

# HOUSE BILL 563

Q3  
HB 956/19 – W&M

0lr1621

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By: **Delegates Mosby, Cain, Ebersole, Feldmark, Guyton, Ivey, Palakovich Carr, Patterson, Smith, and Wilkins**

Introduced and read first time: January 27, 2020

Assigned to: Ways and Means

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## A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Lead Remediation Credit**

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

16 BY adding to  
17 Article – Tax – General  
18 Section 10–751  
19 Annotated Code of Maryland  
20 (2016 Replacement Volume and 2019 Supplement)

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

23 **Article – Tax – General**

24 **10–751.**

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

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

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

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

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

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

18                                   1. CONTAINS LEAD-BASED PAINT;

19                                   2. HAS AT LEAST TWO BEDROOMS; AND

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

25                           (II) OWNER-OCCUPIED HOUSING THAT:

26                                   1. CONTAINS LEAD-BASED PAINT; AND

27                                   2. HAS AT LEAST TWO BEDROOMS.

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

1 LEAD HAZARD REDUCTION PROJECT FOR QUALIFYING PROPERTY.

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

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

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

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

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

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

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

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

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

26 1. THE FULL RISK REDUCTION STANDARD UNDER §  
27 6–815(B) OF THE ENVIRONMENT ARTICLE IS SATISFIED;

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

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

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

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

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

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

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

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

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

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

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

32                   (I) (1) FOR EACH FISCAL YEAR, A TAXPAYER MAY SUBMIT TO THE  
33 DEPARTMENT FOR APPROVAL A PROPOSAL FOR A LEAD HAZARD REDUCTION

1 PROJECT QUALIFYING FOR THE TAX CREDIT ALLOWED UNDER THIS SECTION.

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

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

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

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

13 (IV) THE ANTICIPATED DIRECT COSTS OF THE PROJECT;

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

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

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

21 (I) CONSIDER ANY RELEVANT FACTORS; AND

22 (II) APPORTION THE TOTAL TAX CREDITS APPROVED FOR THE  
23 FISCAL YEAR UP TO THE LIMIT IMPOSED UNDER SUBSECTION (J) OF THIS SECTION,  
24 AMONG THE APPROVED PROJECTS.

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

27 (5) EACH APPROVAL:

28 (I) SHALL BE IN WRITING;

29 (II) SHALL SPECIFY THE MAXIMUM TOTAL AMOUNT OF TAX

1 CREDITS FOR WHICH THE PROJECT IS ELIGIBLE; AND

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

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

6 (J) THE SUM OF THE TAX CREDITS FOR ALL LEAD HAZARD REDUCTION  
7 PROJECTS APPROVED FOR EACH FISCAL YEAR MAY NOT EXCEED \$250,000.

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

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

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

18 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
19 1, 2020, and shall be applicable to all taxable years beginning after December 31, 2019, but  
20 before January 1, 2023. It shall remain effective for a period of 3 years and, at the end of  
21 June 30, 2023, this Act, with no further action required by the General Assembly, shall be  
22 abrogated and of no further force and effect.