
By: Delegates Rosenberg, Rawlings, Kirk, and Shriver

Introduced and read first time: February 2, 1996

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Neighborhood and Community Assistance Program - Tax Credits**

3 FOR the purpose of establishing the Neighborhood and Community Assistance Program
4 within the Department of Housing and Community Development; allowing certain
5 business entities to claim a tax credit against certain State taxes for certain
6 contributions to certain neighborhood and community assistance projects; providing
7 for the calculation of the credit; limiting the amount of the credit that may be
8 claimed by a business entity for any taxable year; providing for the carryover of
9 excess credit to certain taxable years; limiting eligibility for the tax credit to projects
10 and contributions approved by the Department; requiring the Department to submit
11 certain reports to certain State entities by a certain date each year; authorizing the
12 Department to approve certain projects and certain contributions to projects under
13 certain circumstances; requiring the Department to adopt certain regulations;
14 defining certain terms; providing for the future codification of certain provisions of
15 this Act; providing for the application of this Act; and generally relating to the
16 Neighborhood and Community Assistance Program.

17 BY repealing and reenacting, with amendments,
18 Article 83B - Department of Housing and Community Development
19 Section 4-101(b)
20 Annotated Code of Maryland
21 (1995 Replacement Volume)

22 BY adding to
23 Article 83B - Department of Housing and Community Development
24 Section 4-701 through 4-706, inclusive, to be under the new subtitle "Subtitle 7.
25 Neighborhood and Community Assistance Program"
26 Annotated Code of Maryland
27 (1995 Replacement Volume)

28 BY repealing and reenacting, with amendments,
29 Article 48A - Insurance Code
30 Section 634
31 Annotated Code of Maryland
32 (1994 Replacement Volume and 1995 Supplement)

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1 BY adding to
2 Article - Tax - General
3 Section 8-214, 8-411, and 10-704.4
4 Annotated Code of Maryland
5 (1988 Volume and 1995 Supplement)

6 BY repealing and reenacting, with amendments,
7 Article - Insurance
8 Section 6-105
9 Annotated Code of Maryland
10 (1995 Volume)
11 (As enacted by Chapters 36 and 352 of the Acts of the General Assembly of 1995)

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

14 **Article 83B - Department of Housing and Community Development**

15 4-101.

16 (b) The Division of Community Assistance includes:

- 17 (1) The Community Assistance Administration;
- 18 (2) The Neighborhood Housing Services Fund;
- 19 (3) The Community Services Program;
- 20 (4) The Maryland State Appalachian Housing Fund;
- 21 (5) The State Action Loans for Targeted Areas Program; [and]
- 22 (6) THE NEIGHBORHOOD AND COMMUNITY ASSISTANCE PROGRAM;

23 AND

24 [(6)] (7) The administration of statewide building and material codes
25 established under Title 6 of this article.

26 SUBTITLE 7. NEIGHBORHOOD AND COMMUNITY ASSISTANCE PROGRAM.

27 4-701.

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

30 (B) "APPROVED PROJECT" MEANS A PROJECT APPROVED BY THE
31 DEPARTMENT UNDER § 4-704 OF THIS SUBTITLE.

32 (C) "BUSINESS ENTITY" MEANS A PERSON THAT:

- 33 (1) CONDUCTS OR OPERATES A TRADE OR BUSINESS IN THE STATE;

34 AND

3

1 (2) IS SUBJECT TO:

2 (I) THE STATE INCOME TAX ON CORPORATIONS;

3 (II) THE FINANCIAL INSTITUTION FRANCHISE TAX;

4 (III) THE PUBLIC SERVICE COMPANY FRANCHISE TAX; OR

5 (IV) THE INSURANCE PREMIUMS TAX.

6 (D) "CONTRIBUTION" MEANS A DONATION BY A BUSINESS ENTITY OF MONEY,
7 GOODS, OR SERVICES OF AT LEAST \$500 IN VALUE TO AN APPROVED PROJECT.

8 (E) "DESIGNATED REVITALIZATION AREA" MEANS A DESIGNATED
9 NEIGHBORHOOD UNDER § 2-1303(B) OF THIS ARTICLE.

10 (F) "INDIVIDUAL OF LIMITED INCOME" MEANS AN INDIVIDUAL WHOSE
11 INCOME DOES NOT EXCEED THE UPPER INCOME LIMITS ESTABLISHED BY THE
12 SECRETARY UNDER § 2-203 OF THIS ARTICLE.

13 (G) "NONPROFIT ORGANIZATION" MEANS A CORPORATION, FOUNDATION,
14 OR OTHER LEGAL ENTITY IN WHICH NO PART OF THE NET EARNINGS INURES TO
15 THE BENEFIT OF ANY SHAREHOLDER OR INDIVIDUAL.

16 (H) "REDEVELOPMENT ASSISTANCE" MEANS THE FURNISHING OF FINANCIAL
17 ASSISTANCE, LABOR, MATERIAL, AND TECHNICAL ADVICE TO AID IN THE PHYSICAL
18 IMPROVEMENT OF ANY PART OR ALL OF A DESIGNATED REVITALIZATION AREA.

19 4-702.

20 THERE IS A NEIGHBORHOOD AND COMMUNITY ASSISTANCE PROGRAM.

21 4-703.

22 THE PURPOSE OF THE NEIGHBORHOOD AND COMMUNITY ASSISTANCE
23 PROGRAM IS TO:

24 (1) ASSIST NONPROFIT ORGANIZATIONS IN CARRYING OUT APPROVED
25 PROJECTS IN DESIGNATED REVITALIZATION AREAS;

26 (2) ENCOURAGE BUSINESSES TO INVEST IN DESIGNATED
27 REVITALIZATION AREAS; AND

28 (3) STRENGTHEN PUBLIC/PRIVATE PARTNERSHIPS.

29 4-704.

30 (A) (1) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, A BUSINESS
31 ENTITY MAY CLAIM A TAX CREDIT IN THE AMOUNT DETERMINED UNDER
32 SUBSECTION (B) OF THIS SECTION FOR MONEY OR RESOURCES CONTRIBUTED TO AN
33 APPROVED PROJECT.

34 (2) THE TAX CREDIT ALLOWED UNDER THIS SECTION SHALL BE
35 APPLIED IN THE FOLLOWING ORDER UNTIL USED AGAINST:

36 (I) THE INSURANCE PREMIUMS TAX;

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1 (II) THE PUBLIC SERVICE COMPANY FRANCHISE TAX;

2 (III) THE FINANCIAL INSTITUTION FRANCHISE TAX; AND

3 (IV) THE STATE INCOME TAX ON CORPORATIONS.

4 (B) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, THE
5 CREDIT ALLOWED UNDER THIS SECTION EQUALS 50 PERCENT OF THE AMOUNT OF
6 MONEY OR VALUE OF RESOURCES CONTRIBUTED DURING THE TAXABLE YEAR OF
7 THE BUSINESS ENTITY AS A GIFT TO AN APPROVED PROJECT.

8 (2) (I) THE CREDIT ALLOWED TO A BUSINESS ENTITY UNDER THIS
9 SECTION MAY NOT EXCEED, FOR ANY TAXABLE YEAR OF THE BUSINESS ENTITY,
10 THE LESSER OF:

11 1. \$125,000; OR

12 2. THE TOTAL AMOUNT OF TAX OTHERWISE PAYABLE BY
13 THE BUSINESS ENTITY FOR THE TAXABLE YEAR.

14 (II) ANY EXCESS CREDIT THAT WOULD BE ALLOWED BUT FOR THE
15 LIMITATIONS UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH MAY BE CARRIED
16 OVER AND APPLIED AS A CREDIT FOR SUCCEEDING TAXABLE YEARS UNTIL THE
17 EARLIER OF:

18 1. THE FULL AMOUNT OF THE EXCESS IS USED; OR

19 2. THE EXPIRATION OF THE FIFTH TAXABLE YEAR AFTER
20 THE TAXABLE YEAR IN WHICH THE CONTRIBUTION WAS MADE.

21 (C) (1) THE CREDIT ALLOWED UNDER THIS SECTION MAY NOT BE
22 ALLOWED UNLESS THE BUSINESS ENTITY HAS APPLIED FOR AND RECEIVED
23 APPROVAL UNDER THIS SUBSECTION BY THE DEPARTMENT FOR EACH
24 CONTRIBUTION AS TO WHICH THE CREDIT IS CLAIMED.

25 (2) EACH APPLICATION FOR APPROVAL OF A CONTRIBUTION SHALL
26 CONTAIN:

27 (I) THE NAME OF THE APPROVED PROJECT TO WHICH THE
28 CONTRIBUTION IS TO BE MADE;

29 (II) THE AMOUNT OF THE CONTRIBUTION; AND

30 (III) A CERTIFICATION AS TO THE VALUE OF ANY NONMONETARY
31 CONTRIBUTION INCLUDED.

32 (3) THE DEPARTMENT MAY NOT APPROVE AN APPLICATION FOR
33 APPROVAL OF A CONTRIBUTION IF IT DETERMINES THAT:

34 (I) THE MAXIMUM AMOUNT OF CONTRIBUTIONS ELIGIBLE FOR
35 THE TAX CREDIT FOR THAT PROJECT FOR THE FISCAL YEAR WILL BE EXCEEDED BY
36 THE SUM OF:

37 1. THE AMOUNT OF THE PROPOSED CONTRIBUTION; AND

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1 2. THE TOTAL AMOUNT OF CONTRIBUTIONS PREVIOUSLY
2 APPROVED TO THAT PROJECT FOR THE FISCAL YEAR; OR

3 (II) THE APPLICANT HAS OVERSTATED THE VALUE OF ANY
4 NONMONETARY CONTRIBUTION INCLUDED.

5 (4) BY JANUARY 31 OF EACH YEAR, THE DEPARTMENT SHALL REPORT
6 TO THE DEPARTMENT OF ASSESSMENTS AND TAXATION, THE COMPTROLLER, AND
7 THE MARYLAND INSURANCE ADMINISTRATION THE CONTRIBUTIONS THAT THE
8 DEPARTMENT HAS APPROVED UNDER THIS SECTION IN THE PRECEDING CALENDAR
9 YEAR.

10 4-705.

11 (A) FOR EACH FISCAL YEAR, A NONPROFIT ORGANIZATION MAY SUBMIT TO
12 THE DEPARTMENT, FOR APPROVAL UNDER THE NEIGHBORHOOD AND COMMUNITY
13 ASSISTANCE PROGRAM, A PROPOSAL FOR A PROJECT TO PROVIDE SERVICES TO A
14 DESIGNATED REVITALIZATION AREA, INCLUDING:

15 (1) COMMUNITY SERVICES, INCLUDING CHILD CARE AND
16 RECREATIONAL SERVICES;

17 (2) REDEVELOPMENT ASSISTANCE;

18 (3) JOB TRAINING FOR INDIVIDUALS OF LIMITED INCOME;

19 (4) EDUCATION; AND

20 (5) CRIME PREVENTION.

21 (B) A PROPOSAL SUBMITTED UNDER THIS SECTION SHALL INCLUDE:

22 (1) THE PROJECT TO BE CONDUCTED;

23 (2) THE DESIGNATED REVITALIZATION AREA BENEFITED BY THE
24 PROJECT;

25 (3) A DESCRIPTION OF THE APPLICANT'S EXPERIENCE AND
26 CAPABILITIES;

27 (4) THE ESTIMATED COSTS OF THE PROJECT;

28 (5) A DESCRIPTION OF THE PLANS FOR IMPLEMENTING THE PROJECT;
29 AND

30 (6) ANY OTHER INFORMATION DETERMINED NECESSARY BY THE
31 DEPARTMENT.

32 (C) (1) THE DEPARTMENT MAY NOT APPROVE A PROPOSAL SUBMITTED
33 UNDER THIS SUBSECTION UNLESS THE PROPOSAL IS APPROVED BY THE GOVERNING
34 BODY OF EACH COUNTY IN WHICH THE DESIGNATED REVITALIZATION AREA
35 BENEFITED BY THE PROJECT IS LOCATED.

36 (2) EACH APPROVAL:

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1 (I) SHALL BE IN WRITING; AND

2 (II) SHALL STATE THE MAXIMUM AMOUNT OF CONTRIBUTIONS TO
3 THE APPROVED PROJECT ELIGIBLE FOR THE TAX CREDITS PROVIDED UNDER § 4-704
4 OF THIS SUBTITLE.

5 (3) THE SUM OF CONTRIBUTIONS ELIGIBLE FOR THE TAX CREDITS
6 PROVIDED UNDER § 4-704 OF THIS SUBTITLE FOR ALL PROJECTS APPROVED FOR
7 EACH FISCAL YEAR MAY NOT EXCEED \$2,000,000.

8 (4) IN APPROVING OR DISAPPROVING A PROPOSAL, AND IN
9 DETERMINING THE MAXIMUM AMOUNT OF CONTRIBUTIONS TO AN APPROVED
10 PROJECT THAT WILL BE ELIGIBLE FOR THE TAX CREDITS PROVIDED UNDER § 4-704
11 OF THIS SUBTITLE, THE DEPARTMENT:

12 (I) SHALL CONSIDER:

13 1. THE NEED FOR THE PROJECT IN RELATION TO THE NEED
14 FOR OTHER PROJECTS PROPOSED;

15 2. THE ANTICIPATED BENEFIT TO THE DESIGNATED
16 REVITALIZATION AREA;

17 3. THE CAPACITY OF THE APPLICANT TO RAISE FUNDS FOR
18 THE PROJECT;

19 4. THE READINESS OF THE APPLICANT TO PROCEED WITH
20 THE PROJECT;

21 5. THE ABILITY OF THE APPLICANT TO COMPLETE THE
22 PROJECT AS PROPOSED;

23 6. GEOGRAPHIC DISTRIBUTION OF PROJECTS; AND

24 7. ANY OTHER RELEVANT FACTORS;

25 (II) MAY REQUEST DATA AND ASSISTANCE FROM OTHER UNITS OF
26 THE STATE; AND

27 (III) SHALL APPORTION AMONG THE APPROVED PROJECTS THE
28 LIMIT IMPOSED UNDER PARAGRAPH (3) OF THIS SUBSECTION ON THE SUM OF
29 CONTRIBUTIONS ELIGIBLE FOR TAX CREDITS FOR THE FISCAL YEAR.

30 4-706.

31 THE DEPARTMENT SHALL ADOPT REGULATIONS NECESSARY TO CARRY OUT
32 THIS SUBTITLE.

33 **Article 48A - Insurance Code**

34 634.

35 (A) Every life insurance company having its home office in this State shall be
36 entitled to credit against the total amount of the taxes payable by it under this subtitle,
37 the amount of fees paid by it in the preceding calendar year to the Insurance

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1 Commissioner of this State for valuing life insurance policies, but such credit shall not
2 exceed 15% of the total amount of the taxes which would have been payable if the credit
3 allowed by this section were not allowed.

4 (B) A PERSON THAT IS SUBJECT TO THE TAX IMPOSED UNDER THIS SUBTITLE
5 MAY CLAIM A CREDIT AGAINST THE TAX FOR NEIGHBORHOOD AND COMMUNITY
6 ASSISTANCE CONTRIBUTIONS AS PROVIDED UNDER ARTICLE 83B, § 4-704 OF THE
7 CODE.

8 **Article - Tax - General**

9 8-214.

10 A FINANCIAL INSTITUTION MAY CLAIM A CREDIT AGAINST THE FINANCIAL
11 INSTITUTION FRANCHISE TAX FOR NEIGHBORHOOD AND COMMUNITY ASSISTANCE
12 CONTRIBUTIONS AS PROVIDED UNDER ARTICLE 83B, § 4-704 OF THE CODE.

13 8-411.

14 A PUBLIC SERVICE COMPANY MAY CLAIM A CREDIT AGAINST THE PUBLIC
15 SERVICE COMPANY FRANCHISE TAX FOR NEIGHBORHOOD AND COMMUNITY
16 ASSISTANCE AS PROVIDED UNDER ARTICLE 83B, § 4-704 OF THE CODE.

17 10-704.4.

18 A CORPORATION MAY CLAIM A CREDIT AGAINST THE INCOME TAX FOR
19 NEIGHBORHOOD AND COMMUNITY ASSISTANCE CONTRIBUTIONS AS PROVIDED
20 UNDER ARTICLE 83B, § 4-704 OF THE CODE.

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

23 **Article - Insurance**

24 6-105.

25 (a) (1) A life insurer with its home office in the State is entitled to credit against
26 the total amount of taxes payable by the life insurer under this subtitle, the amount of
27 fees paid to the Commissioner by the life insurer in the preceding calendar year for
28 valuing life insurance policies.

29 [(b)] (2) The credit ALLOWED UNDER THIS SUBSECTION may not exceed
30 15% of the total amount of the taxes that would have been payable if the credit were not
31 allowed.

32 (B) A PERSON THAT IS SUBJECT TO TAXATION UNDER THIS SUBTITLE MAY
33 CLAIM A TAX CREDIT AGAINST THE TAX IMPOSED FOR NEIGHBORHOOD AND
34 COMMUNITY ASSISTANCE CONTRIBUTIONS AS PROVIDED UNDER ARTICLE 83B, §
35 11-1004 OF THE CODE.

36 SECTION 3. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall
37 take effect October 1, 1997.

1 SECTION 4. AND BE IT FURTHER ENACTED, That, except as provided in
2 Section 3 of this Act, this Act shall take effect October 1, 1996 and shall be applicable to
3 all taxable years beginning after December 31, 1996.