
By: **Senators Hoffman and Middleton**
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CHAPTER _____

1 AN ACT concerning

2 **Maryland Heritage Structure Rehabilitation Tax Credit**

3 FOR the purpose of limiting the qualifying expenditures under the Maryland
4 Heritage Structure Rehabilitation Tax Credit allowed for a ~~commercial~~
5 rehabilitation to the amount of ~~proposed~~ estimated expenditures ~~approved by~~
6 ~~the Director of the Maryland Historical Trust; as stated in the application for~~
7 approval of a plan of proposed rehabilitation; limiting the amount of State tax
8 credit allowed for any rehabilitation; altering the calculation of the credit;
9 providing that certain expenditures funded, financed, or otherwise reimbursed
10 by certain State or local financial assistance do not qualify for the credit;
11 ~~limiting the credit allowed for certain rehabilitations to a certain amount;~~
12 ~~repealing a provision making the credit refundable under certain circumstances;~~
13 ~~providing for the carry forward of certain unused credit amounts; allowing~~
14 ~~certain unused credit amounts to be transferred under certain circumstances;~~
15 ~~making the credit refundable under certain circumstances for certain~~
16 ~~tax-exempt organizations and for certain rehabilitations; providing that for~~
17 ~~certain rehabilitations, the credit may not be claimed unless the proposed~~
18 ~~rehabilitation work and the amount of the proposed rehabilitation expenditures~~
19 ~~have been approved by the Director of the Maryland Historical Trust; limiting~~
20 ~~the amount of proposed rehabilitation expenditures that the Director may~~
21 ~~approve for purposes of the credit for any commercial project; limiting the~~
22 ~~aggregate amount of proposed rehabilitation expenditures that the Director may~~
23 ~~approve for purposes of the credit in any calendar year; requiring the Director to~~
24 ~~approve proposed rehabilitation expenditures for purposes of the credit on a~~
25 ~~certain basis; repealing certain provisions allowing the credit for certain~~
26 rehabilitations in other states under certain circumstances; repealing certain
27 provisions allowing the transfer of the credit under certain circumstances;
28 altering certain reporting requirements under the credit; ~~limiting the amount of~~

1 ~~the credit that may be claimed for any taxable year for certain rehabilitations to~~
 2 ~~a certain amount; allowing certain excess credit to be carried forward and~~
 3 ~~applied as a credit in future tax years, subject to a certain limitation; providing~~
 4 ~~for the application of this Act; requiring the Comptroller to allow certain~~
 5 ~~amended returns and to waive certain interest and penalty; providing for the~~
 6 ~~allocation of the available credit for a certain calendar year under certain~~
 7 ~~circumstances; providing for the termination of the credit as of a certain date;~~
 8 ~~stating the intent of the General Assembly regarding the estimated~~
 9 ~~rehabilitation expenditures for approved proposed commercial projects for the~~
 10 ~~purposes of the credit for any calendar year; requiring the Department of~~
 11 ~~Legislative Services to monitor the approval of proposed commercial~~
 12 ~~rehabilitation projects for the purposes of the credit and to take certain actions~~
 13 ~~relating to the credit under certain circumstances; and generally relating to the~~
 14 Maryland Heritage Structure Rehabilitation Tax Credit.

15 BY repealing and reenacting, with amendments,
 16 Article 83B - Department of Housing and Community Development
 17 Section 5-801
 18 Annotated Code of Maryland
 19 (1998 Replacement Volume and 2001 Supplement)

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

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

23 5-801.

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

25 (2) "Business entity" means:

26 (i) A person conducting or operating a trade or business in the
 27 State; or

28 (ii) An organization operating in Maryland that is exempt from
 29 taxation under § 501(c)(3) of the Internal Revenue Code.

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

32 (4) (i) "Certified heritage structure" means a structure that is located
 33 in the State and is:

34 1. Listed in the National Register of Historic Places;

35 2. Designated as a historic property under local law AND
 36 DETERMINED BY THE DIRECTOR TO BE ELIGIBLE FOR LISTING ON THE NATIONAL
 37 REGISTER OF HISTORIC PLACES;

- 1 1. STATE OR LOCAL GRANT ~~OR LOAN~~;
- 2 2. GRANT MADE FROM THE PROCEEDS OF TAX-EXEMPT
 3 BONDS ISSUED BY THE STATE, A POLITICAL SUBDIVISION OF THE STATE, OR AN
 4 INSTRUMENTALITY OF THE STATE OR OF A POLITICAL SUBDIVISION OF THE STATE;
- 5 3. STATE ~~OR LOCAL~~ TAX CREDIT OTHER THAN THE TAX
 6 CREDIT UNDER THIS SECTION; OR
- 7 4. OTHER FINANCIAL ASSISTANCE FROM THE STATE OR A
 8 POLITICAL SUBDIVISION OF THE STATE, OTHER THAN A LOAN THAT MUST BE REPAYED
 9 AT AN INTEREST RATE THAT IS GREATER THAN THE INTEREST RATE ON GENERAL
 10 OBLIGATION BONDS ISSUED BY THE STATE AT THE MOST RECENT BOND SALE PRIOR
 11 TO THE TIME THE LOAN IS MADE.

12 (9) (10) "Substantial rehabilitation" means rehabilitation of a structure
 13 for which the qualified rehabilitation expenditures, during the 24-month period
 14 selected by the taxpayer ending with or within the taxable year, exceed:

- 15 (i) For owner-occupied residential property, \$5,000; or
- 16 (ii) For all other property, the greater of:
- 17 1. The adjusted basis of the structure; or
- 18 2. \$5,000.

19 (b) (1) [Subject to subsection (e) of] EXCEPT AS OTHERWISE PROVIDED IN
 20 this section, for the taxable year in which a certified rehabilitation is completed, a
 21 business entity or an individual may claim a tax credit in an amount equal to ~~25%~~
 22 20% of the taxpayer's qualified rehabilitation expenditures for the rehabilitation.

23 (2) The State tax credit allowed under this section may be allocated
 24 among the partners, members, or shareholders of an entity in any manner agreed to
 25 by those persons in writing.

26 (3) (4) ~~FOR ANY COMMERCIAL REHABILITATION, THE STATE TAX~~
 27 ~~CREDIT ALLOWED UNDER THIS SECTION MAY NOT EXCEED \$1,000,000.~~

28 (H) ~~FOR PURPOSES OF THE LIMITATION UNDER SUBPARAGRAPH (I)~~
 29 ~~OF THIS PARAGRAPH, THE FOLLOWING SHALL BE TREATED AS A SINGLE~~
 30 ~~REHABILITATION:~~

- 31 1. ~~THE PHASED REHABILITATION OF THE SAME STRUCTURE~~
 32 ~~OR PROPERTY;~~
- 33 2. ~~THE SEPARATE REHABILITATION OF DIFFERENT~~
 34 ~~COMPONENTS OF THE SAME STRUCTURE OR PROPERTY; OR~~

1 3. THE REHABILITATION OF MULTIPLE STRUCTURES THAT
 2 ARE FUNCTIONALLY RELATED TO SERVE AN OVERALL PURPOSE, SUCH AS A MILL
 3 COMPLEX, AN INDUSTRIAL COMPLEX, OR A RESIDENCE AND CARRIAGE HOUSE.

4 (3) (I) FOR ANY REHABILITATION, THE STATE TAX CREDIT ALLOWED
 5 UNDER THIS SECTION MAY NOT EXCEED \$3,000,000.

6 (II) FOR THE PURPOSES OF THE LIMITATION UNDER
 7 SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE FOLLOWING SHALL BE TREATED AS A
 8 SINGLE REHABILITATION:

9 1. THE PHASED REHABILITATION OF THE SAME STRUCTURE
 10 OR PROPERTY;

11 2. THE SEPARATE REHABILITATION OF DIFFERENT
 12 COMPONENTS OF THE SAME STRUCTURE OR PROPERTY; OR

13 3. THE REHABILITATION OF MULTIPLE STRUCTURES THAT
 14 ARE FUNCTIONALLY RELATED TO SERVE AN OVERALL PURPOSE.

15 [(3)] (4) The same tax credit may not be applied more than once against
 16 different taxes.

17 (c) (+) [If] ~~EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION,~~
 18 ~~If~~ the credit allowed under this section in any taxable year exceeds the total tax
 19 otherwise payable by the business entity or the individual for that taxable year, the
 20 business entity or individual may † claim a refund in the amount of the excess.

21 (d) (+) ~~Except as provided in paragraph (2) of this subsection, a business~~
 22 ~~entity or individual that incurs qualified rehabilitation expenditures in the~~
 23 ~~rehabilitation of a certified historic structure in a state other than Maryland may~~
 24 ~~claim a tax credit to the same extent as provided under subsection (b) of this section~~
 25 ~~if the other state has in effect a reciprocal historic rehabilitation tax credit program~~
 26 ~~and agreement for taxpayers of that state who rehabilitate historic structures in~~
 27 ~~Maryland.~~

28 (2) ~~A business entity or individual that qualifies for a tax credit under~~
 29 ~~this subsection may not claim a refund under subsection (c) of this section.~~

30 (3) ~~If the credit allowed to a business entity or individual under this~~
 31 ~~subsection for any taxable year exceeds the total tax otherwise payable by the~~
 32 ~~business entity or the individual for that taxable year, the business entity or~~
 33 ~~individual may] apply the excess as a credit for succeeding taxable years until the~~
 34 ~~earlier of:~~

35 (i) ~~The full amount of the credit is used; or~~

36 (ii) ~~The expiration of the tenth taxable year after the taxable year~~
 37 ~~in which the rehabilitation is completed.~~

1 (2) IF A CERTIFIED HERITAGE STRUCTURE FOR WHICH A CERTIFIED
2 REHABILITATION HAS BEEN COMPLETED IS SOLD OR TRANSFERRED, THE AMOUNT
3 OF ANY CREDIT UNUSED AT THE TIME OF SALE OR TRANSFER MAY BE TRANSFERRED
4 TO THE INDIVIDUAL OR BUSINESS ENTITY TO WHICH THE BUILDING IS SOLD OR
5 TRANSFERRED.

6 (3) (I) IF THE CREDIT ALLOWED UNDER THIS SECTION FOR A
7 CERTIFIED REHABILITATION THAT IS NOT A COMMERCIAL REHABILITATION IN ANY
8 TAXABLE YEAR EXCEEDS THE TOTAL TAX OTHERWISE PAYABLE BY AN INDIVIDUAL
9 FOR THAT TAXABLE YEAR, THE INDIVIDUAL MAY CLAIM A REFUND IN THE AMOUNT
10 OF THE EXCESS.

11 (II) AN ORGANIZATION THAT IS EXEMPT FROM TAXATION UNDER §
12 501(C)(3) OF THE INTERNAL REVENUE CODE MAY CLAIM A REFUND IN THE AMOUNT
13 BY WHICH THE CREDIT ALLOWED UNDER THIS SECTION EXCEEDS ANY STATE
14 INCOME TAX DUE ON UNRELATED BUSINESS TAXABLE INCOME AS PROVIDED UNDER
15 §§ 10-304 AND 10-812 OF THIS TITLE.

16 (D) (1) FOR A COMMERCIAL REHABILITATION, THE CREDIT UNDER THIS
17 SECTION MAY NOT BE CLAIMED UNLESS THE PROPOSED REHABILITATION WORK
18 AND THE AMOUNT OF THE PROPOSED REHABILITATION EXPENDITURES FOR THE
19 COMMERCIAL REHABILITATION HAVE BEEN APPROVED BY THE DIRECTOR IN
20 ACCORDANCE WITH THIS SUBSECTION BEFORE THE EXPENDITURES ARE MADE.

21 (2) IN ANY CALENDAR YEAR AFTER CALENDAR YEAR 2001:

22 (I) THE DIRECTOR MAY NOT APPROVE PROPOSED
23 REHABILITATION EXPENDITURES FOR ANY COMMERCIAL REHABILITATION IN AN
24 AMOUNT GREATER THAN THE AMOUNT OF EXPENDITURES THAT IF COMPLETED
25 WOULD RESULT IN A CREDIT OF \$1,000,000 FOR THAT COMMERCIAL REHABILITATION
26 UNDER THIS SECTION; AND

27 (II) THE DIRECTOR MAY NOT APPROVE PROPOSED
28 REHABILITATION EXPENDITURES FOR COMMERCIAL PROJECTS IN THE AGGREGATE
29 IN AN AMOUNT GREATER THAN THE AMOUNT OF EXPENDITURES THAT IF
30 COMPLETED WOULD RESULT IN CREDITS TOTALING \$25,000,000 IN A CALENDAR YEAR
31 FOR ALL COMMERCIAL PROJECTS FOR WHICH PROPOSED REHABILITATION
32 EXPENDITURES ARE APPROVED IN THAT CALENDAR YEAR.

33 (3) IN EACH CALENDAR YEAR, THE DIRECTOR SHALL APPROVE
34 PROPOSED REHABILITATION EXPENDITURES ON A FIRST COME, FIRST SERVED
35 BASIS.

36 (e) (D) (1) The Director and the Maryland Heritage Areas Authority may
37 adopt regulations to establish procedures and standards for certifying heritage
38 structures and rehabilitations under this section.

39 (2) The Director may not certify that a rehabilitation is a certified
40 rehabilitation eligible for the tax credit under this section unless the individual or

1 business entity seeking certification states under oath the amount of the individual's
2 or business entity's qualified rehabilitation expenditures.

3 ~~(f)~~ ~~(1)~~ In this subsection, "Authority affiliate" has the meaning stated in §
4 ~~13-701(t)~~ of the Financial Institutions Article.

5 ~~(2)~~ As authorized under § 13-708 of the Financial Institutions Article,
6 ~~the Maryland Stadium Authority or an Authority affiliate may transfer to any~~
7 ~~business entity or individual any credit under this section for qualified rehabilitation~~
8 ~~expenditures of the Maryland Stadium Authority or an Authority affiliate.~~

9 ~~(3)~~ A business entity or individual to whom any credit is transferred by
10 ~~the Maryland Stadium Authority or an Authority affiliate under this subsection may~~
11 ~~claim a tax credit under this section in the full amount of the credit transferred.~~

12 ~~(g)~~ (E) (1) In this subsection, "disqualifying work" means work that:

13 (i) Is performed on a certified heritage structure for which a
14 rehabilitation has been certified under this section; and

15 (ii) If performed as part of the rehabilitation certified under this
16 section, would have made the rehabilitation ineligible for certification.

17 (2) Except as provided in paragraph (4) of this subsection, the credit
18 allowed under this section shall be recaptured as provided in paragraph (3) of this
19 subsection if, during the taxable year in which a certified rehabilitation is completed
20 or any of the 4 taxable years succeeding the taxable year in which the certified
21 rehabilitation is completed, any disqualifying work is performed on the certified
22 heritage structure for which the certified rehabilitation has been completed.

23 (3) (i) 1. If the disqualifying work is performed during the taxable
24 year in which the certified rehabilitation was completed, 100% of the credit shall be
25 recaptured.

26 2. If the disqualifying work is performed during the first full
27 year succeeding the taxable year in which the certified rehabilitation was completed,
28 80% of the credit shall be recaptured.

29 3. If the disqualifying work is performed during the second
30 full year succeeding the taxable year in which the certified rehabilitation was
31 completed, 60% of the credit shall be recaptured.

32 4. If the disqualifying work is performed during the third full
33 year succeeding the taxable year in which the certified rehabilitation was completed,
34 40% of the credit shall be recaptured.

35 5. If the disqualifying work is performed during the fourth
36 full year succeeding the taxable year in which the certified rehabilitation was
37 completed, 20% of the credit shall be recaptured.

1 (ii) Except as provided under paragraph (4) of this subsection, the
 2 business entity or individual that claimed the credit shall pay the amount to be
 3 recaptured as determined under subparagraph (i) of this paragraph as taxes payable
 4 to the State for the taxable year in which the disqualifying work is performed.

5 (4) Recapture of the credit allowed under this section is not required if
 6 the business entity or individual that claimed the credit does not own an interest in
 7 the certified heritage structure when the disqualifying work is performed.

8 ~~(H)~~ (F) A refund payable under ~~{subsection (c)}~~ ~~SUBSECTION (C)(3)~~ of this
 9 section~~;~~:

10 (1) Operates to reduce the income tax revenue from corporations if the
 11 person entitled to the refund is a corporation subject to the income tax under Title 10
 12 of the Tax - General Article;

13 (2) Operates to reduce insurance premium tax revenues if the person
 14 entitled to the refund is subject to taxation under Title 6 of the Insurance Article; and

15 (3) Operates~~;~~ ~~OPERATES~~ to reduce the income tax revenue from
 16 individuals ~~{if the person entitled to the refund is:~~

17 (i) An individual subject to the income tax under Title 10 of the Tax
 18 - General Article; or

19 (ii) An organization exempt from taxation under § 501(c)(3) of the
 20 Internal Revenue Code~~;~~.

21 ~~(H)~~ (G) (1) On or before January 15, APRIL 15, JULY 15, AND OCTOBER 15 of
 22 each year, the Director shall report to the Governor and, subject to § 2-1246 of the
 23 State Government Article, to the General Assembly, on the credit allowed under this
 24 section.

25 (2) The report required under paragraph (1) of this subsection shall
 26 include FOR THE PRECEDING CALENDAR YEAR, QUARTER, FOR EACH COMMERCIAL
 27 REHABILITATION THAT WAS COMPLETED DURING THE CALENDAR QUARTER AND
 28 FOR EACH PROPOSED COMMERCIAL REHABILITATION THAT REMAINS INCOMPLETE
 29 AS OF THE END OF THE CALENDAR QUARTER;

30 (I) THE NAME OF THE OWNER OR DEVELOPER THAT HAS APPLIED
 31 FOR APPROVAL OF THE TAX CREDIT;

32 (II) THE NAME AND ADDRESS OF THE PROPOSED OR CERTIFIED
 33 REHABILITATION AND THE COUNTY WHERE THE PROJECT IS LOCATED;

34 (III) THE DATES OF RECEIPT AND APPROVAL BY THE TRUST OF ALL
 35 APPLICATIONS REGARDING THE PROJECT, INCLUDING APPLICATIONS FOR
 36 CERTIFICATION THAT A STRUCTURE OR PROPERTY WILL QUALIFY AS A CERTIFIED
 37 HERITAGE STRUCTURE, FOR APPROVAL OF THE PROPOSED REHABILITATION, AND
 38 FOR CERTIFICATION OF THE COMPLETED REHABILITATION; AND

1 (IV) THE ESTIMATED REHABILITATION EXPENDITURES STATED IN
 2 THE APPLICATION FOR APPROVAL OF THE PLAN OF PROPOSED REHABILITATION;
 3 AND

4 (V) FOR PROJECTS COMPLETED DURING THE CALENDAR QUARTER,
 5 THE FINAL QUALIFIED REHABILITATION COSTS FOR THE PROJECT AND THE
 6 AMOUNT OF THE CREDIT FOR THE CERTIFIED REHABILITATION.

7 (3) THE REPORT REQUIRED ON JANUARY 15 OF EACH YEAR SHALL
 8 SUMMARIZE FOR THE PRECEDING CALENDAR YEAR, for each category of certified
 9 rehabilitations specified in paragraph ~~(3)~~ (4) of this subsection:

10 (i) The number of applicants [for certification of rehabilitations
 11 during the preceding calendar year] FOR:

12 1. CERTIFICATION THAT A STRUCTURE OR PROPERTY WILL
 13 QUALIFY AS A CERTIFIED HERITAGE STRUCTURE;

14 2. APPROVAL OF PROPOSED REHABILITATION
 15 ~~EXPENDITURES~~ REHABILITATIONS; OR

16 3. CERTIFICATION OF COMPLETED REHABILITATIONS;

17 (ii) The number of PROPOSED REHABILITATIONS APPROVED AND
 18 THE NUMBER OF COMPLETED rehabilitations certified as qualifying for the tax credit
 19 under this section [during the preceding calendar year]; AND

20 (iii) The total ESTIMATED PROPOSED REHABILITATION
 21 EXPENDITURES APPROVED FOR PROPOSED REHABILITATIONS STATED IN APPROVED
 22 APPLICATIONS FOR APPROVAL OF PLANS OF PROPOSED REHABILITATION AND THE
 23 TOTAL qualified rehabilitation expenditures for COMPLETED rehabilitations certified
 24 [during the preceding calendar year]; ~~and~~

25 ~~(iv) The average PROPOSED REHABILITATION EXPENDITURES OF~~
 26 ~~PROPOSED REHABILITATIONS APPROVED AND THE AVERAGE~~ qualified rehabilitation
 27 ~~expenditures of COMPLETED rehabilitations certified [during the preceding calendar~~
 28 ~~year].~~

29 ~~(3)~~ (4) The information required under paragraph ~~(2)~~ (3) of this
 30 subsection shall be provided in the aggregate and separately for each of the following
 31 categories of certified rehabilitations:

32 (i) Owner-occupied single family residential structures; AND

33 ~~(ii) Other single family residential structures;~~

34 ~~(iii) Multifamily residential structures; and~~

35 ~~(iv) Nonresidential structures.~~

36 (II) COMMERCIAL REHABILITATIONS.

1 (H) (1) SUBJECT TO THE PROVISIONS OF THIS SUBSECTION, THE
2 PROVISIONS OF THIS SECTION AND THE TAX CREDIT AUTHORIZED UNDER THIS
3 SECTION SHALL TERMINATE AS OF JUNE 1, 2004.

4 (2) ON AND AFTER JUNE 1, 2004:

5 (I) THE TAX CREDIT AUTHORIZED UNDER THIS SECTION MAY BE
6 CLAIMED FOR REHABILITATION PROJECTS FOR WHICH AN APPLICATION FOR
7 APPROVAL OF A PLAN OF PROPOSED REHABILITATION WAS RECEIVED BY THE
8 DIRECTOR ON OR BEFORE MAY 31, 2004.

9 (II) THE DIRECTOR SHALL CONTINUE TO REPORT TO THE
10 GOVERNOR AND THE GENERAL ASSEMBLY AS REQUIRED UNDER SUBSECTION (G)
11 FOR AS LONG AS ANY REHABILITATION PROJECT FOR WHICH AN APPLICATION FOR
12 APPROVAL OF A PLAN OF PROPOSED REHABILITATION WAS RECEIVED BY THE
13 DIRECTOR ON OR BEFORE MAY 31, 2004 REMAINS INCOMPLETE.

14 ~~SECTION 2. AND BE IT FURTHER ENACTED, That:~~

15 (a) ~~Except as otherwise provided in this section, this Act applies to all tax~~
16 ~~credits under Article 83B, § 5-801 of the Code for any taxable year for which an~~
17 ~~income tax return is required to be filed in any calendar year after 2001.~~

18 (b) ~~Notwithstanding the limitation under Article 83B, § 5-801(b)(3) and (c)(1)~~
19 ~~of the Code, but subject to subsection (c) of this section, with respect to any~~
20 ~~rehabilitation project that received the approval of the Director of the Maryland~~
21 ~~Historical Trust of the proposed rehabilitation work before February 1, 2002:~~

22 (1) ~~The State tax credit allowed under Article 83B, § 5-801 of the Code~~
23 ~~for a single certified rehabilitation may exceed \$1,000,000; and~~

24 (2) ~~If the credit allowed in any taxable year exceeds the total tax~~
25 ~~otherwise payable by the taxpayer for that taxable year, the taxpayer may claim a~~
26 ~~refund in the amount of the excess.~~

27 (c) (1) ~~With respect to any rehabilitation project that received the approval~~
28 ~~of the Director of the Maryland Historical Trust of the proposed rehabilitation work~~
29 ~~before February 1, 2002, the credit allowed for any taxable year for a single certified~~
30 ~~rehabilitation may not exceed \$5,000,000 for any taxable year.~~

31 (2) ~~If the credit otherwise allowable for a single certified rehabilitation~~
32 ~~exceeds the limit under paragraph (1) of this subsection, the excess may be applied as~~
33 ~~a credit against the State tax for succeeding taxable years until the full amount of the~~
34 ~~excess is used.~~

35 (3) ~~For each taxable year, the amount carried forward to the taxable year~~
36 ~~under paragraph (2) of this subsection may not exceed the limitation under paragraph~~
37 ~~(1) of this subsection.~~

1 (d) (1) Subject to paragraph (2) of this subsection, for any taxable year for
2 which a tax return is required to be filed in calendar year 2002, the Comptroller shall
3 allow amended returns to be filed and shall waive any interest or penalty imposed
4 relating to payment of tax for calendar year 2001 to the extent the Comptroller
5 determines that the interest or penalty would not have been incurred but for the
6 revisions under this Act.

7 (2) Paragraph (1) of this subsection does not apply to any interest or
8 penalty accruing on or after July 1, 2002 for any tax required to be paid for calendar
9 year 2001 that remains unpaid as of July 1, 2002.

10 (e) If the proposed rehabilitation expenditures for all commercial projects
11 approved by the Director of the Maryland Historical Trust in calendar year 2002
12 before February 1, 2002 in the aggregate are greater than the amount of expenditures
13 that if completed would result in credits totaling \$25,000,000, the Director shall
14 allocate the \$25,000,000 available credit among the projects for which the Director
15 approved proposed rehabilitation expenditures before February 1, 2002 on a prorated
16 basis.

17 ~~SECTION 3. AND BE IT FURTHER ENACTED, That, subject to Section 2 of~~
18 ~~this Act, this Act shall take effect June 1, 2002.~~

19 ~~SECTION 2. AND BE IT FURTHER ENACTED, That it is the intent of the~~
20 ~~General Assembly that the total estimated rehabilitation expenditures for proposed~~
21 ~~commercial rehabilitations for the purposes of the tax credit authorized under Article~~
22 ~~83B, § 5-801 of the Code approved for any calendar year not exceed an amount of~~
23 ~~expenditures that in the aggregate would result in tax credits of more than~~
24 ~~\$50,000,000.~~

25 ~~SECTION 3. AND BE IT FURTHER ENACTED, That the Department of~~
26 ~~Legislative Services shall monitor the approval of proposed commercial rehabilitation~~
27 ~~projects by the Maryland Historical Trust for the purposes of the tax credit authorized~~
28 ~~under Article 83B, § 5-801 of the Code. If the total estimated rehabilitation~~
29 ~~expenditures for proposed commercial rehabilitations approved in any calendar year~~
30 ~~exceeds an amount that in the aggregate would result in more than \$50,000,000 in~~
31 ~~tax credits, the Department of Legislative Services shall:~~

32 (1) Notify the President of the Senate, the Speaker of the House of
33 Delegates, the Senate Budget and Taxation Committee, and the House Committee on
34 Ways and Means;

35 (2) Make recommendations to the General Assembly to limit State
36 revenue losses under the heritage structure rehabilitation tax credit program,
37 including options to convert the program to a grant-based program; and

38 (3) Prepare legislation for introduction in the next legislative session of
39 the General Assembly to impose an aggregate cap on the annual approval of
40 commercial rehabilitation expenses that would ensure that the tax credits resulting
41 from annual approved commercial rehabilitations do not exceed \$50,000,000 in tax
42 credits under Article 83B, § 5-801 of the Code.

1 SECTION 4. AND BE IT FURTHER ENACTED, That, except as otherwise
2 provided in this section, this Act shall take effect June 1, 2002, and shall be applicable
3 to all taxable years beginning after December 31, 2001. For commercial rehabilitation
4 projects that have submitted an application for approval of a plan of proposed
5 rehabilitation by the Director of the Maryland Historical Trust on or before February
6 1, 2002 for the proposed rehabilitations, the provisions of Article 83B, § 5-801 of the
7 Code in effect on May 31, 2002 shall apply to the certified heritage structure
8 rehabilitation credit for the substantial rehabilitation project.