

Chapter 159

(Senate Bill 394)

AN ACT concerning

Catalytic Revitalization Project Tax Credit – Alterations

FOR the purpose of altering the amount of a certain credit against the State income tax that certain persons may claim for certain construction and rehabilitation costs for certain catalytic revitalization projects in the State; repealing a limitation on the authority of the Secretary of Housing and Community Development to award initial and final tax credit certificates for catalytic revitalization projects before a certain date; repealing a certain limitation on the number of initial tax credit certificates the Secretary may award within a certain period of time; prohibiting the Secretary from accepting applications and awarding certain credit certificates for catalytic revitalization projects under certain circumstances; authorizing the Secretary to revoke an initial credit certificate for a catalytic revitalization project and award the certificate to another applicant under certain circumstances; requiring the Secretary to adopt certain regulations concerning procedures for the approval of project phases for certain tax credit certificates; prohibiting the Secretary from revoking a tax credit certificate awarded on or before a certain date except under certain circumstances; and generally relating to the catalytic revitalization project tax credit.

BY repealing and reenacting, with amendments,
 Article – Housing and Community Development
 Section 6–902(a) and (c), 6–903(a) and (b), and 6–904
 Annotated Code of Maryland
 (2019 Replacement Volume and 2023 Supplement)

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

Article – Housing and Community Development

6–902.

(a) An individual, a nonprofit organization, or a business entity may claim a tax credit in an amount equal to:

(1) FOR A PROJECT ISSUED A SINGLE TAX CREDIT CERTIFICATE ON COMPLETION, 20% of the amount stated in the final tax credit certificate issued by the Secretary under § 6–903 of this subtitle for 5 consecutive taxable years beginning with the taxable year in which a final tax credit certificate is issued; **OR**

(2) FOR A PHASED PROJECT ISSUED A TAX CREDIT CERTIFICATE ON COMPLETION OF A PHASE, 100% OF THE AMOUNT STATED IN THE FINAL TAX CREDIT CERTIFICATE ISSUED BY THE SECRETARY UNDER § 6-903 OF THIS SUBTITLE FOR THE TAXABLE YEAR IN WHICH THE FINAL TAX CREDIT CERTIFICATE IS ISSUED.

(c) The Secretary may issue multiple final tax credit certificates for a project that is issued an initial tax certificate under this section if:

(1) the project has been determined by the Secretary to be in phases;

(2) a phase of the project has been completed;

(3) a final tax credit certificate is not issued for more than 20% of the project's eligible expenses to date; and

(4) a final tax credit certificate is not issued that would exceed the aggregated limit of a project's credit UNDER § 6-903(B) OF THIS SUBTITLE.

6-903.

(a) (1) Subject to the limitations of [paragraphs (2) and (3)] **PARAGRAPH (2)** of this subsection and subsection (b) of this section, on application by an individual, a nonprofit organization, or a business entity, the Secretary shall issue:

(i) an initial tax credit certificate in an amount equal to 20% of the individual's, nonprofit organization's, or business entity's estimated new construction costs and rehabilitation costs for the project; and

(ii) on completion of the catalytic revitalization project or a phase of the catalytic revitalization project, a final tax credit certificate in an amount equal to 20% of the individual's, nonprofit organization's, or business entity's actual new construction costs and rehabilitation costs for the project.

(2) For purposes of calculating the credit authorized under paragraph (1) of this subsection, new construction costs:

(i) must be related to the construction of new structures that connect, expand, or integrate the existing structures to be rehabilitated; and

(ii) may not exceed 50% of the total costs of the catalytic revitalization project.

[(3) (i) Except as provided in subparagraph (ii) of this paragraph, the Secretary may not issue an initial or final tax credit certificate under paragraph (1) of this subsection before January 1, 2025.

(ii) The Secretary may issue an initial or final tax credit certificate under paragraph (1) of this subsection before January 1, 2025, if the Comptroller determines that issuing the tax credit certificate will not result in a reduction or repayment of federal funds authorized under the federal American Rescue Plan Act of 2021.]

(b) (1) [The Secretary may not award an initial credit certificate for more than one catalytic revitalization project within a 2-year period.

(2) For any catalytic revitalization project] **EXCEPT AS PROVIDED IN PARAGRAPH (2)(II) OF THIS SUBSECTION**, the Secretary may not:

(I) ACCEPT APPLICATIONS AND AWARD INITIAL CREDIT CERTIFICATES FOR CATALYTIC REVITALIZATION PROJECTS MORE THAN ONCE WITHIN A 2-YEAR PERIOD; OR

(II) issue tax credit certificates for credit amounts in the aggregate totaling more than \$15,000,000 WITHIN A 2-YEAR PERIOD.

(2) (I) THE SECRETARY MAY REVOKE AN INITIAL CREDIT CERTIFICATE ON A FINDING BY THE SECRETARY THAT THE RECIPIENT IS NOT IN COMPLIANCE WITH THE INITIAL CREDIT CERTIFICATE OR AN AGREEMENT WITH THE DEPARTMENT REGARDING THE INITIAL CREDIT CERTIFICATE.

(II) IF THE SECRETARY REVOKES AN INITIAL CREDIT CERTIFICATE UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE SECRETARY MAY AWARD AN INITIAL CREDIT CERTIFICATE TO ANOTHER APPLICANT, PROVIDED THAT THE AWARD DOES NOT EXCEED THE AMOUNT OF THE REVOKED INITIAL CREDIT CERTIFICATE.

6-904.

The Secretary, in consultation with the Department of Commerce, shall adopt regulations to carry out the provisions of this subtitle, including regulations that:

(1) establish procedures and standards for certifying new construction costs and rehabilitation costs under this subtitle; [and]

(2) establish an application process for the issuance of tax credit certificates under this subtitle, with an emphasis on applications that promote affordable housing; **AND**

(3) ESTABLISH PROCEDURES FOR THE APPROVAL OF PROJECT PHASES FOR TAX CREDIT CERTIFICATES ISSUED UNDER THIS SUBTITLE.

SECTION 2. AND BE IT FURTHER ENACTED, That the Secretary of Housing and Community Development may not revoke a tax credit certificate awarded on or before July 1, 2024, under Title 6, Subtitle 9 of the Housing and Community Development Article unless the individual, nonprofit organization, or business entity that received the tax credit certificate ceases rehabilitation of the catalytic revitalization project for which the tax credit certificate was awarded.

SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2024, and shall be applicable to all taxable years beginning after December 31, 2023.

Approved by the Governor, April 25, 2024.