
By: Chairman, Budget and Taxation Committee (Departmental - Housing and Community Dev.)

Requested: October 30, 1996

Introduced and read first time: January 8, 1997

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Department of Housing and Community Development - Neighborhood and Community**
3 **Assistance Program**

4 FOR the purpose of clarifying the type of projects that may receive contributions eligible
5 for Neighborhood and Community Assistance Program tax credits, and the
6 documentation required for valuation of contributions; providing for local
7 government waiver of its project approval authority; providing for delegation of
8 local government project approval authority; and generally relating to the
9 Neighborhood and Community Assistance Program and the Department of Housing
10 and Community Development.

11 BY repealing and reenacting, with amendments,
12 Article 83B - Department of Housing and Community Development
13 Section 4-701(h), 4-704, and 4-705
14 Annotated Code of Maryland
15 (1995 Replacement Volume and 1996 Supplement)

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

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

19 4-701.

20 (h) "Redevelopment assistance" means the furnishing of [tangible personal
21 property] LABOR AND MATERIALS to aid in the physical improvement of any part or all
22 of a designated revitalization area.

23 4-704.

24 (a) (1) Except as otherwise provided in this section, a business entity may claim
25 a tax credit in the amount determined under subsection (b) of this section for
26 contributions to an approved project.

27 (2) The same tax credit may not be applied more than once against different
28 taxes by the same taxpayer.

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1 (b) (1) Except as provided in paragraph (2) of this subsection, the credit
2 allowed under this section equals 50 percent of the amount of contributions that are
3 approved by the Department under subsection (c) of this section made during the taxable
4 year of the business entity.

5 (2) (i) The credit allowed to a business entity under this section may not
6 exceed, for any taxable year of the business entity, the lesser of:

7 1. \$125,000; or

8 2. The total amount of tax otherwise payable by the business
9 entity for the taxable year.

10 (ii) Any excess credit that would be allowed but for the limitations
11 under subparagraph (i) of this paragraph may be carried over and applied as a credit for
12 succeeding taxable years until the earlier of:

13 1. The full amount of the excess is used; or

14 2. The expiration of the fifth taxable year after the taxable year
15 in which the contribution was made.

16 (c) (1) The credit allowed under this section may not be allowed unless the
17 business entity has applied for and received approval under this subsection by the
18 Department for each contribution as to which the credit is claimed.

19 (2) Each application for approval of a contribution shall contain:

20 (i) The name of the approved project to which the contribution is to
21 be made;

22 (ii) The amount of the contribution; and

23 (iii) [A certification by an independent and unrelated third party as to
24 the value of any nonmonetary contribution included.] FOR NONMONETARY
25 CONTRIBUTIONS:

26 1. IF THE CONTRIBUTION IS OF NEW GOODS, EVIDENCE
27 FROM THE BUSINESS ENTITY OF THE NET COST TO THE BUSINESS ENTITY OF THE
28 CONTRIBUTION; OR

29 2. IF THE CONTRIBUTION IS OF USED GOODS,
30 CERTIFICATION OF VALUE FROM AN INDEPENDENT AND UNRELATED THIRD
31 PARTY.

32 (3) The Department may not approve an application for approval of a
33 contribution if it determines that:

34 (i) The maximum amount of contributions eligible for the tax credit
35 for that project for the fiscal year will be exceeded by the sum of:

36 1. The amount of the proposed contribution; and

4

1 (ii) Shall state the maximum amount of contributions to the approved
2 project eligible for the tax credits provided under § 4-704 of this subtitle.

3 (3) The sum of contributions eligible for the tax credits provided under §
4 4-704 of this subtitle for all projects approved for each fiscal year may not exceed
5 \$2,000,000.

6 (4) In approving or disapproving a proposal, and in determining the
7 maximum amount of contributions to an approved project that will be eligible for the tax
8 credits provided under § 4-704 of this subtitle, the Department:

9 (i) Shall consider:

- 10 1. The need for the project in relation to the need for other
11 projects proposed;
- 12 2. The anticipated benefit to the designated revitalization area;
- 13 3. The capacity of the applicant to raise funds for the project;
- 14 4. The readiness of the applicant to proceed with the project;
- 15 5. The ability of the applicant to complete the project as
16 proposed;
- 17 6. Geographic distribution of projects; and
- 18 7. Any other relevant factors;

19 (ii) May request data and assistance from other units of the State; and

20 (iii) Shall apportion among the approved projects the limit imposed
21 under paragraph (3) of this subsection on the sum of contributions eligible for tax credits
22 for the fiscal year.

23 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
24 July 1, 1997.