

HOUSE BILL 60

Q3

11r0920

(PRE-FILED)

By: **Delegate Wilkins**

Requested: October 12, 2020

Introduced and read first time: January 13, 2021

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Green Buildings Tax Credit – Multifamily Housing**

3 FOR the purpose of allowing a credit against the State income tax for certain costs, paid or
4 incurred after a certain date by an owner of certain multifamily housing to meet
5 certain energy and water efficiency standards; allowing unused credits to be claimed
6 for a certain number of subsequent taxable years under certain circumstances;
7 requiring the owner to obtain a certain eligibility certificate from certain persons in
8 order to claim the credit; requiring the Maryland Energy Administration to issue an
9 initial tax credit certificate on application of the owner under certain circumstances
10 and subject to certain limitations; providing for the form and content of the
11 application and the initial tax credit certificate; prohibiting the Administration from
12 issuing tax credit certificates totaling more than a certain amount in the aggregate;
13 requiring the Administration to give priority to certain applications and to issue a
14 final tax credit certificate under certain circumstances; establishing certain
15 procedures for claiming the credit; prohibiting the final credit amount from
16 exceeding a certain percentage of certain costs; authorizing the Administration and
17 the Comptroller to adopt certain regulations; requiring the Administration to provide
18 certain information to the Comptroller on or before a certain date each year;
19 requiring the Administration and the Comptroller to report to the General Assembly
20 on or before a certain date each year in a certain manner; defining certain terms;
21 providing for the application of this Act; and generally relating to an income tax
22 credit for owners of certain multifamily housing that meets certain energy and water
23 efficiency standards.

24 BY adding to

25 Article – Tax – General

26 Section 10–722.1

27 Annotated Code of Maryland

28 (2016 Replacement Volume and 2020 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

3 **Article – Tax – General**

4 **10-722.1.**

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

7 (2) “ADMINISTRATION” MEANS THE MARYLAND ENERGY
8 ADMINISTRATION.

9 (3) “ALLOWABLE COSTS” MEANS AMOUNTS PAID OR INCURRED BY AN
10 INDIVIDUAL OR A CORPORATION, ON OR AFTER JULY 1, 2021, FOR THE
11 CONSTRUCTION OF A GREEN BUILDING OR THE CONVERSION OF AN ELIGIBLE
12 BUILDING INTO A GREEN BUILDING.

13 (4) “ELIGIBLE BUILDING” MEANS A RESIDENTIAL MULTIFAMILY
14 BUILDING LOCATED IN THE STATE THAT CONTAINS AT LEAST 10 DWELLING UNITS.

15 (5) “GREEN BUILDING” MEANS AN ELIGIBLE BUILDING FOR WHICH
16 AN ELIGIBILITY CERTIFICATE IS ISSUED, CERTIFYING THAT:

17 (I) FOR AN ELIGIBLE BUILDING THAT IS NEWLY CONSTRUCTED,
18 UNDERGOES A GUT REHABILITATION, OR IS CONVERTED FROM NONRESIDENTIAL
19 USE TO RESIDENTIAL USE, THE BUILDING QUALIFIES AS A GREEN BUILDING UNDER
20 THE MOST RECENT VERSION OF THE FOLLOWING RATING SYSTEMS:

21 1. A. ENERGY STAR NEW HOMES;

22 B. ENERGY STAR MULTIFAMILY NEW CONSTRUCTION;

23 OR

24 C. ENERGY STAR MULTIFAMILY HIGH RISE; AND

25 2. A. ENTERPRISE GREEN COMMUNITIES;

26 B. U.S. GREEN BUILDING COUNCIL’S LEADERSHIP IN
27 ENERGY AND ENVIRONMENTAL DESIGN;

28 C. NATIONAL ASSOCIATION OF HOME BUILDERS’
29 ICC-700 NATIONAL GREEN BUILDING STANDARD;

1 **D. SOUTHFACE’S EARTHRAFT MULTIFAMILY; OR**

2 **E. INTERNATIONAL LIVING FUTURE INSTITUTE’S**
3 **LIVING BUILDING CHALLENGE; OR**

4 **(II) FOR AN EXISTING ELIGIBLE BUILDING THAT UNDERGOES**
5 **IMPROVEMENTS FOR ENERGY AND WATER CONSERVATION PURPOSES, THE**
6 **IMPROVEMENTS REDUCE THE BUILDING’S PROJECTED ANNUAL ENERGY AND**
7 **WATER USAGE BY AT LEAST 30%, WITH AT LEAST A 15% REDUCTION IN ENERGY**
8 **USAGE.**

9 **(6) “GUT REHABILITATION” MEANS THE DEMOLITION OF A BUILDING,**
10 **FOR ENERGY CONSERVATION PURPOSES, TO THE BUILDING’S EXTERIOR WALL**
11 **STRUCTURAL FRAME AND REMOVING AND REPLACING THE EXISTING MECHANICAL,**
12 **ELECTRICAL, AND PLUMBING SYSTEMS OF THE BUILDING.**

13 **(B) (1) FOR THE TAXABLE YEAR IN WHICH AN ELIGIBLE BUILDING IS**
14 **CERTIFIED AS A GREEN BUILDING, AN INDIVIDUAL OR A CORPORATION THAT OWNS**
15 **THE GREEN BUILDING MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX AS**
16 **PROVIDED UNDER THIS SECTION.**

17 **(2) IF THE CREDIT ALLOWED UNDER THIS SECTION EXCEEDS THE**
18 **STATE INCOME TAX, ANY UNUSED CREDIT MAY BE CARRIED FORWARD AND APPLIED**
19 **FOR SUCCEEDING TAXABLE YEARS UNTIL THE EARLIER OF:**

20 **(I) THE FULL AMOUNT OF THE CREDIT IS USED; OR**

21 **(II) THE EXPIRATION OF THE 5TH YEAR AFTER THE TAXABLE**
22 **YEAR FOR WHICH THE CREDIT WAS ALLOWED.**

23 **(3) (i) 1. TO CLAIM THE CREDIT UNDER THIS SECTION FOR A**
24 **GREEN BUILDING AS DEFINED UNDER SUBSECTION (A)(5)(I) OF THIS SECTION, THE**
25 **OWNER SHALL OBTAIN AN ELIGIBILITY CERTIFICATE FROM THE CERTIFYING BODY**
26 **FOR THE APPLICABLE RATING SYSTEM IDENTIFIED UNDER SUBSECTION (A)(5)(I) OF**
27 **THIS SECTION.**

28 **2. TO CLAIM THE CREDIT UNDER THIS SECTION FOR A**
29 **GREEN BUILDING AS DEFINED IN SUBSECTION (A)(5)(II) OF THIS SECTION, THE**
30 **OWNER SHALL OBTAIN AN ELIGIBILITY CERTIFICATE FROM AN ARCHITECT OR A**
31 **PROFESSIONAL ENGINEER LICENSED TO PRACTICE IN THE STATE THAT BEARS THE**
32 **SEAL OF THE ARCHITECT OR ENGINEER.**

1 **(II) AN ELIGIBILITY CERTIFICATE ISSUED UNDER THIS**
2 **PARAGRAPH SHALL:**

3 **1. SET FORTH THE SPECIFIC FINDINGS ON WHICH THE**
4 **CERTIFICATION WAS BASED; AND**

5 **2. INCLUDE ANY OTHER INFORMATION THAT THE**
6 **ADMINISTRATION OR THE COMPTROLLER REQUIRES BY REGULATION.**

7 **(C) (1) (I) SUBJECT TO THE LIMITATIONS OF PARAGRAPH (3) OF THIS**
8 **SUBSECTION, THE ADMINISTRATION SHALL ISSUE AN INITIAL CREDIT CERTIFICATE**
9 **ON APPLICATION BY AN OWNER OF AN ELIGIBLE BUILDING IF THE OWNER**
10 **DEMONSTRATES THAT THE OWNER IS LIKELY WITHIN A REASONABLE TIME TO**
11 **OBTAIN AN ELIGIBILITY CERTIFICATE AS PROVIDED UNDER SUBSECTION (B) OF**
12 **THIS SECTION.**

13 **(II) THE APPLICATION SHALL:**

14 **1. BE IN THE FORM THE ADMINISTRATION REQUIRES;**
15 **AND**

16 **2. INCLUDE A DETAILED ESTIMATE OF THE ALLOWABLE**
17 **COSTS.**

18 **(2) THE INITIAL CREDIT CERTIFICATE ISSUED UNDER THIS**
19 **SUBSECTION SHALL STATE:**

20 **(I) THE EARLIEST TAXABLE YEAR FOR WHICH THE CREDIT MAY**
21 **BE CLAIMED; AND**

22 **(II) THE MAXIMUM AMOUNT OF THE TAX CREDIT ALLOWABLE**
23 **UNDER THIS SECTION.**

24 **(3) (I) FOR ANY TAXABLE YEAR, THE ADMINISTRATION MAY NOT**
25 **ISSUE INITIAL TAX CREDIT CERTIFICATES FOR CREDIT AMOUNTS IN THE**
26 **AGGREGATE TOTALING MORE THAN \$1,000,000.**

27 **(II) THE ADMINISTRATION SHALL GIVE PRIORITY TO**
28 **APPLICATIONS FOR ELIGIBLE BUILDINGS:**

29 **1. IN WHICH A MAJORITY OF CURRENT OR FUTURE**
30 **TENANTS QUALIFY AS LOW OR MODERATE INCOME;**

1 **(III) THE BASIS FOR WHICH THE CREDITS ARE CLAIMED; AND**

2 **(IV) ANY OTHER AVAILABLE INFORMATION THE**
3 **ADMINISTRATION DETERMINES TO BE MEANINGFUL AND APPROPRIATE.**

4 **(2) THE COMPTROLLER AND THE ADMINISTRATION SHALL ENSURE**
5 **THAT THE REPORT REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION IS**
6 **PRESENTED AND CLASSIFIED IN A MANNER CONSISTENT WITH THE**
7 **CONFIDENTIALITY OF TAX RETURN INFORMATION.**

8 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
9 1, 2021, and shall be applicable to all taxable years beginning after December 31, 2020.