

HOUSE BILL 1051

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Q7

1999 Regular Session
9lr2357

By: ~~Delegate Hixson~~ **Delegates Hixson, Bozman, Carlson, Crvor, C. Davis,
Finifter, Healey, Hurson, Linton, and Rosso**

Introduced and read first time: February 18, 1999
Assigned to: Rules and Executive Nominations
Re-referred to: Ways and Means, February 24, 1999

Committee Report: Favorable with amendments
House action: Adopted
Read second time: March 22, 1999

CHAPTER _____

1 AN ACT concerning

2 **Certified Heritage Structure Rehabilitation Credit - Reciprocity with Other**
3 **States**

4 FOR the purpose of allowing a business entity or individual that incurs certain
5 expenditures in the rehabilitation of a certified historic structure in a state
6 other than Maryland to claim a certain tax credit against certain Maryland
7 taxes if the other state has in effect a reciprocal historic rehabilitation tax credit
8 program and agreement for taxpayers of that state who rehabilitate historic
9 structures in Maryland; providing for the application of this Act; and generally
10 relating to a certain tax credit for certain rehabilitation expenditures.

11 BY repealing and reenacting, with amendments,
12 Article 83B - Department of Housing and Community Development
13 Section 5-801
14 Annotated Code of Maryland
15 (1998 Replacement Volume)

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 5-801.

20 (a) (1) In this section the following words have the meanings indicated.

1 (2) "Business entity" means a person conducting or operating a trade or
2 business in the State.

3 (3) "Certified heritage area" has the meaning stated in § 13-1101(d) of
4 the Financial Institutions Article.

5 (4) "Certified heritage structure" means a structure that is:

6 (i) Listed in the National Register of Historic Places;

7 (ii) Designated as a historic property under local law;

8 (iii) 1. Located in a historic district listed on the National
9 Register of Historic Places or in a local historic district; and

10 2. Certified by the Director of the Maryland Historical Trust
11 as contributing to the significance of the district; or

12 (iv) Located in a certified heritage area and which has been
13 certified by the Maryland Heritage Areas Authority as contributing to the
14 significance of the certified heritage area.

15 (5) "Certified rehabilitation" means rehabilitation of a certified heritage
16 structure which the Director certifies is substantial rehabilitation in conformance
17 with the rehabilitation standards of the United States Secretary of the Interior.

18 (6) "Director" means the Director of the Maryland Historical Trust.

19 (7) "Local historic district" means a district that the governing body of a
20 county or municipal corporation, or the Mayor and City Council of Baltimore, has
21 designated under local law as historic.

22 (8) "Qualified rehabilitation expenditure" means any amount expended
23 in the rehabilitation of a structure that is properly chargeable to capital account.

24 (9) "Substantial rehabilitation" means rehabilitation of a structure for
25 which the qualified rehabilitation expenditures, during the 24-month period selected
26 by the taxpayer ending with or within the taxable year, exceed:

27 (i) For owner-occupied residential property, \$5,000; or

28 (ii) For all other property, the greater of:

29 1. The adjusted basis of the structure; or

30 2. \$5,000.

31 (b) (1) Subject to subsection (c) of this section, for the taxable year in which
32 a certified rehabilitation is completed, a business entity or an individual may claim a
33 tax credit in an amount equal to 25% of the taxpayer's qualified rehabilitation
34 expenditures for the rehabilitation.

1 (2) The same tax credit may not be applied more than once against
2 different taxes.

3 (c) If the credit allowed under this section in any taxable year exceeds the
4 total tax otherwise payable by the business entity or the individual for that taxable
5 year, the business entity or individual may apply the excess as a credit for succeeding
6 years until the earlier of:

7 (1) The full amount of the excess is used; or

8 (2) The expiration of the tenth taxable year after the taxable year in
9 which the certified rehabilitation is completed.

10 (d) If a certified heritage structure for which a certified rehabilitation has
11 been completed is sold or transferred, the amount of any credit unused at the time of
12 sale or transfer may be transferred to the individual or business entity to which the
13 building is sold or transferred.

14 (E) A BUSINESS ENTITY OR INDIVIDUAL THAT INCURS QUALIFIED
15 REHABILITATION EXPENDITURES IN THE REHABILITATION OF A CERTIFIED
16 HISTORIC STRUCTURE IN A STATE OTHER THAN MARYLAND MAY CLAIM A TAX
17 CREDIT TO THE SAME EXTENT AS PROVIDED UNDER SUBSECTION (B) OF THIS
18 SECTION IF THE OTHER STATE HAS IN EFFECT A RECIPROCAL HISTORIC
19 REHABILITATION TAX CREDIT PROGRAM AND AGREEMENT FOR TAXPAYERS OF THAT
20 STATE WHO REHABILITATE HISTORIC STRUCTURES IN MARYLAND.

21 [(e)] (F) The Director and the Maryland Heritage Areas Authority may adopt
22 regulations to establish procedures and standards for certifying heritage structures
23 and rehabilitations under this section.

24 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
25 July 1, 1999 and shall be applicable to all taxable years beginning after December 31,
26 1999.