

(PRE-FILED)

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

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 11, 1997

CHAPTER ____

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~~ EXPENDITURE OF
21 FUNDS BY NONPROFIT ORGANIZATIONS FOR [tangible personal property] LABOR

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1 AND MATERIALS ~~to aid~~ USED DIRECTLY in the physical improvement of any part or all
2 of a designated revitalization area.

3 4-704.

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

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

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

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

15 1. \$125,000; or

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

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

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

22 2. The expiration of the fifth taxable year after the taxable year
23 in which the contribution was made.

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

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

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

30 (ii) The amount of the contribution; and

31 (iii) ~~†A~~

32 1. EXCEPT AS PROVIDED IN SUBITEM 2 OF THIS ITEM, A
33 certification by an independent and unrelated third party as to the value of any
34 nonmonetary contribution included. ~~† FOR NONMONETARY CONTRIBUTIONS:~~

35 ~~1. IF THE CONTRIBUTION IS OF NEW GOODS, EVIDENCE~~
36 ~~FROM THE BUSINESS ENTITY OF THE NET COST TO THE BUSINESS ENTITY OF THE~~
37 ~~CONTRIBUTION; OR~~

1 ~~2. IF THE CONTRIBUTION IS OF USED GOODS,~~
2 ~~CERTIFICATION OF VALUE FROM AN INDEPENDENT AND UNRELATED THIRD~~
3 ~~PARTY.; OR~~

4 2. IF THE CONTRIBUTION IS OF NEW GOODS, AN INVOICE OR
5 RECEIPT PROVIDED BY THE BUSINESS ENTITY AS CERTIFICATION OF THE
6 CONTRIBUTION'S NET COST TO THE BUSINESS ENTITY.

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

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

11 1. The amount of the proposed contribution; and

12 2. The total amount of contributions previously approved to
13 that project for the fiscal year; or

14 (ii) The applicant has overstated the value of any nonmonetary
15 contribution included.

16 (4) By January 31 of each year, the Department shall report to the
17 Department of Assessments and Taxation, the Comptroller, and the Maryland Insurance
18 Administration the contributions that the Department has approved under this section in
19 the preceding calendar year.

20 4-705.

21 (a) For each fiscal year, a nonprofit organization may submit to the Department,
22 for approval under the Neighborhood and Community Assistance Program, a proposal for
23 a project to provide services to a designated revitalization area, including:

24 (1) Community services, including child care and recreational services;

25 (2) Redevelopment assistance;

26 (3) Job training for individuals of limited income;

27 (4) Education; and

28 (5) Crime prevention.

29 (b) A proposal submitted under this section shall include:

30 (1) The project to be conducted;

31 (2) The designated revitalization area benefited by the project;

32 (3) A description of the applicant's experience and capabilities;

33 (4) The estimated costs of the project;

34 (5) A description of the plans for implementing the project; and

35 (6) Any other information determined necessary by the Department.

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1 (c) (1) The Department may not approve a proposal submitted under this
2 subsection unless the proposal is approved, ~~OR THE REQUIREMENT FOR APPROVAL OF~~
3 ~~PROPOSALS IS WAIVED~~, by the governing body OR AUTHORIZED DESIGNEE of:

4 (i) Each county in which the designated revitalization area benefited
5 by the project is located, ~~IF THE PROJECT IS NOT LOCATED IN A MUNICIPAL~~
6 ~~CORPORATION; [and] OR~~

7 (ii) Each municipal corporation in which the designated revitalization
8 area benefited by the project is located.

9 (2) Each approval OF A PROPOSAL:

10 (i) Shall be in writing; and

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

13 (3) The sum of contributions eligible for the tax credits provided under §
14 4-704 of this subtitle for all projects approved for each fiscal year may not exceed
15 \$2,000,000.

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

19 (i) Shall consider:

20 1. The need for the project in relation to the need for other
21 projects proposed;

22 2. The anticipated benefit to the designated revitalization area;

23 3. The capacity of the applicant to raise funds for the project;

24 4. The readiness of the applicant to proceed with the project;

25 5. The ability of the applicant to complete the project as
26 proposed;

27 6. Geographic distribution of projects; and

28 7. Any other relevant factors;

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

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

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

