an employment function is contractually shifted from an existing business entity to another business entity in the State if the position is not a net new job in the State; or**

**(v) filled for a period of less than 12 months.**

[(j)] (L) “Tier I [county] AREA” means:

- (1) a Tier I county, as defined in § 1–101 of this article; [or]
- (2) a county designated by the Department that is not a county described in item (1) of this subsection, not to exceed three counties; OR
- (3) AN OPPORTUNITY ZONE.

[(k)] (M) “Tier II [county] AREA” means [a county] AN AREA that is not [a county] AN AREA described in subsection [(j)] (L) of this section.

6–803.

(a) A business entity may apply to the Department to enroll an eligible project in the Program if the eligible project:

- (1) is in a Tier I [county] AREA and the business entity intends to create at least five qualified positions at the project location; or
- (2) is in a Tier II [county] AREA and the business entity intends to create at least 10 qualified positions at the project location.

(b) (1) A new business entity may not be certified as a qualified business entity unless the new business entity:

- (i) notifies the Department of its intent to seek designation of an eligible project before establishing its facility in the State; and
- (ii) offers an ongoing job skills enhancement training program or postsecondary education program that is approved by the Department.

(2) The Department may certify a new business entity as a qualified business entity after the new business entity provides the required notice under paragraph (1)(i) of this subsection, applies to the Department under paragraph (3) of this subsection, and establishes and operates an eligible project.

(3) A new business entity shall submit to the Department an application containing at least the following information:

- (i) the anticipated date of the establishment and initial operation of the facility and the nature of its operations;
- (ii) the expected location of the facility;

(iii) the estimated number of qualified positions to be created and qualified employees to be hired and the anticipated payroll of the new qualified employees; and

(iv) any other information the Department requires.

(c) (1) An existing business entity may apply to be certified as a qualified business entity if the existing business entity increases the number of qualified positions as required under subsection (a) of this section for an eligible project in a Tier I AREA or A Tier II [county] AREA.

(2) An existing business entity may not be certified as a qualified business entity unless the business entity:

(i) notifies the Department of its intent to seek designation of an eligible project prior to hiring any employees to fill the qualified positions necessary to meet the requirements of this subtitle; and

(ii) offers an ongoing job skills enhancement training program or postsecondary education program that is approved by the Department.

(3) An existing business entity shall submit an application to the Department containing at least the following information:

(i) the number of full-time employees existing before the expansion and the payroll of the existing employees;

(ii) the estimated number of qualified positions to be created and qualified employees to be hired and the anticipated payroll of the new qualified employees; and

(iii) any other information that the Department requires.

(d) A business entity must begin hiring the employees to fill the qualified positions necessary to meet the requirements of this subtitle within 12 months after it notifies the Department of its intent to seek designation of an eligible project.

6-804.

(a) The Program benefits authorized under this section may be claimed by a qualified business entity for up to 10 consecutive benefit years.

(b) On enrollment in the Program:

(1) a new business entity in a Tier I [county] AREA is eligible for:

(i) a credit against the State income tax, established under § 10-741(b) of the Tax – General Article;

(ii) a credit against the State property tax, established under § 9-110 of the Tax – Property Article;

(iii) a refund of sales and use tax paid during the immediately preceding taxable year, as provided under § 11-411 of the Tax – General Article; and

(iv) a waiver of fees charged by the State Department of Assessments and Taxation, established under § 1-203.1 of the Corporations and Associations Article; and

(2) except as provided in subsection (c) of this section, an existing business entity that operates an eligible project is eligible for a credit against the State income tax, established under § 10-741(b) of the Tax – General Article.

(c) The income tax credit established under § 10-741(b) of the Tax – General Article is not available to an existing business entity if the entity moves its facility to another county in the State on or after June 1, 2017.

(d) If the number of qualified positions at the eligible project decreases to a number less than the number established in the first benefit year, the project shall be removed from the Program and all program benefits terminate.

6-805.

(a) The Department shall provide to a qualified business entity a certificate that:

(1) certifies the eligible project that is enrolled in the Program;

(2) provides the duration of the certification; and

(3) provides any additional information necessary for the Comptroller and Department to administer the Program.

(b) The Department may not provide a qualified business entity a certificate on or after June 1, [2020] ~~2025~~ 2022.

#### **SUBTITLE 10. OPPORTUNITY ZONE ENHANCEMENT PROGRAM.**

**6-1001.**

**(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.**

**(B) “LEVEL 1 OPPORTUNITY ZONE ENHANCEMENT” MEANS AN ENHANCED TAX CREDIT UNDER THE PROGRAM FOR WHICH A QUALIFIED OPPORTUNITY ZONE BUSINESS OR QUALIFIED OPPORTUNITY FUND IS ELIGIBLE IF THE FOLLOWING INFORMATION IS PROVIDED TO THE DEPARTMENT:**

**(1) THE DATE OF THE QUALIFIED OPPORTUNITY FUND’S INVESTMENT IN THE QUALIFIED OPPORTUNITY ZONE BUSINESS AND THE AMOUNT OF THE INVESTMENT;**

**(2) THE TOTAL PROJECT OR BUSINESS INVESTMENT, INCLUDING ANY LEVERAGE;**

**(3) THE ADDRESS AND CENSUS TRACT OF THE QUALIFIED OPPORTUNITY ZONE BUSINESS AND THE QUALIFIED OPPORTUNITY FUND;**

**(4) THE NORTH AMERICAN INDUSTRIAL CLASSIFICATION SYSTEM CODE FOR THE QUALIFIED OPPORTUNITY ZONE BUSINESS;**

**(5) AN IMPACT REPORT, INCLUDING BOTH QUALITATIVE AND QUANTITATIVE DATA ON THE INVESTMENT AND ITS PROGRESS; AND**

**(6) ANY OTHER INFORMATION REQUESTED BY THE DEPARTMENT THAT MEETS THE TRANSPARENCY GOALS OF THE PROGRAM.**

**(C) “LEVEL 2 OPPORTUNITY ZONE ENHANCEMENT” MEANS AN ENHANCED TAX CREDIT UNDER THE PROGRAM FOR WHICH A QUALIFIED OPPORTUNITY ZONE BUSINESS OR QUALIFIED OPPORTUNITY FUND IS ELIGIBLE IF:**

**(1) THE REQUIREMENTS FOR A LEVEL 1 OPPORTUNITY ZONE ENHANCEMENT ARE MET;**

**(2) (I) ACCOUNTABILITY TO RESIDENTS OF THE COMMUNITIES IN THE OPPORTUNITY ZONE IS MAINTAINED THROUGH THEIR REPRESENTATION ON ANY GOVERNING BOARD OR ADVISORY BOARD OF THE QUALIFIED OPPORTUNITY ZONE BUSINESS; OR**

**(II) A COMMUNITY BENEFITS AGREEMENT IS NEGOTIATED AND AGREED TO BY COMMUNITY GROUPS OR STRATEGIC INDUSTRY PARTNERSHIPS, AS DEFINED UNDER § 11-701 OF THE LABOR AND EMPLOYMENT ARTICLE, IN THE OPPORTUNITY ZONE AND THE QUALIFIED OPPORTUNITY FUND THAT SPECIFIES A RANGE OF COMMUNITY BENEFITS THAT THE FUND AGREES TO PROVIDE AS PART OF THE DEVELOPMENT PROJECT, INCLUDING WORKFORCE DEVELOPMENT OR LOCAL HIRING REQUIREMENTS; AND**

(3) (I) FOR A QUALIFIED OPPORTUNITY ZONE BUSINESS ~~LOCATED~~  
~~IN~~ LOCATED ENTIRELY WITHIN AN OPPORTUNITY ZONE IN A MUNICIPAL  
CORPORATION, THE MUNICIPAL CORPORATION, BY RESOLUTION OR BY LETTER,  
DELIVERED TO THE DEPARTMENT BY THE MUNICIPAL CORPORATION'S AUTHORIZED  
DESIGNEE, APPROVES THE PROVISION OF THE ENHANCED TAX CREDITS UNDER THE  
PROGRAM WITHIN THE MUNICIPAL CORPORATION; OR

~~(I)~~ (II) FOR A QUALIFIED OPPORTUNITY ZONE BUSINESS  
~~LOCATED~~ IN AN OPPORTUNITY ZONE THAT IS NOT LOCATED ENTIRELY WITHIN A  
MUNICIPAL CORPORATION, THE COUNTY, BY RESOLUTION OR BY LETTER,  
DELIVERED TO THE DEPARTMENT BY THE COUNTY'S AUTHORIZED DESIGNEE,  
APPROVES THE PROVISION OF THE ENHANCED TAX CREDITS UNDER THE PROGRAM  
WITHIN THE COUNTY.

(D) "OPPORTUNITY ZONE" MEANS AN AREA THAT HAS BEEN DESIGNATED AS  
A QUALIFIED OPPORTUNITY ZONE IN THE STATE UNDER § 1400Z-1 OF THE  
INTERNAL REVENUE CODE.

~~(B)~~ (E) "PROGRAM" MEANS THE OPPORTUNITY ZONE ENHANCEMENT  
PROGRAM IN THE DEPARTMENT ESTABLISHED UNDER § 6-1002 OF THIS SUBTITLE  
THAT ALLOWS ENHANCED TAX CREDITS UNDER:

(1) § 6-304 OF THIS TITLE (JOB CREATION);

(2) § 6-403 OF THIS TITLE (ONE MARYLAND ECONOMIC  
DEVELOPMENT);

(3) § 10-702 OF THE TAX - GENERAL ARTICLE (WAGES PAID IN AN  
ENTERPRISE ZONE);

(4) § 10-725 OF THE TAX - GENERAL ARTICLE (BIOTECHNOLOGY  
INVESTMENT INCENTIVE);

(5) § 10-733 OF THE TAX - GENERAL ARTICLE (CYBERSECURITY  
INVESTMENT INCENTIVE); AND

(6) § 10-741 OF THE TAX - GENERAL ARTICLE (MORE JOBS FOR  
MARYLANDERS); ~~AND~~

~~(7) § 9-103.1 OF THE TAX - PROPERTY ARTICLE (QUALIFIED  
PROPERTY IN A REGIONAL INSTITUTION STRATEGIC ENTERPRISE ZONE).~~

~~(C) “QUALIFIED MARYLAND OPPORTUNITY ZONE” MEANS A GEOGRAPHICAL AREA DESIGNATED AND IN EFFECT AS A QUALIFIED OPPORTUNITY ZONE IN THE STATE UNDER § 1400Z-1 OF THE INTERNAL REVENUE CODE.~~

~~(D) “QUALIFIED MARYLAND OPPORTUNITY ZONE BUSINESS” MEANS A TRADE OR BUSINESS IN WHICH SUBSTANTIALLY ALL OF THE TANGIBLE PROPERTY USED IN THE TRADE OR BUSINESS IS QUALIFIED MARYLAND OPPORTUNITY ZONE BUSINESS PROPERTY.~~

~~(E) “QUALIFIED MARYLAND OPPORTUNITY ZONE BUSINESS PROPERTY” MEANS TANGIBLE PROPERTY USED IN A TRADE OR BUSINESS OF A QUALIFIED OPPORTUNITY FUND IF:~~

~~(1) THE PROPERTY WAS ACQUIRED BY THE QUALIFIED OPPORTUNITY FUND BY PURCHASE, AS DEFINED IN § 179(D)(2) OF THE INTERNAL REVENUE CODE, AFTER DECEMBER 31, 2018;~~

~~(2) (I) THE ORIGINAL USE OF THE PROPERTY IN THE QUALIFIED MARYLAND OPPORTUNITY ZONE COMMENCES WITH THE QUALIFIED OPPORTUNITY FUND; OR~~

~~(H) THE QUALIFIED OPPORTUNITY FUND SUBSTANTIALLY IMPROVES THE PROPERTY; AND~~

~~(3) DURING SUBSTANTIALLY ALL OF THE QUALIFIED OPPORTUNITY FUND’S HOLDING PERIOD OF THE PROPERTY, SUBSTANTIALLY ALL THE USE OF THE PROPERTY WAS IN A QUALIFIED MARYLAND OPPORTUNITY ZONE.~~

~~(F) “QUALIFIED MARYLAND OPPORTUNITY ZONE PROPERTY” MEANS PROPERTY THAT IS QUALIFIED MARYLAND OPPORTUNITY ZONE:~~

~~(1) STOCK;~~

~~(2) PARTNERSHIP INTEREST; OR~~

~~(3) BUSINESS PROPERTY.~~

~~(G) “QUALIFIED OPPORTUNITY FUND” MEANS AN INVESTMENT VEHICLE THAT IS ORGANIZED AS A CORPORATION OR PARTNERSHIP FOR THE PURPOSE OF INVESTING IN QUALIFIED OPPORTUNITY ZONE PROPERTY UNDER § 1400Z-1 OF THE INTERNAL REVENUE CODE, OTHER THAN ANOTHER QUALIFIED OPPORTUNITY ZONE FUND, THAT HOLDS AT LEAST 90% OF ITS ASSETS IN QUALIFIED MARYLAND OPPORTUNITY ZONE PROPERTY, DETERMINED BY THE AVERAGE OF THE~~

~~PERCENTAGE OF QUALIFIED MARYLAND OPPORTUNITY ZONE PROPERTY HELD IN THE FUND AS MEASURED:~~

~~(1) ON THE LAST DAY OF THE FIRST 6 MONTH PERIOD OF THE TAXABLE YEAR OF THE FUND; AND~~

~~(2) ON THE LAST DAY OF THE TAXABLE YEAR OF THE FUND.~~

~~(H) "TIER 1 OPPORTUNITY ZONE ENHANCEMENT" MEANS AN ENHANCED TAX CREDIT UNDER THE PROGRAM FOR WHICH A QUALIFIED MARYLAND OPPORTUNITY ZONE BUSINESS OR QUALIFIED OPPORTUNITY FUND IS ELIGIBLE IF THE FOLLOWING INFORMATION IS PROVIDED TO THE DEPARTMENT:~~

~~(1) THE DATE OF THE QUALIFIED OPPORTUNITY FUND'S INVESTMENT IN THE QUALIFIED MARYLAND OPPORTUNITY ZONE BUSINESS AND THE AMOUNT OF THE INVESTMENT;~~

~~(2) THE TOTAL PROJECT OR BUSINESS INVESTMENT, INCLUDING ANY LEVERAGE;~~

~~(3) THE ADDRESS AND CENSUS TRACT OF THE QUALIFIED MARYLAND OPPORTUNITY ZONE BUSINESS AND THE QUALIFIED OPPORTUNITY FUND;~~

~~(4) THE NORTH AMERICAN INDUSTRIAL CLASSIFICATION SYSTEM CODE FOR THE QUALIFIED MARYLAND OPPORTUNITY ZONE BUSINESS;~~

~~(5) AN IMPACT REPORT, INCLUDING BOTH QUALITATIVE AND QUANTITATIVE DATA ON THE INVESTMENT AND ITS PROGRESS; AND~~

~~(6) ANY OTHER INFORMATION REQUESTED BY THE DEPARTMENT THAT MEETS THE TRANSPARENCY GOALS OF THE PROGRAM.~~

~~(I) "TIER 2 OPPORTUNITY ZONE ENHANCEMENT" MEANS AN ENHANCED TAX CREDIT UNDER THE PROGRAM FOR WHICH A QUALIFIED MARYLAND OPPORTUNITY ZONE BUSINESS OR QUALIFIED OPPORTUNITY FUND IS ELIGIBLE IF:~~

~~(1) THE REQUIREMENTS FOR A TIER 1 OPPORTUNITY ZONE ENHANCEMENT ARE MET; AND~~

~~(2) (i) ACCOUNTABILITY TO RESIDENTS OF THE COMMUNITIES IN THE QUALIFIED MARYLAND OPPORTUNITY ZONE IS MAINTAINED THROUGH THEIR REPRESENTATION ON ANY GOVERNING BOARD OR ADVISORY BOARD OF THE QUALIFIED MARYLAND OPPORTUNITY ZONE BUSINESS; OR~~

~~(H) A COMMUNITY BENEFITS AGREEMENT IS NEGOTIATED AND AGREED TO BY COMMUNITY GROUPS IN THE QUALIFIED MARYLAND OPPORTUNITY ZONE AND THE QUALIFIED OPPORTUNITY FUND THAT SPECIFIES A RANGE OF COMMUNITY BENEFITS THAT THE FUND AGREES TO PROVIDE AS PART OF THE DEVELOPMENT PROJECT, INCLUDING WORKFORCE DEVELOPMENT OR LOCAL HIRING REQUIREMENTS.~~

(F) “QUALIFIED OPPORTUNITY FUND” HAS THE MEANING STATED IN § 1400Z-2 OF THE INTERNAL REVENUE CODE.

(G) “QUALIFIED OPPORTUNITY ZONE BUSINESS” HAS THE MEANING STATED IN § 1400Z-2 OF THE INTERNAL REVENUE CODE.

(H) “QUALIFIED OPPORTUNITY ZONE BUSINESS PROPERTY” HAS THE MEANING STATED IN § 1400Z-2 OF THE INTERNAL REVENUE CODE.

(I) “QUALIFIED OPPORTUNITY ZONE PROPERTY” HAS THE MEANING STATED IN § 1400Z-2 OF THE INTERNAL REVENUE CODE.

6-1002.

(A) THERE IS AN OPPORTUNITY ZONE ENHANCEMENT PROGRAM IN THE DEPARTMENT.

(B) THE DEPARTMENT SHALL ADMINISTER THE TAX CREDIT ENHANCEMENTS OFFERED UNDER THE PROGRAM.

(C) (1) THE DEPARTMENT SHALL PUBLISH ON ITS WEBSITE INFORMATION ABOUT THE PROGRAM AND INFORMATION REPORTED BY A QUALIFIED OPPORTUNITY FUND RECEIVING ENHANCED TAX CREDITS UNDER THE PROGRAM.

(2) THE INFORMATION PUBLISHED ON THE WEBSITE MAY NOT INCLUDE ANY PROPRIETARY OR CONFIDENTIAL INFORMATION.

(D) THE DEPARTMENT, IN CONSULTATION WITH THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT, SHALL ADOPT REGULATIONS TO CARRY OUT THIS SUBTITLE, INCLUDING CRITERIA AND PROCEDURES FOR DETERMINING ELIGIBILITY FOR A ~~TIER~~ LEVEL 1 OR ~~TIER~~ LEVEL 2 OPPORTUNITY ZONE ENHANCEMENT.

6-1003.

(A) IN THIS SECTION, “REVITALIZATION AREA” HAS THE MEANING STATED IN § 6-301 OF THIS TITLE.

(B) FOR A QUALIFIED ~~MARYLAND~~ OPPORTUNITY ZONE BUSINESS THAT QUALIFIES FOR A JOB CREATION TAX CREDIT UNDER § 6-304 OF THIS TITLE:

(1) THE ~~TIER~~ LEVEL 1 OPPORTUNITY ZONE ENHANCEMENT IS EQUAL TO:

(I) ~~\$3,150~~ \$3,075 MULTIPLIED BY THE NUMBER OF QUALIFIED EMPLOYEES WORKING IN A FACILITY NOT LOCATED IN A REVITALIZATION AREA; AND

(II) ~~\$5,250~~ \$5,125 MULTIPLIED BY THE NUMBER OF QUALIFIED EMPLOYEES WORKING IN A FACILITY LOCATED IN A REVITALIZATION AREA; AND

(2) THE ~~TIER~~ LEVEL 2 OPPORTUNITY ZONE ENHANCEMENT IS EQUAL TO:

(I) \$3,300 MULTIPLIED BY THE NUMBER OF QUALIFIED EMPLOYEES WORKING IN A FACILITY NOT LOCATED IN A REVITALIZATION AREA; AND

(II) \$5,500 MULTIPLIED BY THE NUMBER OF QUALIFIED EMPLOYEES WORKING IN A FACILITY LOCATED IN A REVITALIZATION AREA.

(C) THE ENHANCED MULTIPLIER AUTHORIZED UNDER SUBSECTION (B) OF THIS SECTION IS IN SUBSTITUTION FOR AND NOT IN ADDITION TO THE MULTIPLIER UNDER § 6-304(B)(1) OF THIS TITLE.

6-1004.

(A) IN THIS SECTION, “ELIGIBLE ECONOMIC DEVELOPMENT PROJECT”, “ELIGIBLE PROJECT COST”, “PROJECT TAX CREDIT”, AND “QUALIFIED POSITION” HAVE THE MEANINGS STATED IN § 6-401 OF THIS TITLE.

(B) FOR A QUALIFIED ~~MARYLAND~~ OPPORTUNITY ZONE BUSINESS THAT QUALIFIES FOR THE ONE MARYLAND PROJECT TAX CREDIT UNDER § 6-403 OF THIS TITLE AND CREATES AT LEAST 50 QUALIFIED POSITIONS:

(1) THE ~~TIER~~ LEVEL 1 OPPORTUNITY ZONE ENHANCEMENT INCREASES THE MAXIMUM CREDIT ALLOWED UNDER § 6-403(B)(1)(II)1 OF THIS TITLE TO THE LESSER OF ~~\$5,250,000~~ \$5,125,000 OR THE TOTAL ELIGIBLE PROJECT COST FOR THE ELIGIBLE ECONOMIC DEVELOPMENT PROJECT, LESS THE AMOUNT OF THE CREDIT PREVIOUSLY TAKEN FOR THE PROJECT IN PRIOR TAXABLE YEARS; AND

(2) THE ~~THIR~~ LEVEL 2 OPPORTUNITY ZONE ENHANCEMENT INCREASES THE MAXIMUM CREDIT ALLOWED UNDER § 6-403(B)(1)(II)1 OF THIS TITLE TO THE LESSER OF \$5,500,000 OR THE TOTAL ELIGIBLE PROJECT COST FOR THE ELIGIBLE ECONOMIC DEVELOPMENT PROJECT, LESS THE AMOUNT OF THE CREDIT PREVIOUSLY TAKEN FOR THE PROJECT IN PRIOR TAXABLE YEARS.

**6-1005.**

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

(2) “ECONOMICALLY DISADVANTAGED INDIVIDUAL”, “FOCUS AREA EMPLOYEE”, AND “QUALIFIED EMPLOYEE” HAVE THE MEANINGS STATED IN § 10-702 OF THE TAX – GENERAL ARTICLE.

(3) “ENTERPRISE ZONE” AND “FOCUS AREA” HAVE THE MEANINGS STATED IN § 5-701 OF THIS ARTICLE.

(B) FOR A QUALIFIED ~~MARYLAND~~ OPPORTUNITY ZONE BUSINESS THAT QUALIFIES FOR AN INCOME TAX CREDIT FOR WAGES PAID IN AN ENTERPRISE ZONE UNDER § 10-702(C) AND (D) OF THE TAX – GENERAL ARTICLE:

(1) THE ~~THIR~~ LEVEL 1 OPPORTUNITY ZONE ENHANCEMENT IS:

(I) UP TO ~~\$1,100~~ \$1,025 OF THE WAGES PAID TO EACH QUALIFIED EMPLOYEE; AND

(II) FOR WAGES PAID TO EACH QUALIFIED EMPLOYEE WHO IS AN ECONOMICALLY DISADVANTAGED INDIVIDUAL, THE CREDIT ALLOWED UNDER § 10-702(C) AND (D) IS INCREASED BY ~~10%~~ 7.5% IN EACH OF THE 3 TAXABLE YEARS IN WHICH THE CREDIT IS CLAIMED; AND

(2) THE ~~THIR~~ LEVEL 2 OPPORTUNITY ZONE ENHANCEMENT IS:

(I) UP TO \$1,200 OF THE WAGES PAID TO EACH QUALIFIED EMPLOYEE; AND

(II) FOR WAGES PAID TO EACH QUALIFIED EMPLOYEE WHO IS AN ECONOMICALLY DISADVANTAGED INDIVIDUAL, THE CREDIT ALLOWED UNDER § 10-702(E) OF THE TAX – GENERAL ARTICLE IS INCREASED BY 10% IN EACH OF THE 3 TAXABLE YEARS IN WHICH THE CREDIT IS CLAIMED.

(C) FOR A QUALIFIED ~~MARYLAND~~ OPPORTUNITY ZONE BUSINESS THAT QUALIFIES FOR AN INCOME TAX CREDIT FOR WAGES PAID IN A FOCUS AREA UNDER § 10-702(E) OF THE TAX – GENERAL ARTICLE:

(1) THE ~~TIER~~ LEVEL 1 OPPORTUNITY ZONE ENHANCEMENT IS:

(I) UP TO ~~\$1,650~~ \$1,540 OF THE WAGES PAID TO EACH FOCUS AREA EMPLOYEE; AND

(II) FOR WAGES PAID TO EACH FOCUS AREA EMPLOYEE WHO IS AN ECONOMICALLY DISADVANTAGED INDIVIDUAL, THE CREDIT ALLOWED UNDER § 10-702(E) OF THE TAX – GENERAL ARTICLE IS INCREASED BY ~~10%~~ 7.5% IN EACH OF THE 3 TAXABLE YEARS IN WHICH THE CREDIT IS CLAIMED; AND

(2) THE ~~TIER~~ LEVEL 2 OPPORTUNITY ZONE ENHANCEMENT IS:

(I) UP TO \$1,750 OF THE WAGES PAID TO EACH FOCUS AREA EMPLOYEE; AND

(II) FOR WAGES PAID TO EACH FOCUS AREA EMPLOYEE WHO IS AN ECONOMICALLY DISADVANTAGED INDIVIDUAL, THE CREDIT ALLOWED UNDER § 10-702(E) OF THE TAX – GENERAL ARTICLE IS INCREASED BY 10% IN EACH OF THE 3 TAXABLE YEARS IN WHICH THE CREDIT IS CLAIMED.

(D) THE ENHANCED MULTIPLIERS AUTHORIZED UNDER SUBSECTIONS (B)(1)(I) AND (2)(I) AND (C)(1)(I) AND (2)(I) OF THIS SECTION ARE IN SUBSTITUTION FOR AND NOT IN ADDITION TO THE MULTIPLIERS UNDER § 10-702(E) OF THE TAX – GENERAL ARTICLE.

6-1006.

(A) IN THIS SECTION, “INVESTMENT”, “QUALIFIED INVESTOR”, AND “QUALIFIED MARYLAND BIOTECHNOLOGY COMPANY” HAVE THE MEANINGS STATED IN § 10-725 OF THE TAX – GENERAL ARTICLE.

(B) FOR A QUALIFIED OPPORTUNITY FUND THAT IS A QUALIFIED INVESTOR IN A QUALIFIED MARYLAND BIOTECHNOLOGY COMPANY UNDER § 10-725 OF THE TAX – GENERAL ARTICLE, IF THE QUALIFIED MARYLAND BIOTECHNOLOGY COMPANY IS LOCATED IN AN OPPORTUNITY ZONE:

(1) THE ~~TIER~~ LEVEL 1 OPPORTUNITY ZONE ENHANCEMENT IS ~~75%~~ 65% OF THE INVESTMENT IN A QUALIFIED MARYLAND BIOTECHNOLOGY COMPANY IN ANY COUNTY, NOT TO EXCEED ~~\$600,000~~ \$575,000; AND

(2) THE ~~TIER~~ TIER LEVEL 2 OPPORTUNITY ZONE ENHANCEMENT IS 75% OF THE INVESTMENT IN THE QUALIFIED MARYLAND BIOTECHNOLOGY COMPANY IN ANY COUNTY, NOT TO EXCEED \$750,000.

(C) THE ENHANCED TAX CREDIT PERCENTAGES AND MAXIMUMS AUTHORIZED UNDER SUBSECTION (B) OF THIS SECTION ARE IN SUBSTITUTION FOR AND NOT IN ADDITION TO THE PERCENTAGES AND MAXIMUMS UNDER § 10-725(D) OF THE TAX – GENERAL ARTICLE.

**6-1007.**

(A) IN THIS SECTION, “INVESTMENT”, “QUALIFIED INVESTOR”, AND “QUALIFIED MARYLAND CYBERSECURITY COMPANY” HAVE THE MEANINGS STATED IN § 10-733 OF THE TAX – GENERAL ARTICLE.

(B) FOR A QUALIFIED OPPORTUNITY FUND THAT IS A QUALIFIED INVESTOR IN A QUALIFIED MARYLAND CYBERSECURITY COMPANY UNDER § 10-733 OF THE TAX – GENERAL ARTICLE, IF THE QUALIFIED MARYLAND CYBERSECURITY COMPANY IS LOCATED IN AN OPPORTUNITY ZONE IN A COUNTY OTHER THAN ALLEGANY COUNTY, DORCHESTER COUNTY, GARRETT COUNTY, OR SOMERSET COUNTY:

(1) THE ~~TIER~~ TIER LEVEL 1 OPPORTUNITY ZONE ENHANCEMENT IS 33% OF THE INVESTMENT IN A QUALIFIED MARYLAND CYBERSECURITY COMPANY, NOT TO EXCEED \$300,000; AND

(2) THE ~~TIER~~ TIER LEVEL 2 OPPORTUNITY ZONE ENHANCEMENT IS 50% OF THE INVESTMENT IN THE QUALIFIED MARYLAND CYBERSECURITY COMPANY, NOT TO EXCEED \$500,000.

(C) THE ENHANCED TAX CREDIT PERCENTAGES AND MAXIMUMS AUTHORIZED UNDER SUBSECTION (B) OF THIS SECTION ARE IN SUBSTITUTION FOR AND NOT IN ADDITION TO THE PERCENTAGES AND MAXIMUMS UNDER § 10-733(D) OF THE TAX – GENERAL ARTICLE.

**6-1008.**

(A) IN THIS SECTION, “ELIGIBLE PROJECT” AND “QUALIFIED POSITION” HAVE THE MEANINGS STATED IN § 6-801 OF THIS ARTICLE.

(B) FOR A QUALIFIED ~~MARYLAND~~ OPPORTUNITY ZONE BUSINESS THAT QUALIFIES FOR A MORE JOBS FOR MARYLANDERS PROGRAM TAX CREDIT UNDER § 10-741(B) OF THE TAX – GENERAL ARTICLE:

(1) ~~THE TIER LEVEL 1~~ OPPORTUNITY ZONE ENHANCEMENT IS EQUAL TO 6% OF THE TOTAL AMOUNT OF WAGES PAID FOR EACH QUALIFIED POSITION AT AN ELIGIBLE PROJECT; AND

(2) ~~THE TIER LEVEL 2~~ OPPORTUNITY ZONE ENHANCEMENT IS EQUAL TO 6.25% OF THE TOTAL AMOUNT OF WAGES PAID FOR EACH QUALIFIED POSITION AT AN ELIGIBLE PROJECT.

(C) THE ENHANCED TAX CREDIT PERCENTAGES AUTHORIZED UNDER SUBSECTION (B) OF THIS SECTION ARE IN SUBSTITUTION FOR AND NOT IN ADDITION TO THE STATE EMPLOYER WITHHOLDING AMOUNT UNDER § 10-741(B) OF THE TAX – GENERAL ARTICLE.

Article – State Finance and Procurement

5A-303.

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

(2) “Affordable housing” means a project or undertaking that has received an allocation of federal low-income housing tax credits by the Department of Housing and Community Development.

**(3) “AGRICULTURAL STRUCTURE” MEANS A CERTIFIED HISTORIC STRUCTURE THAT IS USED OR WAS USED AS AN AGRICULTURAL FACILITY OR FOR PURPOSES RELATED TO AGRICULTURE.**

~~(3)~~ **(4)** “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.

~~(4)~~ **(5)** “Certified heritage area” has the meaning stated in § 13-1101 of the Financial Institutions Article.

~~(5)~~ **(6)** (i) “Certified 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 historic structure” does not include a structure that is owned by the State, a political subdivision of the State, or the federal government.

~~(6)~~ **(7)** “Certified rehabilitation” means a completed rehabilitation of 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.

~~(7)~~ **(8)** (i) “Commercial rehabilitation” means a rehabilitation of a structure other than a single-family, owner-occupied residence.

(ii) “Commercial rehabilitation” does not include a small commercial project.

~~(8)~~ **(9)** “Director” means the Director of the Maryland Historical Trust.

~~(9)~~ **(10)** “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.

~~(10)~~ **(11)** “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.

~~(11)~~ **(12)** (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.

**(13) “LEVEL 1 OPPORTUNITY ZONE PROJECT” MEANS A SMALL COMMERCIAL PROJECT OR COMMERCIAL REHABILITATION COMPLETED BY A QUALIFIED OPPORTUNITY ZONE BUSINESS IF THE FOLLOWING INFORMATION IS PROVIDED TO THE DIRECTOR:**

**(I) THE DATE OF THE QUALIFIED OPPORTUNITY FUND’S INVESTMENT IN THE OPPORTUNITY ZONE PROJECT AND THE AMOUNT OF THE INVESTMENT;**

**(II) THE TOTAL PROJECT OR BUSINESS INVESTMENT, INCLUDING ANY LEVERAGE;**

**(III) THE ADDRESS AND CENSUS TRACT OF THE QUALIFIED OPPORTUNITY ZONE BUSINESS AND THE QUALIFIED OPPORTUNITY FUND;**

**(IV) THE NORTH AMERICAN INDUSTRIAL CLASSIFICATION SYSTEM CODE FOR THE QUALIFIED OPPORTUNITY ZONE BUSINESS;**

**(V) AN IMPACT REPORT, INCLUDING BOTH QUALITATIVE AND QUANTITATIVE DATA ON THE QUALIFIED OPPORTUNITY FUND’S INVESTMENT IN THE OPPORTUNITY ZONE PROJECT AND ITS PROGRESS; AND**

**(VI) ANY OTHER INFORMATION REQUESTED BY THE DIRECTOR.**

**(14) “LEVEL 2 OPPORTUNITY ZONE PROJECT” MEANS A SMALL COMMERCIAL PROJECT OR COMMERCIAL REHABILITATION COMPLETED BY A QUALIFIED OPPORTUNITY ZONE BUSINESS IF:**

**(I) THE REQUIREMENTS FOR A LEVEL 1 OPPORTUNITY ZONE PROJECT ARE MET;**

**(II) 1. ACCOUNTABILITY TO RESIDENTS OF THE COMMUNITIES IN THE QUALIFIED OPPORTUNITY ZONE IS MAINTAINED THROUGH THEIR REPRESENTATION ON ANY GOVERNING BOARD OR ANY ADVISORY BOARD OF THE QUALIFIED OPPORTUNITY ZONE BUSINESS; OR**

**2. A COMMUNITY BENEFITS AGREEMENT IS NEGOTIATED AND AGREED TO BY COMMUNITY GROUPS OR STRATEGIC INDUSTRY PARTNERSHIPS, AS DEFINED UNDER § 11-701 OF THE LABOR AND EMPLOYMENT ARTICLE, IN THE OPPORTUNITY ZONE AND THE QUALIFIED OPPORTUNITY ZONE BUSINESS THAT SPECIFIES A RANGE OF COMMUNITY BENEFITS THAT THE BUSINESS AGREES TO PROVIDE AS PART OF THE DEVELOPMENT PROJECT; AND**

**(III) 1. FOR AN OPPORTUNITY ZONE PROJECT LOCATED ~~IN~~ ENTIRELY WITHIN A MUNICIPAL CORPORATION, THE MUNICIPAL CORPORATION, BY RESOLUTION OR BY LETTER, DELIVERED TO THE DIRECTOR BY THE MUNICIPAL CORPORATION'S AUTHORIZED DESIGNEE, APPROVES THE PROVISION WITHIN THE MUNICIPAL CORPORATION OF THE ENHANCED TAX CREDITS UNDER THIS SECTION; OR**

**2. FOR AN OPPORTUNITY ZONE PROJECT THAT IS NOT LOCATED ~~IN~~ ENTIRELY WITHIN A MUNICIPAL CORPORATION, THE COUNTY, BY RESOLUTION OR BY LETTER, DELIVERED TO THE DIRECTOR BY THE COUNTY'S AUTHORIZED DESIGNEE, APPROVES THE PROVISION WITHIN THE COUNTY OF THE ENHANCED TAX CREDITS UNDER THIS SECTION.**

~~(12)~~ **(15)** “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.

~~(13)~~ **(16)** “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.

**(17) “OPPORTUNITY ZONE PROJECT” MEANS A CERTIFIED REHABILITATION WITHIN A GEOGRAPHICAL AREA DESIGNATED AND IN EFFECT AS A QUALIFIED OPPORTUNITY ZONE IN THE STATE UNDER § 1400Z-1 OF THE INTERNAL REVENUE CODE.**

~~(14)~~ **(18)** “Political subdivision” means a county or municipal corporation of the State.

**(19) “POST-WORLD WAR II STRUCTURE” MEANS A CERTIFIED HISTORIC STRUCTURE THAT WAS BUILT AFTER DECEMBER 31, 1944, BUT BEFORE JANUARY 1, 1970.**

**(20) “QUALIFIED OPPORTUNITY FUND” HAS THE MEANING STATED IN § 6-1001 OF THE ECONOMIC DEVELOPMENT ARTICLE.**

~~(15)~~ **(21) “QUALIFIED MARYLAND OPPORTUNITY ZONE” HAS THE MEANING STATED IN § 6-1001 OF THE ECONOMIC DEVELOPMENT ARTICLE.**

~~(16)~~ **(22) “QUALIFIED MARYLAND OPPORTUNITY ZONE BUSINESS” HAS THE MEANING STATED IN § 6-1001 OF THE ECONOMIC DEVELOPMENT ARTICLE.**

~~(17) “QUALIFIED OPPORTUNITY FUND” HAS THE MEANING STATED IN § 6-1001 OF THE ECONOMIC DEVELOPMENT ARTICLE.~~

~~(15)~~ **(18) (23)** “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 historic 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.

[(16)] ~~(19)~~ (24) (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:

1. 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; or
2. a small commercial project.

[(17)] ~~(20)~~ (25) (i) “Small commercial project” means a rehabilitation of a structure ~~primarily used for commercial, income-producing purposes if the qualified rehabilitation expenditures do not exceed \$500,000.~~

~~(ii) “Small commercial project” includes a structure that is used for both commercial and residential rental purposes.~~

~~(iii) “Small commercial project” does not include a structure that is used solely for residential purposes IF:~~

**(I) THE QUALIFIED REHABILITATION EXPENDITURES DO NOT EXCEED ~~\$50,000~~ \$500,000; AND**

**(II) 1. THE STRUCTURE IS PRIMARILY USED FOR COMMERCIAL, INCOME-PRODUCING PURPOSES;**

**2. THE STRUCTURE:**

**A. IS A RESIDENTIAL UNIT IN A CONSECUTIVE SERIES OF SIMILAR RESIDENTIAL UNITS THAT ARE ARRANGED IN A ROW, SIDE BY SIDE; AND**

**B. IS SOLD AS PART OF A DEVELOPMENT PROJECT FOR EXCLUSIVE OCCUPANCY TO, AND OCCUPIED BY, THE RESIDENT; OR**

**3. THE STRUCTURE IS A TARGETED PROJECT.**

[(18)] ~~(21)~~ (26) “Smart Growth Subcabinet” means the Smart Growth Subcabinet established under Title 9, Subtitle 14 of the State Government Article.

[(19)] ~~(22)~~ (27) “State unit” has the meaning stated in § 11-101 of the State Government Article.

[(20)] ~~(23)~~ (28) “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;
- or
- (ii) for all other property, the greater of:
    1. the adjusted basis of the structure; or
    2. \$25,000.

**(29) “TARGETED PROJECT” MEANS A REHABILITATION OF:**

**(I) AN AGRICULTURAL STRUCTURE; OR**

**(II) A POST-WORLD WAR II STRUCTURE.**

~~(24) “TIER 1 OPPORTUNITY ZONE PROJECT” MEANS A SMALL COMMERCIAL PROJECT OR COMMERCIAL REHABILITATION COMPLETED BY A QUALIFIED MARYLAND OPPORTUNITY ZONE BUSINESS IF THE FOLLOWING INFORMATION IS PROVIDED TO THE DIRECTOR:~~

~~(I) THE DATE OF THE QUALIFIED OPPORTUNITY FUND’S INVESTMENT IN THE OPPORTUNITY ZONE PROJECT AND THE AMOUNT OF THE INVESTMENT;~~

~~(II) THE TOTAL PROJECT OR BUSINESS INVESTMENT, INCLUDING ANY LEVERAGE;~~

~~(III) THE ADDRESS AND CENSUS TRACT OF THE QUALIFIED MARYLAND OPPORTUNITY ZONE BUSINESS AND THE QUALIFIED OPPORTUNITY FUND;~~

~~(IV) THE NORTH AMERICAN INDUSTRIAL CLASSIFICATION SYSTEM CODE FOR THE QUALIFIED MARYLAND OPPORTUNITY ZONE BUSINESS;~~

~~(V) AN IMPACT REPORT, INCLUDING BOTH QUALITATIVE AND QUANTITATIVE DATA ON THE QUALIFIED OPPORTUNITY FUND’S INVESTMENT IN THE OPPORTUNITY ZONE PROJECT AND ITS PROGRESS; AND~~

~~(VI) ANY OTHER INFORMATION REQUESTED BY THE DIRECTOR.~~

~~(25) "TIER 2 OPPORTUNITY ZONE PROJECT" MEANS A SMALL COMMERCIAL PROJECT OR COMMERCIAL REHABILITATION COMPLETED BY A QUALIFIED MARYLAND OPPORTUNITY ZONE BUSINESS IF:~~

~~(i) THE REQUIREMENTS FOR A TIER 1 OPPORTUNITY ZONE PROJECT ARE MET; AND~~

~~(ii) 1. ACCOUNTABILITY TO RESIDENTS OF THE COMMUNITIES IN THE QUALIFIED MARYLAND OPPORTUNITY ZONE IS MAINTAINED THROUGH THEIR REPRESENTATION ON ANY GOVERNING BOARD OR ANY ADVISORY BOARD OF THE QUALIFIED MARYLAND OPPORTUNITY ZONE BUSINESS; OR~~

~~2. A COMMUNITY BENEFITS AGREEMENT IS NEGOTIATED AND AGREED TO BY COMMUNITY GROUPS IN THE QUALIFIED MARYLAND OPPORTUNITY ZONE AND THE QUALIFIED MARYLAND OPPORTUNITY ZONE BUSINESS THAT SPECIFIES A RANGE OF COMMUNITY BENEFITS THAT THE BUSINESS AGREES TO PROVIDE AS PART OF THE DEVELOPMENT PROJECT.~~

(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 ~~heritage structure rehabilitation~~ HISTORIC REVITALIZATION 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 conform with the rehabilitation standards of the United States Secretary of the Interior;

(iv) for commercial rehabilitations, establish a competitive award process for the award of initial credit certificates for ~~heritage structure rehabilitation~~ HISTORIC REVITALIZATION tax credits that favors the award of tax credits for rehabilitation projects that:

1. are consistent with and promote current growth and development policies and programs of the State;

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

3. 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 this 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; and

4. include affordable and workforce housing options;

(v) for commercial rehabilitations, establish procedures to announce to the public the selection of a rehabilitation project for an award of an initial credit certificate not later than 60 days after the selection is made;

(vi) for commercial rehabilitations, determine whether the certified rehabilitation:

1. is a high performance building; or

2. qualifies as affordable housing **OR A ~~TIER~~ TIER LEVEL 1 OR TIER LEVEL 2 OPPORTUNITY ZONE PROJECT**;

(vii) for commercial rehabilitations, establish a required external marker or, at a minimum, an internal marker for the rehabilitation project that identifies that the rehabilitation was funded by ~~heritage structure rehabilitation~~ **HISTORIC REVITALIZATION** tax credits;

(viii) as provided in paragraph (7) of this subsection, charge reasonable fees to certify historic structures and rehabilitations under this subtitle;

(ix) for commercial rehabilitations, require documentation that the applicant has ownership or site control of the structure in order to demonstrate the ability to meet the requirement to begin work as required under subsection (c)(3)(i)1 of this section;

(x) for commercial rehabilitations, provide a time limit for approval of the additional tax credit for high performance buildings [or], affordable housing, **OR ~~TIER~~ TIER LEVEL 1 OR TIER LEVEL 2 OPPORTUNITY ZONE PROJECTS** provided for in subsection (c)(1)(ii) of this section; [and]

~~**(XI) FOR COMMERCIAL REHABILITATIONS, ESTABLISH PROCEDURES FOR THE TRANSFER OF THE TAX CREDIT UNDER SUBSECTION (C)(6) OF THIS SECTION;**~~

~~(xi)~~ ~~**(XII)**~~ **(XI)** for small commercial projects:

1. establish conditions regarding the percentage of the structure that may be used for residential rental purposes if the structure is used for both commercial and residential rental purposes; ~~and~~

**2. SPECIFY CRITERIA FOR DETERMINING WHETHER A CERTIFIED HISTORIC STRUCTURE IS:**

**A. AN AGRICULTURAL STRUCTURE; OR**

**B. A POST-WORLD WAR II STRUCTURE; AND**

~~2.~~ **3.** specify criteria and procedures for the issuance of initial credit certificates under subsection (e) of this section; **AND**

~~(XII)~~ ~~(XIII)~~ **(XII)** SPECIFY CRITERIA AND PROCEDURES FOR APPROVAL OF ENHANCED BENEFITS UNDER THIS SECTION FOR ~~THE~~ **LEVEL 1** AND ~~THE~~ **LEVEL 2** OPPORTUNITY ZONE PROJECTS.

(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) (i) Except as provided in subsection (e) of this section, a small commercial project shall be treated as a single-family, owner-occupied residential property, including the limitation on the amount of the tax credit provided in subsection (c)(2)(ii) of this section.

(ii) A small commercial project is subject to the credit recapture provision in subsection (f) of this section.

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

1. any substantial part of the proposed rehabilitation work has begun; or

2. 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.

(ii) For commercial rehabilitations, the Director may accept an application for approval of plans of a proposed rehabilitation for which a substantial part of the proposed rehabilitation work has begun if the rehabilitation work has been approved under the federal historic tax credit.

(6) Except as provided in subsection (d)(3)(iii) of this section, not more than 60% 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.

(7) (i) The Director shall adopt regulations to charge reasonable fees to certify historic structures and rehabilitations under this section which shall include:

1. a minimum fee for the second phase of the application process;

2. for a commercial rehabilitation project, a final fee that may not exceed 3% of the amount of the award of an initial credit certificate; and

3. for any other rehabilitation project, a final fee that may not exceed 3% of the amount of the credit for which the rehabilitation would be eligible based on the greater of the estimated or final qualified rehabilitation expenditures for the rehabilitation.

(ii) The Director shall set the level of the fees so that the projected proceeds from the fees will cover the costs to the Trust of administering the credit under this section and the federal historic tax credit.

(iii) If a fee charged for a commercial rehabilitation is not received by the Trust within 90 days after the Trust sends notice to the applicant that the fee is due, the Trust may not:

1. issue an initial credit certificate for the commercial rehabilitation; or

2. accept an application for a commercial rehabilitation from the applicant during the 3 fiscal years following the fiscal year in which the fee was not received.

(iv) The proceeds from the fees 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.

(v) 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.

(8) If an initial credit certificate expires or is otherwise unclaimed as provided for under this section, the amount of the credit certificate shall:

(i) remain in the Reserve Fund established under subsection (d) of this section; and

(ii) increase the amount of the initial credit certificates that the Trust may issue for the following fiscal year.

(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) For a commercial rehabilitation, an individual or business entity may claim an additional tax credit in an amount equal to 5% of the individual's or business entity's qualified rehabilitation expenditures if the certified rehabilitation is a certified historic structure and:

1. is a high performance building; or

2. qualifies as affordable housing **OR A ~~TIER~~ TIER LEVEL 1 OPPORTUNITY ZONE PROJECT**.

**(III) FOR A COMMERCIAL REHABILITATION, A BUSINESS ENTITY MAY CLAIM AN ADDITIONAL TAX CREDIT IN AN AMOUNT EQUAL TO 7.5% OF THE BUSINESS ENTITY'S QUALIFIED REHABILITATION EXPENDITURES IF THE CERTIFIED REHABILITATION IS A CERTIFIED HISTORIC STRUCTURE AND QUALIFIES AS A ~~TIER~~ TIER LEVEL 2 OPPORTUNITY ZONE PROJECT.**

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

1. **A. \$3,000,000 FOR ANY COMMERCIAL REHABILITATION OTHER THAN A ~~TIER~~ TIER LEVEL 1 OR ~~TIER~~ TIER LEVEL 2 OPPORTUNITY ZONE PROJECT**;

**B. \$3,150,000 FOR A ~~TIER~~ TIER LEVEL 1 OPPORTUNITY ZONE PROJECT; OR**

**C. \$3,300,000 FOR A ~~TIER~~ TIER LEVEL 2 OPPORTUNITY ZONE PROJECT; 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:

1. **\$50,000 FOR A REHABILITATION OTHER THAN A ~~TIER~~ LEVEL 1 OR ~~TIER~~ LEVEL 2 OPPORTUNITY ZONE PROJECT;**

2. **\$55,000 FOR A ~~TIER~~ LEVEL 1 OPPORTUNITY ZONE PROJECT; OR**

3. **\$60,000 FOR A ~~TIER~~ LEVEL 2 OPPORTUNITY ZONE PROJECT.**

(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; or

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

(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;

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

3. the applicant does not submit to the Trust a request for final certification of the commercial rehabilitation within 12 months after:

A. the 30-month expiration date under subparagraph (i)2 of this paragraph; or

B. the date to which the Director postponed the expiration date under subparagraph (ii) of this paragraph.

(ii) For reasonable cause, the Director may postpone:

1. the 30-month expiration date under subparagraph (i)2 of this paragraph for an initial credit certificate for a commercial rehabilitation; or

2. if the commercial rehabilitation was completed prior to the expiration of the initial credit certificate, the deadline under subparagraph (i)3 of this paragraph for submission of a request for final certification.

(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.

(5) 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.

~~(6) (I) IN ACCORDANCE WITH REGULATIONS ADOPTED BY THE DIRECTOR UNDER THIS SECTION, THE AMOUNT OF THE STATE TAX CREDIT ALLOWED, BUT NOT USED, FOR COMMERCIAL REHABILITATIONS UNDER THIS SECTION MAY BE TRANSFERRED IN WHOLE OR IN PART TO ANY INDIVIDUAL OR BUSINESS ENTITY.~~

~~(H) 1. FOR THE TAXABLE YEAR OF ANY TRANSFER UNDER THIS PARAGRAPH, THE TRANSFEREE UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH MAY APPLY THE TAX CREDIT AGAINST THE TOTAL TAX OTHERWISE PAYABLE BY THE TRANSFEREE IN THAT TAXABLE YEAR.~~

~~2. IF THE TAX CREDIT EXCEEDS THE STATE INCOME TAX OF THE TRANSFEREE IN ANY TAXABLE YEAR, THE TRANSFEREE:~~

~~A. MAY CLAIM A REFUND IN THE AMOUNT OF THE EXCESS; OR~~

~~B. MAY TRANSFER THE REMAINDER OF THE TAX CREDIT TO ANY INDIVIDUAL OR BUSINESS ENTITY.~~

(d) (1) In this subsection, “Reserve Fund” means the [Heritage Structure Rehabilitation] **HISTORIC REVITALIZATION Tax Credit Reserve Fund** established under paragraph (2) of this subsection.

(2) (i) There is a [Heritage Structure Rehabilitation] **HISTORIC REVITALIZATION Tax Credit Reserve Fund** that is a continuing, nonlapsing special fund that is not subject to § 7-302 of this 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.

(iii) If the fees paid in any fiscal year are less than the directly related administrative costs of operating the [Heritage Structure Rehabilitation] HISTORIC REVITALIZATION Tax Credit Program, funds in the Reserve Fund shall be used for the directly related administrative costs of the Program.

(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 and the fees charged under subsection (b)(7)(i) of this section are paid.

(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)(7)(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)(6) 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)(6) of this section.

3. Subject to subsubparagraph 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.

5. In each fiscal year, the Director shall estimate the amount of fees to be collected based on the amount appropriated to the Reserve Fund and reserve the difference between the estimated fees and estimated directly related administrative costs of the Program to be used to administer the Program.

6. If the reservation of funds to administer the Program under subparagraph 5 of this subparagraph is not necessary to cover the directly related administrative costs of the Program, any excess amount shall remain in the Reserve Fund and may be issued under initial credit certificates for the next fiscal year.

(iv) For each of fiscal years 2018 through [2022] 2024, 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 Governor may not reduce an appropriation [to] FOR 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 [2022] 2024.

(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) Subject to the provisions of this subsection, the Director shall issue an initial credit certificate for each approved small commercial project on a first-come, first-served basis.

(2) An initial credit certificate issued under this subsection shall state the maximum amount of tax credit for which the applicant is eligible.

(3) (I) The Director may not issue an initial credit certificate under this subsection[:

(i) prior to January 1, 2015; or

(ii)] after the aggregate amount of initial credit certificates issued for small commercial projects totals \$4,000,000.

**(II) FOR A TARGETED PROJECT, THE DIRECTOR MAY NOT ISSUE AN INITIAL CREDIT CERTIFICATE UNDER THIS SUBSECTION:**

**1. AFTER THE AGGREGATE AMOUNT OF INITIAL CREDIT CERTIFICATES ISSUED FOR AGRICULTURAL STRUCTURES TOTALS \$1,000,000; OR**

**2. AFTER THE AGGREGATE AMOUNT OF INITIAL CREDIT CERTIFICATES ISSUED FOR POST-WORLD WAR II STRUCTURES TOTALS \$1,000,000.**

(f) (1) (i) In this subsection 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:

1. is performed on a certified rehabilitation; and

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 rehabilitation; 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.

(g) (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.

(h) A refund payable under subsection (c) of this section:

(1) operates to reduce the income tax revenue from corporations if the person entitled to the refund is a corporation subject to the income tax under Title 10 of the Tax – General Article;

(2) operates to reduce insurance premium tax revenues if the person entitled to the refund is subject to taxation under Title 6 of the Insurance Article; and

(3) operates to reduce the income tax revenue from individuals if the person entitled to the refund is:

(i) an individual subject to the income tax under Title 10 of the Tax – General Article; or

(ii) an organization exempt from taxation under § 501(c)(3) of the Internal Revenue Code.

(i) (1) On or before 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 and small commercial projects under this section for that fiscal year;

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

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

1. a local historic district; or
2. a national register district; and

(iv) the estimated amount of directly related administrative costs reserved in the Reserve Fund, the estimated amount of fees to be collected, the actual directly related administrative costs, and the actual amount of fees collected.

(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 historic 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;

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;

(ii) small commercial projects; and

(iii) commercial rehabilitations.

(j) (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, [2022] 2024.

(2) On and after July 1, [2022] 2024:

(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, [2022] 2024; 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 (i) of this section for as long as any rehabilitation project for which the tax credit may be claimed remains incomplete.

### **Article – Tax – General**

10–741.

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

(9) “Tier I [county] AREA” has the meaning stated in § 6–801 of the Economic Development Article.

(10) “Tier II [county] AREA” has the meaning stated in § 6–801 of the Economic Development Article.

(b) (1) Subject to the limitations of this section, an individual or corporation that is a new business entity that operates an eligible project in a Tier I [county] AREA or an existing business entity that operates an eligible project may claim a credit against the State income tax equal to the amount stated in the final tax credit certificate approved by the Department for an eligible project.

(2) The amount of the credit authorized under paragraph (1) of this subsection is equal to the product of:

(i) the State employer withholding amount, which is equal to the highest tax rate listed in § 10–105(a) of this title; and

(ii) the total amount of wages paid for each qualified position at an eligible project.

(3) If the tax credit allowed under this section in any taxable year exceeds the total tax otherwise payable by the qualified business entity for that taxable year, the qualified business entity may claim a refund in the amount of the excess.

(c) (1) On enrollment in the More Jobs for Marylanders Program established under Title 6, Subtitle 8 of the Economic Development Article, a qualified business entity shall apply to the Department for a tax credit certificate.

(2) The application shall be in the form and shall contain the information the Department requires.

(3) (i) Subject to subsections (d) and (e) of this section, the Department may issue a tax credit certificate to a qualified business entity in an amount not to exceed the amount determined under subsection (b)(2) of this section.

(ii) In determining the allocation of the aggregate tax credit amounts available in a fiscal year as provided under subsection (d) of this section, the Department shall give priority to applications for eligible projects in a Tier I [county] AREA, as defined under § 6-801 of the Economic Development Article.

(d) (1) In this subsection, “Reserve Fund” means the More Jobs for Marylanders Tax Credit Reserve Fund established under paragraph (2) of this subsection.

(2) (i) There is a More Jobs for Marylanders Tax Credit Reserve Fund that is a special continuing, nonlapsing fund that is not subject to § 7-302 of the State Finance and Procurement Article.

(ii) The money in the Reserve 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 limitations of this subsection, the Department shall issue an initial tax credit certificate in an amount equal to a percentage of total wages paid for each qualified position at an eligible project as calculated under subsection (b)(2) of this section.

(ii) An initial tax credit certificate issued under this subsection shall state the maximum amount of tax credit for which the qualified business entity is eligible.

(iii) 1. Except as otherwise provided in this subparagraph, for any fiscal year, the Department may not issue initial tax credit certificates for credit amounts in the aggregate totaling more than ~~[\$9,000,000]~~ **\$11,000,000** in a fiscal year.

2. If the aggregate credit amounts under initial tax credit certificates issued in a fiscal year total less than the maximum provided under subparagraph 1 of this subparagraph, any excess amount shall remain in the Reserve Fund and may be issued under initial tax credit certificates for the next fiscal year.

3. For any fiscal year, if funds are transferred from the Reserve Fund under the authority of any provision of law other than under paragraph (4) of this subsection, the maximum credit amounts in the aggregate for which the Department may issue initial tax credit certificates shall be reduced by the amount transferred.

(iv) For fiscal year 2019 and each fiscal year thereafter, the Governor shall include in the annual budget bill an appropriation to the Reserve Fund in an amount

that is no less than the amount the Department reports is necessary under subsection (e) of this section to:

1. maintain the current level of manufacturing activity in the State; [and]

2. attract new manufacturing activity to the State; AND

3. ATTRACT NEW BUSINESSES TO AND ENCOURAGE THE EXPANSION OF EXISTING BUSINESSES WITHIN OPPORTUNITY ZONES IN THE STATE.

(v) Notwithstanding the provisions of § 7–213 of 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) Based on an amount equal to a percentage of the total actual wages paid for each qualified position at an eligible project as calculated under subsection (b)(2) of this section, the Department shall issue a final tax credit certificate to the qualified business entity.

(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 Department shall notify the Comptroller as to each final credit certificate issued during the quarter:

A. the maximum credit amount stated in the initial tax credit certificate for the qualified business entity; and

B. the final certified credit amount for the qualified business entity.

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

(e) On or before July 1 each year, the Department shall report to the Governor and, subject to § 2–1246 of the State Government Article, the General Assembly on the amount of tax credits necessary to:

(1) maintain the current level of manufacturing activity in the State; [and]

(2) attract new manufacturing activity to the State; AND

**(3) ATTRACT NEW BUSINESSES TO AND ENCOURAGE THE EXPANSION OF EXISTING BUSINESSES WITHIN OPPORTUNITY ZONES IN THE STATE.**

11-411.

(b) Except as provided in § 6-805(b) of the Economic Development Article and subject to subsection (c) of this section, a qualified business entity is entitled to a refund for the amount of sales and use tax paid by the qualified business entity during the immediately preceding calendar year for a sale of qualified personal property or services made on or after January 1, 2018, if the qualified personal property or services are purchased by the qualified business entity solely for use at an eligible project while the project is enrolled in the Program.

(d) (1) There is a More Jobs for Marylanders Sales and Use Tax Refund Reserve Fund that is a special continuing, nonlapsing fund that is not subject to § 7-302 of the State Finance and Procurement Article.

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

(3) The Department shall issue a refund in an amount equal to the amount claimed by the qualified business entity under subsection (c) of this section.

(4) (i) Except as otherwise provided in this paragraph, for any fiscal year, the Department may not issue sales and use tax refunds in amounts in the aggregate totaling more than ~~+\$1,000,000+~~ ~~\$1,250,000~~ in a fiscal year.

(ii) If the aggregate amount of sales and use tax refunds issued in a fiscal year totals less than the maximum provided under subparagraph (i) of this paragraph, any excess amount shall be transferred to the More Jobs for Marylanders Tax Credit Reserve Fund established under § 10-741 of this article.

(iii) For any fiscal year, if funds are transferred from the Reserve Fund under authority of any provision of law, the maximum amounts in the aggregate for which the Department may issue sales and use tax refunds shall be reduced by the amount transferred.

(5) For fiscal year 2019 and each fiscal year thereafter, the Governor shall include in the annual budget bill an appropriation to the Reserve Fund.

(6) Notwithstanding the provisions of § 7-213 of 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.

SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

~~Article – Economic Development~~~~6-1009.~~

~~(A) FOR A QUALIFIED MARYLAND OPPORTUNITY ZONE BUSINESS THAT QUALIFIES FOR THE REGIONAL INSTITUTION STRATEGIC ENTERPRISE ZONE PROPERTY TAX CREDIT UNDER § 9-103.1 OF THE TAX – PROPERTY ARTICLE:~~

~~(1) THE TIER 1 OPPORTUNITY ZONE ENHANCEMENT IS EQUAL TO 90% OF THE AMOUNT OF PROPERTY TAX IMPOSED ON THE QUALIFIED MARYLAND OPPORTUNITY ZONE BUSINESS PROPERTY FOR THE DURATION OF THE CREDIT; AND~~

~~(2) THE TIER 2 OPPORTUNITY ZONE ENHANCEMENT IS EQUAL TO 100% OF THE AMOUNT OF PROPERTY TAX IMPOSED ON THE QUALIFIED MARYLAND OPPORTUNITY ZONE BUSINESS PROPERTY FOR THE DURATION OF THE CREDIT.~~

~~(B) THE ENHANCED TAX CREDIT PERCENTAGES AUTHORIZED UNDER SUBSECTION (A) OF THIS SECTION ARE IN SUBSTITUTION FOR AND NOT IN ADDITION TO THE PERCENTAGES UNDER § 9-103.1 OF THE TAX – PROPERTY ARTICLE.~~

Article – Tax – Property9-110.

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

(5) “OPPORTUNITY ZONE” HAS THE MEANING STATED IN § 6-801 OF THE ECONOMIC DEVELOPMENT ARTICLE.

[(5)] (6) “Qualified business entity” means a new business entity operating an eligible project in a Tier I [county] AREA, as defined under § 6-801 of the Economic Development Article.

(7) “QUALIFIED POSITION” HAS THE MEANING STATED IN § 6-801 OF THE ECONOMIC DEVELOPMENT ARTICLE.

[(6)] (8) “Qualified property” means real property where an eligible project is located.

(b) (1) There is a credit against the State property tax under this section imposed on real property owned by a qualified business entity enrolled in the More Jobs for Marylanders Program established under Title 6, Subtitle 8 of the Economic Development Article.

~~(2) The property tax credit provided under this section is equal to **THE LESSER OF:**~~

~~(I) 100% of all State property tax that is due; OR~~

~~(II) IF THE QUALIFIED PROPERTY IS LOCATED IN AN OPPORTUNITY ZONE, AN AMOUNT NOT EXCEEDING \$250 PER QUALIFIED POSITION FILLED AT THE QUALIFIED PROPERTY.~~

(2) (I) [The] WITH RESPECT TO QUALIFIED PROPERTY OF A BUSINESS ENTITY DESCRIBED UNDER § 6-801(C)(1)(I) OF THE ECONOMIC DEVELOPMENT ARTICLE, THE property tax credit provided under this section is equal to 100% of all State property tax that is due.

(II) WITH RESPECT TO QUALIFIED PROPERTY OF A BUSINESS ENTITY OTHER THAN A BUSINESS ENTITY DESCRIBED UNDER § 6-801(C)(1)(I) OF THE ECONOMIC DEVELOPMENT ARTICLE, THE PROPERTY TAX CREDIT PROVIDED UNDER THIS SECTION IS EQUAL TO THE LESSER OF:

1. 100% OF ALL STATE PROPERTY TAX THAT IS DUE; OR

2. AN AMOUNT NOT EXCEEDING \$250 PER QUALIFIED POSITION FILLED AT THE QUALIFIED PROPERTY.

(3) The property tax credit provided under this section does not affect the amount of the county or municipal corporation property tax imposed on the property.

9-229.

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

(2) “OPPORTUNITY ZONE” MEANS AN AREA THAT HAS BEEN DESIGNATED AS A QUALIFIED OPPORTUNITY ZONE IN THE STATE UNDER § 1400Z-1 OF THE INTERNAL REVENUE CODE.

[(2)] (3) “Property tax attributable to an increase in an assessment” means the additional property tax required to be paid as a result of the increase in the assessment, calculated before the application of the credit under this section but after the application of any other credit allowed under this title.

[(3)] (4) “Qualified brownfields site” has the meaning stated in § 5-301 of the Economic Development Article.

[(4)] (5) “Taxing jurisdiction” means:

(i) a county or Baltimore City; or

(ii) a municipal corporation.

(b) (1) (i) A taxing jurisdiction may elect to participate in the Brownfields Revitalization Incentive Program under Title 5, Subtitle 3 of the Economic Development Article through the enactment of legislation that grants property tax credits in accordance with the requirements of this section.

(ii) If a taxing jurisdiction elects to participate in the Program in accordance with this section, the taxing jurisdiction shall notify the Department of Commerce.

(2) If a taxing jurisdiction elects to participate in the Brownfields Revitalization Incentive Program in accordance with this section, the property tax credits under this section shall also apply to the State property tax in that jurisdiction in the same percentage and for the same duration as provided for the property tax of the taxing jurisdiction.

(f) In a designated enterprise zone OR OPPORTUNITY ZONE, a taxing jurisdiction may extend the tax credit authorized under this section up to an additional 5 years.

### **9-263.**

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

**(2) “BASE YEAR” MEANS THE TAXABLE YEAR IMMEDIATELY BEFORE THE TAXABLE YEAR IN WHICH A PROPERTY TAX CREDIT UNDER THIS SECTION IS TO BE GRANTED.**

**(3) (I) “BASE YEAR VALUE” MEANS THE VALUE OF THE PROPERTY USED TO DETERMINE THE ASSESSMENT ON WHICH THE PROPERTY TAX ON REAL PROPERTY WAS IMPOSED FOR THE BASE YEAR.**

**(II) “BASE YEAR VALUE” DOES NOT INCLUDE THE VALUE OF ANY NEW REAL PROPERTY THAT WAS FIRST ASSESSED IN THE BASE YEAR.**

**(4) “ELIGIBLE ASSESSMENT” MEANS THE DIFFERENCE BETWEEN THE BASE YEAR VALUE AND THE ACTUAL VALUE AS DETERMINED BY THE DEPARTMENT FOR THE APPLICABLE TAXABLE YEAR IN WHICH THE TAX CREDIT UNDER THIS SECTION IS TO BE GRANTED.**

**(5) “QUALIFIED OPPORTUNITY FUND” HAS THE MEANING STATED IN § 1400Z-2 OF THE INTERNAL REVENUE CODE.**

**(6) “QUALIFIED OPPORTUNITY ZONE BUSINESS PROPERTY” HAS THE MEANING STATED IN § 1400Z-2 OF THE INTERNAL REVENUE CODE.**

**(B) THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY OR THE GOVERNING BODY OF A COUNTY OR MUNICIPAL CORPORATION MAY GRANT, BY LAW, A TAX CREDIT UNDER THIS SECTION AGAINST THE PROPERTY TAX IMPOSED ON THE ELIGIBLE ASSESSMENT OF A QUALIFIED OPPORTUNITY ZONE BUSINESS PROPERTY IF THE PROPERTY WAS VACANT FOR AT LEAST 12 MONTHS BEFORE THE ACQUISITION OF THE PROPERTY BY A QUALIFIED OPPORTUNITY FUND.**

**(C) THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY OR THE GOVERNING BODY OF A COUNTY OR MUNICIPAL CORPORATION MAY ESTABLISH, BY LAW:**

**(1) THE AMOUNT AND DURATION OF THE CREDIT UNDER THIS SECTION;**

**(2) ADDITIONAL ELIGIBILITY CRITERIA FOR THE CREDIT UNDER THIS SECTION;**

**(3) PROCEDURES FOR THE APPLICATION AND UNIFORM PROCESSING OF REQUESTS FOR THE CREDIT; AND**

**(4) ANY OTHER PROVISIONS NECESSARY TO CARRY OUT THIS SECTION.**

**(D) ON OR BEFORE JANUARY 1 OF THE CALENDAR YEAR FOLLOWING THE YEAR IN WHICH THE OPPORTUNITY ZONE TAX CREDIT IS INITIATED, AND EACH JANUARY 1 THEREAFTER, A COUNTY OR MUNICIPAL CORPORATION THAT GRANTS A TAX CREDIT UNDER THIS SECTION SHALL SUBMIT A REPORT, IN ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE, TO THE SENATE BUDGET AND TAXATION COMMITTEE AND THE HOUSE WAYS AND MEANS COMMITTEE THAT DESCRIBES:**

**(1) THE TAX CREDIT PROGRAM; AND**

**(2) THE ECONOMIC IMPACT OF THE TAX CREDITS GRANTED UNDER THIS SECTION ON THE OPPORTUNITY ZONES.**

**SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:**

**Article – Economic Development**4–704.

(a) The Secretary may designate an area as an arts and entertainment district only if the area is a contiguous geographic area that is wholly within:

**(1) a priority funding area as provided under § 5–7B–02 of the State Finance and Procurement Article; OR**

**(2) A QUALIFIED OPPORTUNITY ZONE DESIGNATED UNDER § 1400Z–1 OF THE INTERNAL REVENUE CODE IN ALLEGANY COUNTY, GARRETT COUNTY, SOMERSET COUNTY, OR WICOMICO COUNTY.**

5–704.

(a) (1) The Secretary may only designate an area as an enterprise zone if the area:

(i) is in a priority funding area OR IN A QUALIFIED OPPORTUNITY ZONE UNDER § 1400Z–1 OF THE INTERNAL REVENUE CODE IN ALLEGANY COUNTY, GARRETT COUNTY, SOMERSET COUNTY, OR WICOMICO COUNTY or meets an exception under Title 5, Subtitle 7B of the State Finance and Procurement Article; and

(ii) satisfies at least one of the requirements specified in paragraph (2) of this subsection.

5–1303.

(a) The Secretary may only designate an area as a BRAC Revitalization and Incentive Zone if the area:

(1) is located within a priority funding area as defined by Title 5, Subtitle 7B of the State Finance and Procurement Article OR A QUALIFIED OPPORTUNITY ZONE DESIGNATED UNDER § 1400Z–1 OF THE INTERNAL REVENUE CODE IN ALLEGANY COUNTY, GARRETT COUNTY, SOMERSET COUNTY, OR WICOMICO COUNTY;

6–301.

(f) “State priority funding area” means:

(1) a municipal corporation;

(2) Baltimore City;

(3) a sustainable community, as defined in § 6–301 of the Housing and Community Development Article;

(4) an enterprise zone designated by the Secretary under § 5–704 of this article;

(5) an enterprise zone designated by the United States government under 42 U.S.C. §§ 11501 through 11505;

(6) those areas of the State located between Interstate Highway 495 and the District of Columbia;

(7) those areas of the State located between Interstate Highway 695 and Baltimore City;

(8) any area in a county designated by the county as a priority funding area under § 5–7B–03(c) of the State Finance and Procurement Article; [and]

(9) that portion of the Port Land Use Development Zone, as defined in § 6–501 of the Transportation Article, that has been designated as an area appropriate for growth in a county comprehensive master plan; AND

**(10) A QUALIFIED OPPORTUNITY ZONE DESIGNATED UNDER § 1400Z–1 OF THE INTERNAL REVENUE CODE IN ALLEGANY COUNTY, GARRETT COUNTY, SOMERSET COUNTY, OR WICOMICO COUNTY.**

6–402.

(b) To be eligible for a project tax credit, a person shall:

(1) establish or expand a business facility that:

(i) is located in a Tier I county; and

(ii) 1. A. is located in a priority funding area under § 5–7B–02 of the State Finance and Procurement Article; or

[2.] B. is eligible for funding outside of a priority funding area under § 5–7B–05 or § 5–7B–06 of the State Finance and Procurement Article; OR

**2. IS LOCATED IN A QUALIFIED OPPORTUNITY ZONE DESIGNATED UNDER § 1400Z–1 OF THE INTERNAL REVENUE CODE IN ALLEGANY COUNTY, GARRETT COUNTY, SOMERSET COUNTY, OR WICOMICO COUNTY;**

**SUBTITLE 3. MISCELLANEOUS REPORTING REQUIREMENTS.****2-301.**

**ON OR BEFORE DECEMBER 1, 2019, AND EACH DECEMBER 1 THEREAFTER, THE DEPARTMENT SHALL SUBMIT A REPORT TO THE GOVERNOR AND, IN ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE, TO THE GENERAL ASSEMBLY ON:**

**(1) WITH RESPECT TO FINANCIAL ASSISTANCE PROVIDED UNDER TITLE 4, SUBTITLE 2 OF THIS ARTICLE:**

**(I) THE NUMBER OF PROJECTS THAT QUALIFIED AS BUSINESS PROJECTS UNDER § 4-223 OF THIS ARTICLE;**

**(II) THE LOCATION OF EACH BUSINESS PROJECT, INCLUDING WHETHER THE BUSINESS PROJECT IS LOCATED:**

**1. IN AN AREA DESIGNATED AS A PRIORITY FUNDING AREA UNDER § 5-7B-02 OF THE STATE FINANCE AND PROCUREMENT ARTICLE; OR**

**2. ONLY IN A QUALIFIED OPPORTUNITY ZONE DESIGNATED UNDER § 1400Z-1 OF THE INTERNAL REVENUE CODE; AND**

**(III) THE AMOUNT OF GRANTS OR LOANS PROVIDED FOR THE DEVELOPMENT OF EACH BUSINESS PROJECT;**

**(2) WITH RESPECT TO THE STRATEGIC DEMOLITION AND SMART GROWTH IMPACT FUND ESTABLISHED UNDER § 4-508 OF THIS ARTICLE:**

**(I) THE NUMBER AND AMOUNT OF GRANTS AND LOANS PROVIDED TO GOVERNMENT AGENCIES AND COMMUNITY DEVELOPMENT ORGANIZATIONS DURING THE IMMEDIATELY PRECEDING FISCAL YEAR; AND**

**(II) THE LOCATION OF EACH REVITALIZATION PROJECT FOR WHICH A GRANT OR LOAN WAS PROVIDED, INCLUDING WHETHER THE REVITALIZATION PROJECT IS LOCATED:**

**1. IN AN AREA DESIGNATED AS A SUSTAINABLE COMMUNITY; OR**

**2. ONLY IN A QUALIFIED OPPORTUNITY ZONE DESIGNATED UNDER § 1400Z-1 OF THE INTERNAL REVENUE CODE;**

**(3) WITH RESPECT TO THE COMMUNITY LEGACY PROGRAM ESTABLISHED UNDER TITLE 6, SUBTITLE 2 OF THIS ARTICLE:**

**(I) THE LOCATION OF EACH COMMUNITY LEGACY PROJECT, INCLUDING WHETHER THE COMMUNITY LEGACY PROJECT IS LOCATED:**

- 1. IN A SUSTAINABLE COMMUNITY; OR**
- 2. ONLY IN AN ELIGIBLE OPPORTUNITY ZONE; AND**

**(II) THE AMOUNT OF FINANCIAL ASSISTANCE PROVIDED FOR EACH COMMUNITY LEGACY PROJECT; AND**

**(4) WITH RESPECT TO THE BUSINESS DEVELOPMENT PROGRAM ESTABLISHED UNDER TITLE 6, SUBTITLE 3 OF THIS ARTICLE:**

**(I) THE NAMES OF APPROVED ENTITIES AWARDED FINANCIAL ASSISTANCE UNDER THAT PROGRAM;**

**(II) THE LOCATION OF THE APPROVED ENTITY’S OPERATION, INCLUDING WHETHER THE APPROVED ENTITY’S OPERATION IS LOCATED:**

- 1. IN A PRIORITY FUNDING AREA; OR**
- 2. ONLY IN AN ELIGIBLE OPPORTUNITY ZONE; AND**

**(III) THE AMOUNT OF EACH FINANCIAL ASSISTANCE AWARD.**

**4-104.**

**THE DIVISION SHALL CONDUCT OUTREACH TO FACILITATE THE INVESTMENT BY QUALIFIED OPPORTUNITY FUNDS, AS DEFINED IN § 1400Z-2 OF THE INTERNAL REVENUE CODE, IN URBAN, SUBURBAN, AND RURAL NEIGHBORHOODS IN THE STATE.**

**4-223.**

**(a) A project qualifies as a business project if the project is:**

**(1) located in:**

**(I) an area designated as a priority funding area under § 5-7B-02 of the State Finance and Procurement Article; OR**

**(II) A QUALIFIED OPPORTUNITY ZONE DESIGNATED UNDER § 1400Z-1 OF THE INTERNAL REVENUE CODE IN ALLEGANY COUNTY, GARRETT COUNTY, SOMERSET COUNTY, OR WICOMICO COUNTY; and**

(2) (i) acquired, owned, developed, constructed, reconstructed, rehabilitated, or improved by a person or an entity for the purposes of carrying on a business whether or not for profit; or

(ii) eligible for funding from the Neighborhood Business Development Fund under § 6-310 of this article.

4-508.

(a) In this section, “Fund” means the Strategic Demolition and Smart Growth Impact Fund.

(g) (1) The Fund may be used only to provide grants and loans to government agencies and community development organizations for interior and exterior demolition, land assembly, architecture and engineering, and site development for revitalization projects in an area designated as:

**(I) a Sustainable Community; OR**

**(II) A QUALIFIED OPPORTUNITY ZONE DESIGNATED UNDER § 1400Z-1 OF THE INTERNAL REVENUE CODE IN ALLEGANY COUNTY, GARRETT COUNTY, SOMERSET COUNTY, OR WICOMICO COUNTY.**

6-201.

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

(b) “Application” means an application to the Secretary that includes a request to:

(1) designate an area as a sustainable community;

(2) approve a sustainable community plan; or

(3) approve a community legacy project.

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

(d) “Community development organization” means an entity that meets the qualifications of § 6–203 of this subtitle.

(e) “Community legacy agreement” means an agreement between the Department and a sponsor to develop a sustainable community plan or to implement one or more community legacy projects in a designated sustainable community OR AN ELIGIBLE OPPORTUNITY ZONE.

(f) “Community legacy project” includes [projects] A PROJECT IN A SUSTAINABLE COMMUNITY OR AN ELIGIBLE OPPORTUNITY ZONE 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 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 Department considers necessary to further the purposes of this subtitle.

**(G) “ELIGIBLE OPPORTUNITY ZONE” MEANS AN AREA DESIGNATED AS A QUALIFIED OPPORTUNITY ZONE UNDER § 1400Z–1 OF THE INTERNAL REVENUE CODE THAT IS LOCATED IN ALLEGANY COUNTY, GARRETT COUNTY, SOMERSET COUNTY, OR WICOMICO COUNTY.**

**[(g)] (H)** “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.

**[(h)] (I)** “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.

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

**[(j)] (K)** “Program” means the Community Legacy Program established by this subtitle.

**[(k)] (L)** “Smart Growth Subcabinet” means the subcabinet established under § 9–1406 of the State Government Article.

**[(l)] (M)** “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 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.

[(m)] (N) “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.

6–206.

(b) (1) The Department shall provide written notice to the political subdivision in which the proposed project is located.

(2) Except as provided in paragraph (5) of this subsection, the Department may not approve an application unless the political subdivision in which the proposed project is located approves the application by:

(i) resolution; or

(ii) letter, delivered to the Department by the political subdivision’s authorized designee, expressing support for the plan or project.

(3) If an application affects a sustainable community **OR AN ELIGIBLE OPPORTUNITY ZONE** entirely within a municipal corporation, the approval must come from the municipal corporation rather than the surrounding county.

(4) If an application affects a sustainable community **OR AN ELIGIBLE OPPORTUNITY ZONE** within more than one political subdivision, each political subdivision must approve it by:

(i) resolution; or

(ii) letter, delivered to the Department by the political subdivision’s authorized designee, expressing support for the plan or project.

(5) If the Department does not receive notice of approval or denial of an application from the affected jurisdictions within 45 days after notice of the proposed project is given in accordance with paragraph (1) of this subsection, the Department may approve the application.

6–301.

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

(b) (1) “Development costs” means the costs incurred to develop, redevelop, or expand 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 operating costs, including working capital and occupancy expenses;
- (viii) indemnity and surety bonds and premiums on insurance;
- (ix) temporary relocation expenses; and
- (x) other costs determined to be acceptable by the Department.

**(C) “ELIGIBLE OPPORTUNITY ZONE” MEANS AN AREA DESIGNATED AS A QUALIFIED OPPORTUNITY ZONE UNDER § 1400Z-1 OF THE INTERNAL REVENUE CODE THAT IS LOCATED IN ALLEGANY COUNTY, GARRETT COUNTY, SOMERSET COUNTY, OR WICOMICO COUNTY.**

**[(c)] (D)** “Food desert” means the part of a priority funding area OR AN ELIGIBLE OPPORTUNITY ZONE designated by the Secretary under § 6-308(c) of this subtitle.

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

**[(e)] (F)** “Microenterprise” means a business that qualifies as a microenterprise under § 6-302 of this subtitle.

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

**[(g)] (H)** “Program” means the Neighborhood Business Development Program.

**[(h)] (I)** (1) “Project” means a neighborhood business development project that receives financial assistance from the Fund.

(2) “Project” includes a microenterprise project that receives financial assistance from the Fund.

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

[(i)] (K) “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.

(b) The purposes of the Program are:

(1) in priority funding areas **OR ELIGIBLE OPPORTUNITY ZONES**, to:

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

(ii) stimulate investment by the private sector;

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

(iv) stimulate political subdivisions to participate in developing and expanding small businesses and microenterprises; and

(2) in food deserts or parts of priority funding areas **OR ELIGIBLE OPPORTUNITY ZONES** that serve food deserts, to help create small businesses and other food-related enterprises that provide fresh fruits, vegetables, and other healthy foods to residents in the food desert.

6–304.

(b) The Business Development Program shall provide financial assistance to projects in priority funding areas **OR ELIGIBLE OPPORTUNITY ZONES**.

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 priority funding area OR AN ELIGIBLE OPPORTUNITY ZONE if the application demonstrates that:

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

(2) the project is ready to proceed when it receives financial assistance from the Business Development Program; and

(3) any food desert project includes a plan to seek out sources of Maryland-grown produce and Maryland produced foods.

### **Article – State Finance and Procurement**

5-7B-01.

(c) (1) “Growth-related project” means only the items set forth below:

(iii) funding by the Department of Commerce under any of the following:

1. the Maryland Industrial Development Financing Authority, authorized under Title 5, Subtitle 4 of the Economic Development Article;

2. the Maryland Small Business Development Financing Authority, authorized under Title 5, Subtitle 5 of the Economic Development Article;

3. the former Maryland Energy Financing Act, authorized under former Article 83A, Title 6, Subtitle 4 of the Code, succeeded by the Maryland Industrial Development Financing Authority;

4. the Economic Development Opportunities Program Fund, authorized under § 7-314 of this article;

5. the former Maryland Competitive Advantage Financing Fund, authorized under former Article 83A, Title 5, Subtitle 13 of the Code; and

6. the Maryland Economic Development Assistance Authority and Fund, authorized under Title 5, Subtitle 3 of the Economic Development Article;

5-7B-06.

(a) The State may provide funding for a growth-related project not in a priority funding area without receiving approval from the Board of Public Works as provided under § 5-7B-05 of this subtitle for:

(1) a project that is required to protect public health or safety;

(2) a project involving federal funds, to the extent compliance with this subtitle would conflict or be inconsistent with federal law; [or]

(3) a growth-related project related to a commercial or industrial activity which, due to its operational or physical characteristics, shall be located away from other development, including:

(i) a natural resource based industry;

(ii) an industry relating to:

1. agricultural operations, as defined in § 7-101 of the Labor and Employment Article;

2. forestry activities; or

3. mineral extraction;

(iii) an industry that is proximate to:

1. an airport facility;

2. a port facility;

3. a railroad facility;

4. a transit facility; or

5. a major highway interchange; or

(iv) a tourism facility or museum that is required to be located away from other development due to necessary proximity to specific historic, natural, or cultural resources; OR

**(4) A GROWTH-RELATED PROJECT INVOLVING FUNDING FOR A PROJECT UNDER:**

**(I) § 7-314 OF THIS ARTICLE;**

**(II) TITLE 5, SUBTITLE 3, SUBTITLE 4, OR SUBTITLE 5 OF THE ECONOMIC DEVELOPMENT ARTICLE; OR**

**(III) TITLE 6, SUBTITLE 2 OR SUBTITLE 3 OF THE HOUSING AND COMMUNITY DEVELOPMENT ARTICLE.**

(b) A procedure for notification, review, and comment on exceptions proposed under this section shall be established jointly by the applicable State agency and the Department of Planning.

7-314.

**(c) (1) THIS SUBSECTION DOES NOT APPLY TO AN ECONOMIC DEVELOPMENT OPPORTUNITY LOCATED IN AN AREA DESIGNATED AS A QUALIFIED OPPORTUNITY ZONE UNDER § 1400Z-1 OF THE INTERNAL REVENUE CODE IN ALLEGANY COUNTY, GARRETT COUNTY, SOMERSET COUNTY, OR WICOMICO COUNTY.**

**(2) In the case of an economic development opportunity located outside a priority funding area as established under Title 5, Subtitle 7B of this article, the Department shall first comply with the provisions of that subtitle before making a request for approval by the Legislative Policy Committee under this section.**

### **Article – Tax – Property**

9-230.

**(b) (4) To qualify for a tax credit under this section, the new or expanded premises must be located in:**

**(I) a priority funding area as designated in Title 5, Subtitle 7B of the State Finance and Procurement Article; OR**

**(II) A QUALIFIED OPPORTUNITY ZONE DESIGNATED UNDER § 1400Z-1 OF THE INTERNAL REVENUE CODE IN ALLEGANY COUNTY, GARRETT COUNTY, SOMERSET COUNTY, OR WICOMICO COUNTY.**

SECTION 4. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

### **Article – Housing and Community Development**

#### **SUBTITLE 25. QUALIFIED WORKFORCE HOUSING TAX CREDIT.**

4-2501.

(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(B) "OPPORTUNITY ZONE" MEANS AN AREA THAT HAS BEEN DESIGNATED AS A QUALIFIED OPPORTUNITY ZONE IN THE STATE UNDER § 1400Z-1 OF THE INTERNAL REVENUE CODE.

(C) "QUALIFIED WORKFORCE HOUSING PROJECT" MEANS A WORKFORCE HOUSING PROJECT IN AN OPPORTUNITY ZONE THAT MEETS REQUIREMENTS FOR ELIGIBILITY FOR THE STATE TAX CREDIT AS SPECIFIED IN REGULATIONS THAT THE SECRETARY ADOPTS UNDER § 4-2502 OF THIS SUBTITLE.

(D) "STATE TAX CREDIT" MEANS THE INCOME TAX CREDIT ALLOWED UNDER § 10-749 OF THE TAX - GENERAL ARTICLE.

(E) "WORKFORCE HOUSING" HAS THE MEANING STATED IN § 4-1801 OF THIS TITLE.

4-2502.

(A) THE OWNER OF A QUALIFIED WORKFORCE HOUSING PROJECT OR THE DEVELOPER OF A PROPOSED PROJECT THAT WILL BECOME A QUALIFIED WORKFORCE HOUSING PROJECT MAY APPLY TO THE SECRETARY FOR ALLOCATION TO THE PROJECT OF A PORTION OF THE STATE TAX CREDIT.

(B) AN APPLICATION UNDER THIS SECTION SHALL BE MADE IN THE FORM AND MANNER AND CONTAIN ANY INFORMATION THAT THE SECRETARY REQUIRES BY REGULATION.

(C) (1) THE SECRETARY MAY REQUIRE THAT THE OWNER OF A QUALIFIED WORKFORCE HOUSING PROJECT, AS A CONDITION TO RECEIVING AN ALLOCATION OF THE STATE TAX CREDIT, ENTER INTO A WRITTEN REGULATORY AGREEMENT WITH THE SECRETARY UNDER TERMS AND CONDITIONS SET BY THE SECRETARY, REGARDING THE USE OF THE PROJECT.

(2) THE SECRETARY MAY REQUIRE THAT ANY AGREEMENT REQUIRED BY THE SECRETARY UNDER THIS SUBSECTION BE FILED IN THE OFFICIAL LAND RECORDS OF THE COUNTY WHERE THE PROJECT IS LOCATED.

(3) THE SECRETARY AND ANY LOCAL AGENCY OR AUTHORITY DESIGNATED BY THE SECRETARY MAY ENFORCE AN AGREEMENT REQUIRED BY THE

SECRETARY UNDER THIS SECTION IN THE EVENT THE OWNER FAILS TO SATISFY ANY OF THE REQUIREMENTS OF THE AGREEMENT.

(4) THE SECRETARY MAY NOT REQUIRE THAT THE OWNER OF A QUALIFIED WORKFORCE HOUSING PROJECT, AS A CONDITION TO RECEIVING AN ALLOCATION OF THE STATE TAX CREDIT, USE THE BONDING AUTHORITY OF THE STATE.

(D) THE SECRETARY SHALL ADOPT:

(1) REGULATIONS OR POLICIES ESTABLISHING CRITERIA BY WHICH THE STATE TAX CREDIT WILL BE ALLOCATED AMONG QUALIFIED WORKFORCE HOUSING PROJECTS; AND

(2) ANY OTHER REGULATIONS NECESSARY TO ADMINISTER THE PROVISIONS OF THIS SUBTITLE.

(E) ANY PROJECT THAT RECEIVES AN ALLOCATION OF A PORTION OF THE STATE TAX CREDIT SHALL BE RESTRICTED IN OCCUPANCY AS SPECIFIED IN THE REGULATIONS ADOPTED BY THE SECRETARY UNDER SUBSECTION (D) OF THIS SECTION FOR A PERIOD OF AT LEAST 30 YEARS BEGINNING WITH THE FIRST TAXABLE YEAR IN WHICH A STATE TAX CREDIT IS CLAIMED BY THE OWNER.

4-2503.

(A) (1) THE MAXIMUM AGGREGATE AVAILABLE STATE TAX CREDIT THAT MAY BE ALLOCATED FOR EACH FISCAL YEAR EQUALS THE LESSER OF:

(I) THE AMOUNT APPROPRIATED FOR THE QUALIFIED WORKFORCE HOUSING TAX CREDIT RESERVE FUND FOR THAT FISCAL YEAR IN THE STATE BUDGET AS APPROVED BY THE GENERAL ASSEMBLY; OR

(II) \$4,000,000.

(2) THE SECRETARY MAY ALLOCATE THE AGGREGATE AVAILABLE STATE TAX CREDIT FOR A FISCAL YEAR AMONG PROJECTS TO BE QUALIFIED WORKFORCE HOUSING PROJECTS TO BE PLACED IN SERVICE DURING OR AFTER THAT FISCAL YEAR.

(3) ANY PART OF THE AGGREGATE AVAILABLE STATE TAX CREDIT FOR ANY FISCAL YEAR THAT IS NOT ALLOCATED BY THE SECRETARY IN THAT FISCAL YEAR MAY BE CARRIED OVER AND ALLOCATED FOR ANY SUBSEQUENT FISCAL YEAR.

**(B) (1) IN THIS SUBSECTION, "RESERVE FUND" MEANS THE QUALIFIED WORKFORCE HOUSING TAX CREDIT RESERVE FUND ESTABLISHED UNDER PARAGRAPH (2) OF THIS SUBSECTION.**

**(2) (I) THERE IS A QUALIFIED WORKFORCE HOUSING TAX CREDIT RESERVE FUND.**

**(II) THE RESERVE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.**

**(III) THE MONEY IN THE RESERVE FUND SHALL BE INVESTED AND REINVESTED BY THE STATE TREASURER, AND INTEREST AND EARNINGS SHALL BE CREDITED TO THE GENERAL FUND OF THE STATE.**

**(3) (I) 1. EXCEPT AS OTHERWISE PROVIDED IN THIS SUBPARAGRAPH, FOR ANY FISCAL YEAR, THE SECRETARY MAY NOT ALLOCATE TAX CREDITS UNDER THIS SUBTITLE IN THE AGGREGATE TOTALING MORE THAN THE AMOUNT APPROPRIATED FOR THE RESERVE FUND FOR THAT FISCAL YEAR IN THE STATE BUDGET AS APPROVED BY THE GENERAL ASSEMBLY.**

**2. IF THE AGGREGATE CREDIT AMOUNTS ALLOCATED IN A FISCAL YEAR TOTAL LESS THAN THE AMOUNT APPROPRIATED FOR THE RESERVE FUND FOR THAT FISCAL YEAR, ANY EXCESS AMOUNT SHALL REMAIN IN THE RESERVE FUND AND MAY BE ALLOCATED FOR THE NEXT FISCAL YEAR.**

**3. 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 THAT THE SECRETARY MAY ALLOCATE SHALL BE REDUCED BY THE AMOUNT TRANSFERRED.**

**(II) FOR EACH FISCAL YEAR, THE GOVERNOR MAY INCLUDE IN THE BUDGET BILL AN APPROPRIATION FOR THE RESERVE FUND.**

**(III) NOTWITHSTANDING THE PROVISIONS OF § 7-213 OF THE STATE FINANCE AND PROCUREMENT ARTICLE, THE GOVERNOR MAY NOT REDUCE AN APPROPRIATION FOR THE RESERVE FUND IN THE STATE BUDGET AS APPROVED BY THE GENERAL ASSEMBLY.**

**(4) (I) EXCEPT AS PROVIDED IN THIS PARAGRAPH, MONEY APPROPRIATED FOR THE RESERVE FUND SHALL REMAIN IN THE RESERVE FUND.**

**(II) 1. WITHIN 15 DAYS AFTER THE END OF EACH CALENDAR QUARTER, AS TO EACH QUALIFIED WORKFORCE HOUSING PROJECT FOR WHICH A**

FINAL CREDIT CERTIFICATE WAS ISSUED DURING THE QUARTER, THE DEPARTMENT SHALL NOTIFY THE COMPTROLLER OF:

A. THE MAXIMUM CREDIT AMOUNT INITIALLY ALLOCATED TO THE PROJECT; AND

B. THE FINAL CERTIFIED CREDIT AMOUNT FOR THE PROJECT.

2. ON NOTIFICATION THAT THE FINAL CREDIT FOR A PROJECT HAS BEEN CERTIFIED, THE COMPTROLLER SHALL TRANSFER AN AMOUNT EQUAL TO THE CREDIT AMOUNT INITIALLY ALLOCATED TO THE PROJECT FROM THE RESERVE FUND TO THE GENERAL FUND OF THE STATE.

4-2504.

(A) ON OR BEFORE THE LAST DAY OF THE TAXABLE YEAR IN WHICH A QUALIFIED WORKFORCE HOUSING PROJECT THAT HAS BEEN ALLOCATED A PART OF THE STATE TAX CREDIT UNDER THIS SUBTITLE IS PLACED IN SERVICE, THE OWNER SHALL:

(1) NOTIFY THE SECRETARY THAT THE PROJECT HAS BEEN PLACED IN SERVICE; AND

(2) CERTIFY THAT THE PROJECT IS A QUALIFIED WORKFORCE HOUSING PROJECT ELIGIBLE FOR THE STATE TAX CREDIT.

(B) WITHIN 15 DAYS AFTER NOTIFICATION THAT A PROJECT HAS BEEN PLACED IN SERVICE, THE SECRETARY SHALL ISSUE TO THE OWNER A FINAL CREDIT CERTIFICATE FOR THE PROJECT STATING THE FINAL CREDIT AMOUNT FOR THE PROJECT, NOT TO EXCEED THE CREDIT AMOUNT INITIALLY ALLOCATED TO THE PROJECT.

(C) THE SECRETARY SHALL:

(1) DETERMINE WHETHER ANY EVENT HAS OCCURRED IN VIOLATION OF THIS SUBTITLE OR REGULATIONS ADOPTED UNDER THIS SUBTITLE THAT MAKES THE PROJECT INELIGIBLE FOR THE STATE TAX CREDIT OR OTHERWISE TRIGGERS THE RECAPTURE OF ANY STATE TAX CREDIT AS PROVIDED UNDER § 10-749 OF THE TAX – GENERAL ARTICLE; AND

(2) PROMPTLY NOTIFY THE COMPTROLLER OF THE OCCURRENCE OF THE EVENT.

4-2505.

ON OR BEFORE DECEMBER 31 EACH YEAR, THE SECRETARY SHALL REPORT, IN ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE, TO THE GENERAL ASSEMBLY:

(1) THE NUMBER OF QUALIFIED WORKFORCE HOUSING PROJECTS THAT RECEIVED A TAX CREDIT ALLOCATION DURING THE YEAR;

(2) THE NUMBER OF HOUSING UNITS SUPPORTED BY EACH QUALIFIED WORKFORCE HOUSING PROJECT THAT RECEIVED A TAX CREDIT ALLOCATION DURING THE YEAR;

(3) A DESCRIPTION OF EACH QUALIFIED WORKFORCE HOUSING PROJECT THAT INCLUDES:

(I) THE GEOGRAPHIC LOCATION OF THE PROJECT;

(II) DEMOGRAPHIC INFORMATION ON AND INCOME LEVELS OF THE RESIDENTS INTENDED TO BE SERVED BY THE PROJECT; AND

(III) THE RENT THAT IS AUTHORIZED TO BE CHARGED FOR A UNIT IN THE PROJECT; AND

(4) HOUSING MARKET AND DEMOGRAPHIC INFORMATION THAT DEMONSTRATES HOW EACH QUALIFIED WORKFORCE HOUSING PROJECT IS ADDRESSING THE NEED FOR WORKFORCE HOUSING WITHIN THE COMMUNITIES THAT THE PROJECT IS INTENDED TO SERVE.

Article – Tax – General

10-749.

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

(2) “QUALIFIED WORKFORCE HOUSING PROJECT” HAS THE MEANING STATED IN § 4-2501 OF THE HOUSING AND COMMUNITY DEVELOPMENT ARTICLE.

(3) “SECRETARY” MEANS THE SECRETARY OF HOUSING AND COMMUNITY DEVELOPMENT.

**(B) AN INDIVIDUAL OR A CORPORATION MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX IN THE AMOUNT DETERMINED UNDER SUBSECTION (C) OF THIS SECTION FOR A QUALIFIED WORKFORCE HOUSING PROJECT.**

**(C) (1) THE CREDIT UNDER THIS SECTION EQUALS THE AMOUNT DETERMINED UNDER PARAGRAPH (2) OF THIS SUBSECTION FOR EACH QUALIFIED WORKFORCE HOUSING PROJECT.**

**(2) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE AMOUNT ALLOWED UNDER PARAGRAPH (1) OF THIS SUBSECTION FOR EACH QUALIFIED WORKFORCE HOUSING PROJECT EQUALS THE AMOUNT STATED IN THE FINAL CREDIT CERTIFICATE ISSUED BY THE SECRETARY UNDER TITLE 4, SUBTITLE 25 OF THE HOUSING AND COMMUNITY DEVELOPMENT ARTICLE.**

**(II) THE CREDIT AMOUNT ALLOWED FOR A PROJECT UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH MAY BE CLAIMED IN FULL FOR THE FIRST TAXABLE YEAR THE PROJECT IS PLACED IN SERVICE.**

**(D) IF THE CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE YEAR EXCEEDS THE STATE INCOME TAX FOR THAT TAXABLE YEAR, AN INDIVIDUAL OR A CORPORATION MAY APPLY THE EXCESS AS A CREDIT AGAINST THE STATE INCOME TAX FOR SUCCEEDING TAXABLE YEARS UNTIL THE EARLIER OF:**

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

**(2) THE EXPIRATION OF THE NINTH TAXABLE YEAR AFTER THE TAXABLE YEAR IN WHICH THE FINAL CREDIT CERTIFICATE WAS ISSUED.**

**(E) AN INDIVIDUAL OR A CORPORATION CLAIMING THE STATE TAX CREDIT FOR A QUALIFIED WORKFORCE HOUSING PROJECT SHALL SUBMIT WITH THE INDIVIDUAL'S OR CORPORATION'S INCOME TAX RETURN A COPY OF THE FINAL CREDIT CERTIFICATE FOR THE PROJECT ISSUED BY THE SECRETARY UNDER TITLE 4, SUBTITLE 25 OF THE HOUSING AND COMMUNITY DEVELOPMENT ARTICLE.**

**(F) THE SECRETARY, IN CONSULTATION WITH THE COMPTROLLER, MAY ADOPT REGULATIONS PROVIDING FOR THE RECAPTURE OF THE STATE TAX CREDITS ALLOWED UNDER THIS SECTION FOR A QUALIFIED WORKFORCE HOUSING PROJECT THAT FAILS TO CONTINUE TO MEET THE REQUIREMENTS OF TITLE 4, SUBTITLE 25 OF THE HOUSING AND COMMUNITY DEVELOPMENT ARTICLE.**

**(G) AN INDIVIDUAL OR A CORPORATION MAY NOT CLAIM THE CREDIT ALLOWED UNDER THIS SECTION FOR A PROJECT FOR ANY TAXABLE YEAR IN WHICH THE OWNER OF THE PROJECT IS IN DEFAULT UNDER ANY REGULATORY AGREEMENT**

**REQUIRED WITH RESPECT TO THE PROJECT UNDER § 4-2502 OF THE HOUSING AND COMMUNITY DEVELOPMENT ARTICLE.**

SECTION ~~4~~ 5. AND BE IT FURTHER ENACTED, That, on or before December 1, 2019, the Department of Commerce shall report to the General Assembly, in accordance with § 2-1246 of the State Government Article, on, for the immediately preceding 6 months:

(1) the programs for which a Level 1 or Level 2 opportunity zone enhancement under Title 6, Subtitle 10 of the Economic Development Article, as enacted by Section 1 of this Act, was claimed;

(2) the number of projects under each program for which a Level 1 or Level 2 opportunity zone enhancement under Title 6, Subtitle 10 of the Economic Development Article, as enacted by Section 1 of this Act, was claimed and the type of opportunity zone enhancement claimed; and

(3) the location of each project for which a Level 1 or Level 2 opportunity zone enhancement under Title 6, Subtitle 10 of the Economic Development Article, as enacted by Section 1 of this Act, was claimed.

SECTION ~~5~~ 6. AND BE IT FURTHER ENACTED, That the Department of Planning shall:

(1) conduct a feasibility study on the development of an online application for the historic revitalization tax credit that integrates with applications administered by the Department of Housing and Community Development for the Community Legacy Program and the Baltimore Regional Neighborhood Initiative Program; and

(2) report the findings of the feasibility study to the Governor and, in accordance with § 2-1246 of the State Government Article, to the General Assembly on or before July 1, 2020.

SECTION ~~6~~ 7. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall be applicable to all taxable years beginning after December 31, 2018.

SECTION ~~7~~ ~~7~~ 8. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall be applicable to all taxable years beginning after June 30, 2019.

SECTION ~~8~~ 9. AND BE IT FURTHER ENACTED, That ~~Section 3~~ Sections 3 and 4 of this Act shall take effect July 1, 2019.

SECTION ~~4~~ ~~9~~ 10. AND BE IT FURTHER ENACTED, That, except as provided in Section ~~8~~ 9 of this Act, this Act shall take effect June 1, 2019, and, except as provided in Section 3 of this Act, shall be applicable to all taxable years beginning after December 31, 2018.

**Approved by the Governor, April 30, 2019.**