

# HOUSE BILL 507

Q2  
HB 765/23 – W&M

4lr1515

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By: **Delegates Buckel and Hinebaugh**  
Introduced and read first time: January 24, 2024  
Assigned to: Ways and Means

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Committee Report: Favorable with amendments  
House action: Adopted  
Read second time: March 3, 2024

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Allegany and Garrett Counties – Property ~~and Income Taxes~~ – Credits Tax –**  
3 **Credit for Construction and Purchase of Housing**

4 FOR the purpose of ~~requiring~~ authorizing the governing bodies of Allegany County and  
5 Garrett County and municipal corporations located in Allegany County and Garrett  
6 County to grant, by law, a property tax credit on certain newly constructed dwellings;  
7 ~~requiring the State to reimburse each county and municipal corporation a certain~~  
8 ~~portion of the revenue that would have been collected but for the property tax credit~~  
9 ~~required under this Act; allowing certain persons who construct a certain number of~~  
10 ~~middle income homes in Allegany County and Garrett County to claim a credit~~  
11 ~~against the State income tax; requiring the Department of Housing and Community~~  
12 ~~Development to administer the credit; providing for the carryforward and transfer of~~  
13 ~~the credit under certain circumstances; and generally relating to ~~tax incentives~~ a~~  
14 property tax credit for the construction and purchase of newly constructed housing  
15 in Allegany County and Garrett County.

16 BY adding to  
17 Article – Tax – Property  
18 Section 9–327  
19 Annotated Code of Maryland  
20 (2019 Replacement Volume and 2023 Supplement)

21 ~~BY adding to~~  
22 ~~Article – Tax – General~~  
23 ~~Section 10–758~~

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### EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



~~Annotated Code of Maryland~~  
~~(2022 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 – Tax – Property**

**9–327.**

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

(2) “ELIGIBLE COUNTY” MEANS ALLEGANY COUNTY AND GARRETT  
COUNTY.

(3) “ELIGIBLE DWELLING” MEANS NEWLY CONSTRUCTED  
RESIDENTIAL REAL PROPERTY:

(I) THAT HAS NOT BEEN PREVIOUSLY OCCUPIED SINCE ITS  
CONSTRUCTION;

(II) FOR WHICH THE BUILDING PERMIT FOR CONSTRUCTION  
WAS ISSUED ON OR AFTER JUNE 1, 2024; AND

(III) OCCUPIED BY THE PURCHASER OF THE DWELLING AS THE  
PURCHASER’S PRINCIPAL RESIDENCE.

(B) THE GOVERNING BODY OF AN ELIGIBLE COUNTY OR A MUNICIPAL  
CORPORATION ~~SHALL~~ LOCATED IN AN ELIGIBLE COUNTY MAY GRANT, BY LAW, A  
PROPERTY TAX CREDIT AGAINST THE PROPERTY TAX IMPOSED ON AN ELIGIBLE  
DWELLING IF THE ELIGIBLE DWELLING IS CONSTRUCTED OR EQUIPPED WITH:

(1) A SPRINKLER SYSTEM INSTALLED IN ACCORDANCE WITH TITLE 9,  
SUBTITLE 2 OF THE PUBLIC SAFETY ARTICLE OR LOCAL LAW;

(2) AN ON–SITE SEWAGE DISPOSAL SYSTEM INSTALLED IN  
ACCORDANCE WITH TITLE 9 OF THE ENVIRONMENT ARTICLE OR LOCAL LAW; OR

(3) FIXED BROADBAND INTERNET ACCESS SERVICE CONNECTIVITY.

(C) THE CREDIT ALLOWED UNDER THIS SECTION:

(1) MAY NOT EXCEED \$10,000; AND

1           (2) MAY BE CLAIMED IN THE TAXABLE YEAR THAT THE PROPERTY  
2 QUALIFIES FOR THE CREDIT AND THE 4 TAXABLE YEARS FOLLOWING THE TAXABLE  
3 YEAR IN WHICH THE PROPERTY QUALIFIES FOR THE CREDIT.

4           ~~(D) (1) AS PROVIDED IN THE STATE BUDGET, THE STATE SHALL REMIT~~  
5 ~~TO EACH ELIGIBLE COUNTY OR MUNICIPAL CORPORATION AN AMOUNT EQUAL TO~~  
6 ~~50% OF THE FUNDS THAT WOULD HAVE BEEN COLLECTED IF THE PROPERTY TAX~~  
7 ~~CREDIT UNDER THIS SECTION HAD NOT BEEN GRANTED.~~

8           ~~(2) (i) FOR AN ELIGIBLE COUNTY OR A MUNICIPAL CORPORATION~~  
9 ~~TO RECEIVE A REIMBURSEMENT UNDER PARAGRAPH (1) OF THIS SUBSECTION BY~~  
10 ~~AUGUST 31 IN ANY CALENDAR YEAR, THE COUNTY OR MUNICIPAL CORPORATION~~  
11 ~~SHALL SUBMIT AN ANNUAL REQUEST TO THE DEPARTMENT FOR THE AMOUNT~~  
12 ~~REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION ON OR BEFORE JUNE 30~~  
13 ~~THAT YEAR.~~

14           ~~(ii) ON RECEIPT OF THE REQUEST FROM AN ELIGIBLE COUNTY~~  
15 ~~OR A MUNICIPAL CORPORATION UNDER SUBPARAGRAPH (i) OF THIS PARAGRAPH,~~  
16 ~~THE DEPARTMENT SHALL CERTIFY TO THE COMPTROLLER, ON OR BEFORE JULY 31,~~  
17 ~~THE REIMBURSEMENT DUE TO EACH COUNTY OR MUNICIPAL CORPORATION.~~

18           ~~(iii) ON RECEIPT OF THE CERTIFICATION FROM THE~~  
19 ~~DEPARTMENT UNDER SUBPARAGRAPH (ii) OF THIS PARAGRAPH, THE~~  
20 ~~COMPTROLLER SHALL REIMBURSE EACH COUNTY OR MUNICIPAL CORPORATION ON~~  
21 ~~OR BEFORE AUGUST 31.~~

22           ~~(3) IF AN ELIGIBLE COUNTY OR A MUNICIPAL CORPORATION SUBMITS~~  
23 ~~ITS REQUEST FOR THE AMOUNT REQUIRED UNDER PARAGRAPH (1) OF THIS~~  
24 ~~SUBSECTION AFTER JUNE 30:~~

25           ~~(i) THE DEPARTMENT SHALL ISSUE ITS CERTIFICATION TO THE~~  
26 ~~COMPTROLLER WITHIN 30 DAYS AFTER RECEIPT OF THE REQUEST; AND~~

27           ~~(ii) THE COMPTROLLER SHALL REIMBURSE THE COUNTY OR~~  
28 ~~MUNICIPAL CORPORATION WITHIN 30 DAYS AFTER RECEIPT OF THE~~  
29 ~~CERTIFICATION.~~

30           ~~(E) (D)~~ THE GOVERNING BODY OF AN ELIGIBLE COUNTY OR A MUNICIPAL  
31 CORPORATION LOCATED IN AN ELIGIBLE COUNTY THAT GRANTS A PROPERTY TAX  
32 CREDIT UNDER THIS SECTION MAY PROVIDE, BY LAW, FOR:

33           (1) SUBJECT TO THE LIMITATION UNDER SUBSECTION (C)(1) OF THIS  
34 SECTION, THE AMOUNT OF THE CREDIT;

**(2) ADDITIONAL ELIGIBILITY CRITERIA FOR THE CREDIT;**

**~~(1) (3)~~ REGULATIONS AND PROCEDURES FOR THE APPLICATION AND UNIFORM PROCESSING OF REQUESTS FOR THE TAX CREDIT; AND**

**~~(2) (4)~~ ANY OTHER PROVISION NECESSARY TO CARRY OUT THE TAX CREDIT UNDER THIS SECTION.**

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

~~Article Tax General~~

~~10 758.~~

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

~~(2) "DEPARTMENT" MEANS THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT.~~

~~(3) (i) "MIDDLE INCOME HOME" MEANS A RESIDENTIAL REAL PROPERTY:~~

~~1. FOR WHICH THE BUILDING PERMIT FOR CONSTRUCTION WAS ISSUED DURING THE TAXABLE YEAR IN WHICH A TAX CREDIT CERTIFICATE IS ISSUED IN ACCORDANCE WITH THIS SECTION; AND~~

~~2. WITH A PURCHASE PRICE OF AT LEAST \$130,000 BUT NOT MORE THAN \$250,000 AND THAT IS PAID BY AN INDIVIDUAL THAT INTENDS TO OCCUPY THE RESIDENCE AS THE INDIVIDUAL'S PRINCIPAL RESIDENCE.~~

~~(ii) "MIDDLE INCOME HOME" DOES NOT INCLUDE A RESIDENTIAL REAL PROPERTY IF THE BUILDING PERMIT FOR CONSTRUCTION WAS ISSUED BEFORE JUNE 1, 2024.~~

~~(B) A TAXPAYER MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX IN THE AMOUNT STATED ON THE TAX CREDIT CERTIFICATE APPROVED BY THE DEPARTMENT IN ACCORDANCE WITH SUBSECTION (C) OF THIS SECTION.~~

~~(C) (1) A DEVELOPER OF RESIDENTIAL REAL PROPERTY MAY SUBMIT AN APPLICATION TO THE DEPARTMENT FOR A CREDIT UNDER THIS SECTION IN A TAXABLE YEAR IN WHICH THE DEVELOPER CONSTRUCTS MORE THAN 10 MIDDLE INCOME HOMES IN ALLEGANY COUNTY OR GARRETT COUNTY.~~

1           ~~(2) ON APPROVAL OF THE APPLICATION, THE DEPARTMENT SHALL~~  
2 ~~ISSUE THE APPLICANT A TAX CREDIT CERTIFICATE IN AN AMOUNT EQUAL TO \$7,500.~~

3           ~~(D) IF THE TAX CREDIT EXCEEDS THE STATE INCOME TAX OF THE TAXPAYER~~  
4 ~~IN ANY TAXABLE YEAR, THE TAXPAYER MAY APPLY THE EXCESS AS A CREDIT FOR~~  
5 ~~SUCCEEDING TAXABLE YEARS UNTIL THE EARLIER OF:~~

6           ~~(1) THE DATE ON WHICH THE FULL AMOUNT OF THE EXCESS IS USED;~~  
7 ~~OR~~

8           ~~(2) THE DATE OF THE EXPIRATION OF THE 5TH TAXABLE YEAR AFTER~~  
9 ~~THE TAXABLE YEAR FOR WHICH THE CREDIT CERTIFICATE WAS ISSUED UNDER~~  
10 ~~SUBSECTION (C) OF THIS SECTION.~~

11           ~~(E) (1) THE TAX CREDIT ALLOWED UNDER THIS SECTION MAY BE~~  
12 ~~ALLOCATED AMONG THE PARTNERS, MEMBERS, OR SHAREHOLDERS OF AN ENTITY~~  
13 ~~IN ANY MANNER AGREED TO BY THOSE PERSONS IN WRITING.~~

14           ~~(2) IN ACCORDANCE WITH REGULATIONS ADOPTED BY THE~~  
15 ~~DEPARTMENT UNDER THIS SECTION, THE AMOUNT OF THE TAX CREDIT ALLOWED~~  
16 ~~BUT NOT USED MAY BE TRANSFERRED IN WHOLE OR IN PART TO ANY INDIVIDUAL OR~~  
17 ~~BUSINESS ENTITY.~~

18           ~~(F) THE DEPARTMENT, IN CONSULTATION WITH THE COMPTROLLER,~~  
19 ~~SHALL ADOPT REGULATIONS TO CARRY OUT THIS SECTION.~~

20           ~~SECTION 3. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall be~~  
21 ~~applicable to all taxable years beginning after June 30, 2024.~~

22           ~~SECTION 4. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall be~~  
23 ~~applicable to all taxable years beginning after December 31, 2023.~~

24           ~~SECTION 5. 2. AND BE IT FURTHER ENACTED, That this Act shall take effect~~  
25 ~~June 1, 2024, and shall be applicable to all taxable years beginning after June 30, 2024.~~