
By: Delegates Rosenberg and Hecht

Introduced and read first time: January 31, 1997

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Lead-Safe Housing - Income Tax 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; providing
6 for calculation of the credit; disallowing the credit for costs for which the taxpayer
7 has received a grant or loan under certain State programs; providing for the
8 carryover of unused credit; providing for submission of proposals for lead hazard
9 reduction projects to the Department of Housing and Community Development for
10 approval; limiting the total amount of credits that the Department may approve for
11 any fiscal year; prohibiting certain false statements; providing a certain penalty for
12 certain violations; requiring the Department to adopt certain regulations; defining
13 certain terms; providing for the application of this Act; and generally relating to a
14 credit against the State income tax for certain approved lead hazard reduction
15 projects.

16 BY adding to

17 Article - Tax - General

18 Section 10-708

19 Annotated Code of Maryland

20 (1988 Volume and 1996 Supplement)

21 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF

22 MARYLAND, That the Laws of Maryland read as follows:

23 **Article - Tax - General**

24 10-708.

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

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

29 (3) "EXTERIOR SURFACES" HAS THE MEANING STATED IN § 6-801 OF
30 THE ENVIRONMENT ARTICLE.

2

1 (4) "LEAD HAZARD REDUCTION ACTIVITY" HAS THE MEANING STATED
2 IN ARTICLE 83B, § 2-1402 OF THE CODE.

3 (5) "LEAD-SAFE WINDOW" MEANS A WINDOW THAT IS LEAD-FREE OR
4 HAS BEEN TREATED SO THAT ALL FRICTION SURFACES ARE LEAD-FREE.

5 (6) "QUALIFYING PROPERTY" MEANS A PROPERTY CONSTRUCTED
6 BEFORE 1950 WITH RESPECT TO WHICH A CREDIT UNDER THIS SECTION HAS NOT
7 PREVIOUSLY BEEN GRANTED AND THAT IS:

8 (I) AFFECTED PROPERTY REGISTERED WITH THE DEPARTMENT
9 UNDER § 6-811 OF THE ENVIRONMENT ARTICLE THAT:

10 1. HAS AT LEAST 3 BEDROOMS; AND

11 2. NOTWITHSTANDING § 6-817 OF THE ENVIRONMENT
12 ARTICLE, AT THE TIME OF APPLICATION FOR APPROVAL AND AT THE TIME OF
13 COMMENCEMENT OF AN APPROVED LEAD HAZARD REDUCTION PROJECT UNDER
14 THIS SECTION IS IN FULL COMPLIANCE WITH THE REQUIREMENTS OF TITLE 6,
15 SUBTITLE 8 OF THE ENVIRONMENT ARTICLE, INCLUDING § 6-815 OR § 6-819 OF THE
16 ENVIRONMENT ARTICLE;

17 (II) A CHILD CARE CENTER, AS DEFINED IN § 5-570 OF THE FAMILY
18 LAW ARTICLE, THAT AT THE TIME OF APPLICATION FOR APPROVAL AND AT THE
19 TIME OF COMMENCEMENT OF AN APPROVED LEAD HAZARD REDUCTION PROJECT
20 UNDER THIS SECTION IS IN FULL COMPLIANCE WITH ALL APPLICABLE LICENSING
21 LAWS AND HAS MET ALL INSPECTION REQUIREMENTS OF THE SOCIAL SERVICES
22 ADMINISTRATION OF THE DEPARTMENT OF HUMAN RESOURCES, LOCAL PUBLIC
23 HEALTH DEPARTMENTS, AND ANY OTHER LEGALLY REQUIRED INSPECTIONS; OR

24 (III) OWNER-OCCUPIED HOUSING THAT HAS AT LEAST 3
25 BEDROOMS.

26 (B) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, AN INDIVIDUAL OR
27 A CORPORATION MAY CLAIM A TAX CREDIT IN THE AMOUNT DETERMINED UNDER
28 SUBSECTION (C) OF THIS SECTION FOR AN APPROVED LEAD HAZARD REDUCTION
29 PROJECT FOR QUALIFYING PROPERTY.

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

32 (1) FOR RENTAL PROPERTY:

33 (I) 100% OF THE DIRECT COSTS OF AN APPROVED LEAD HAZARD
34 REDUCTION PROJECT INCURRED WITH RESPECT TO A RESIDENTIAL UNIT RENTED
35 TO A FAMILY OR HOUSEHOLD HAVING AT LEAST ONE CHILD WITH AN ELEVATED
36 BLOOD LEAD LEVEL OF 20 MG/DL OR HIGHER; AND

37 (II) 70% OF THE DIRECT COSTS OF AN APPROVED LEAD HAZARD
38 REDUCTION PROJECT INCURRED WITH RESPECT TO A RESIDENTIAL UNIT NOT
39 RENTED TO A FAMILY OR HOUSEHOLD HAVING AT LEAST ONE CHILD WITH AN
40 ELEVATED BLOOD LEAD LEVEL OF 20 MG/DL OR HIGHER;

3

1 (2) FOR A CHILD CARE CENTER, 60% OF THE DIRECT COSTS OF AN
2 APPROVED LEAD HAZARD REDUCTION PROJECT; AND

3 (3) FOR OWNER-OCCUPIED PROPERTY, 85% OF THE DIRECT COSTS OF
4 AN APPROVED LEAD HAZARD REDUCTION PROJECT.

5 (D) (1) FOR ANY TAXABLE YEAR, THE TOTAL CREDIT ALLOWED UNDER
6 THIS SECTION MAY NOT EXCEED:

7 (I) FOR RENTAL PROPERTY IF AT LEAST ONE UNIT IS RENTED TO
8 A FAMILY OR HOUSEHOLD HAVING AT LEAST ONE CHILD WITH AN ELEVATED
9 BLOOD LEAD LEVEL OF 20 MG/DL OR HIGHER, THE LESSER OF:

10 1. \$5,000 PER UNIT; OR

11 2. \$20,000 TOTAL FOR ANY TAXPAYER;

12 (II) FOR RENTAL PROPERTY EXCEPT AS PROVIDED IN ITEM (I) OF
13 THIS PARAGRAPH, THE LESSER OF:

14 1. \$3,500 PER UNIT; OR

15 2. \$14,000 TOTAL FOR ANY TAXPAYER;

16 (III) \$15,000 FOR A CHILD CARE CENTER; OR

17 (IV) \$8,500 FOR OWNER-OCCUPIED PROPERTY.

18 (2) THE TOTAL CREDIT ALLOWED UNDER THIS SECTION FOR ANY
19 APPROVED LEAD REDUCTION PROJECT MAY NOT EXCEED THE MAXIMUM CREDIT
20 SPECIFIED BY THE DEPARTMENT IN ITS APPROVAL OF THE LEAD HAZARD
21 REDUCTION PROJECT.

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

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

26 (I) ALL LEAD HAZARD REDUCTION ACTIVITIES UNDER AN
27 APPROVED LEAD HAZARD REDUCTION PROJECT ARE PERFORMED IN ACCORDANCE
28 WITH STANDARDS AND PROCEDURES ESTABLISHED IN REGULATIONS ADOPTED BY
29 THE DEPARTMENT OF THE ENVIRONMENT UNDER TITLE 6, SUBTITLE 10 OF THE
30 ENVIRONMENT ARTICLE;

31 (II) AT COMPLETION OF THE APPROVED LEAD HAZARD
32 REDUCTION PROJECT:

33 1. THE FULL RISK REDUCTION STANDARD UNDER §
34 6-815(A)(2) OF THE ENVIRONMENT ARTICLE IS SATISFIED;

35 2. ALL EXTERIOR ENTRYWAYS FOR THE PROPERTY HAVE A
36 WALK-OFF FLOORMAT;

5

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

4 (II) A DESCRIPTION OF ANY LEAD HAZARD REDUCTION
5 ACTIVITIES OF WHICH THE TAXPAYER IS AWARE THAT HAVE BEEN PERFORMED ON
6 THE PROPERTY;

7 (III) A DESCRIPTION OF THE LEAD HAZARD REDUCTION
8 ACTIVITIES THAT WILL BE PERFORMED FOR THE PROPERTY UNDER THE PROJECT;

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

10 (V) THE ANTICIPATED DATES FOR COMMENCEMENT AND
11 COMPLETION OF THE PROJECT; AND

12 (VI) ANY OTHER INFORMATION THAT THE DEPARTMENT
13 REQUIRES BY REGULATION.

14 (3) IN APPROVING OR DISAPPROVING A LEAD HAZARD REDUCTION
15 PROJECT UNDER THIS SUBTITLE AND IN DETERMINING THE MAXIMUM AMOUNT OF
16 CREDITS APPROVED FOR EACH APPROVED PROJECT, THE DEPARTMENT SHALL:

17 (I) CONSIDER ANY RELEVANT FACTORS; AND

18 (II) APPORTION AMONG THE APPROVED PROJECTS THE LIMIT
19 IMPOSED UNDER SUBSECTION (J) OF THIS SECTION ON THE TOTAL TAX CREDITS
20 THAT MAY BE APPROVED FOR THE FISCAL YEAR.

21 (4) THE DEPARTMENT SHALL APPROVE OR DISAPPROVE AN
22 APPLICATION WITHIN 60 DAYS AFTER IT RECEIVES A COMPLETED APPLICATION.

23 (5) EACH APPROVAL:

24 (I) SHALL BE IN WRITING; AND

25 (II) SHALL SPECIFY THE MAXIMUM TOTAL AMOUNT OF TAX
26 CREDITS FOR WHICH THE PROJECT IS ELIGIBLE.

27 (6) EACH DISAPPROVAL SHALL STATE IN DETAIL THE REASONS FOR
28 THE DISAPPROVAL.

29 (J) THE SUM OF THE TAX CREDITS APPROVED FOR ALL LEAD HAZARD
30 REDUCTION PROJECTS APPROVED FOR EACH FISCAL YEAR MAY NOT EXCEED
31 \$5,000,000.

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

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

6

1 (L) THE DEPARTMENT IN COOPERATION WITH THE COMPTROLLER AND THE
2 DEPARTMENT OF THE ENVIRONMENT SHALL ADOPT REGULATIONS TO CARRY OUT
3 THIS SECTION.

4 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
5 July 1, 1997 and shall be applicable to all taxable years beginning after December 31,
6 1996.