

BY: Committee on Ways and Means

AMENDMENTS TO HOUSE BILL NO. 679

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in the sponsor line, strike “and Patterson” and substitute “Patterson, Bartlett, Boschert, Cardin, Cryor, Elmore, Gilleland, Goodwin, Heller, Howard, Kaiser, King, Marriott, McKee, Myers, Ramirez, and Ross”; in lines 2, 3, and 11, in each instance, after “Rehabilitation” insert “Tax Credit”; in line 3, strike “establishing” and substitute “reestablishing”; strike beginning with the second “and” in line 7 down through “purposes;” in line 9 and substitute “to establish certain procedures and standards, establish a certain application process, and establish a certain competitive award process under the Program; providing for the issuance of certain initial credit certificates for certain rehabilitations, subject to certain requirements and limitations; providing certain limits on the amount of the credit that may be claimed for certain rehabilitations; limiting the credit that may be claimed for certain rehabilitations to the maximum amount stated in the initial credit certificate; providing for the expiration of an initial credit certificate under certain circumstances; establishing the Heritage Structure Rehabilitation Tax Credit Reserve Fund; limiting the credit amounts in the aggregate for which the Director may issue initial credit certificates for any fiscal year to the amount appropriated to a certain fund, except under certain circumstances; requiring the Governor to include certain appropriations to a certain fund in the annual budget bill for certain fiscal years; requiring the Historical Trust to provide certain notification to the Comptroller as to certain rehabilitations; requiring the Comptroller to transfer certain amounts from a certain fund to the General Fund under certain circumstances; clarifying the circumstances under which the credit may be claimed for certain years under certain circumstances; providing for amended returns under certain circumstances; providing for certain determinations by the Comptroller; altering certain reporting requirements; providing for the termination of the Program; providing for the application of this Act;”; in line 14, strike “5-613.1” and substitute “5-801”; and after line 16, insert:

“BY repealing and reenacting, with amendments, and transferring to the Session Laws
Article 83B - Department of Housing and Community Development
Section 5-801

(Over)

Annotated Code of Maryland
(2003 Replacement Volume)".

AMENDMENT NO. 2

On page 1, in line 20, strike "5-613.1." and substitute "5-801."; in line 23, after "MEANS" insert ":

(I)";

and in line 24, after "STATE" insert "; OR

(II) AN ORGANIZATION OPERATING IN MARYLAND THAT IS EXEMPT FROM TAXATION UNDER § 501(C)(3) OF THE INTERNAL REVENUE CODE".

AMENDMENT NO. 3

On pages 2 and 3, strike beginning with "AND" in line 37 on page 2 down through "REHABILITATION" in line 3 on page 3.

AMENDMENT NO. 4

On page 3, in line 10, after "CREDIT" insert "OTHER THAN THE TAX CREDIT UNDER THIS SECTION"; in line 19, strike "CALENDAR" and substitute "TAXABLE"; in lines 27 and 30, in each instance, before "ESTABLISH" insert "FOR COMMERCIAL REHABILITATIONS,"; in lines 27 and 30, in each instance, after "FOR" insert "THE AWARD OF INITIAL CREDIT CERTIFICATES FOR"; in lines 28, 31, 32, 34, and 35, in each instance, strike "GRANTS" and substitute "TAX CREDITS"; in line 33, strike "AND"; and in line 35, strike the period and substitute "; AND

3. FAVORS THE AWARD OF TAX CREDITS FOR STRUCTURES THAT ARE:

A. LISTED IN THE NATIONAL REGISTER OF HISTORIC PLACES; OR

B. DESIGNATED AS A HISTORIC PROPERTY UNDER LOCAL LAW AND DETERMINED BY THE DIRECTOR TO BE ELIGIBLE FOR LISTING IN

THE NATIONAL REGISTER OF HISTORIC PLACES.”.

AMENDMENT NO. 5

On page 4, in line 2, strike “GRANT” and substitute “TAX CREDIT”; in line 6, after “(3)” insert “BETWEEN JANUARY 1 AND MARCH 31”; strike beginning with “REHABILITATION” in line 7 down through “31” in line 8 and substitute “COMMERCIAL REHABILITATIONS AND FOR THE AWARD OF INITIAL CREDIT CERTIFICATES FOR THE FISCAL YEAR THAT BEGINS JULY 1 OF THAT YEAR”; in line 9, strike “EACH YEAR,” and substitute “FOR COMMERCIAL REHABILITATIONS,”; after line 16, insert:

“(5) NOT MORE THAN 50% OF THE TOTAL CREDIT AMOUNTS UNDER INITIAL CREDIT CERTIFICATES ISSUED FOR ANY FISCAL YEAR MAY BE ISSUED FOR PROJECTS IN A SINGLE COUNTY OR BALTIMORE CITY.”;

in line 18, strike “CALENDAR” and substitute “TAXABLE”; in line 19, strike “RECEIVE A GRANT” and substitute “CLAIM A TAX CREDIT”; in lines 22 and 25, in each instance, strike “GRANT” and substitute “TAX CREDIT”; in line 23, after “EXCEED” insert “THE LESSER OF:

1.”;

in the same line, after “\$3,000,000” insert “; OR

2. THE MAXIMUM AMOUNT SPECIFIED UNDER THE INITIAL CREDIT CERTIFICATE ISSUED FOR THE REHABILITATION”;

and in line 26, strike “\$25,000” and substitute “\$50,000”.

AMENDMENT NO. 6

On pages 4 and 5, strike in their entirety the lines beginning with line 36 on page 4 through line 2 on page 5, inclusive, and substitute:

“(3) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE INITIAL CREDIT CERTIFICATE FOR A PROPOSED COMMERCIAL REHABILITATION

(Over)

SHALL EXPIRE AND THE CREDIT UNDER THIS SECTION MAY NOT BE CLAIMED IF THE COMMERCIAL REHABILITATION IS NOT COMPLETED BY THE END OF THE FISCAL YEAR FOLLOWING THE FISCAL YEAR FOR WHICH THE INITIAL CREDIT CERTIFICATE WAS ISSUED.

(II) FOR REASONABLE CAUSE, THE DIRECTOR MAY POSTPONE THE EXPIRATION DATE FOR AN INITIAL CREDIT CERTIFICATE FOR A COMMERCIAL REHABILITATION.

(4) IF THE TAX CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE YEAR EXCEEDS THE TOTAL TAX OTHERWISE PAYABLE BY THE BUSINESS ENTITY OR THE INDIVIDUAL FOR THAT TAXABLE YEAR, THE INDIVIDUAL OR BUSINESS ENTITY MAY CLAIM A REFUND IN THE AMOUNT OF THE EXCESS.

(D) (1) IN THIS SUBSECTION, "RESERVE FUND" MEANS THE HERITAGE STRUCTURE REHABILITATION TAX CREDIT RESERVE FUND ESTABLISHED UNDER PARAGRAPH (2) OF THIS SUBSECTION.

(2) (I) THERE IS A HERITAGE STRUCTURE REHABILITATION TAX CREDIT RESERVE FUND WHICH IS A SPECIAL CONTINUING, NONLAPSING FUND THAT IS NOT SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

(II) THE MONEY IN THE FUND SHALL BE INVESTED AND REINVESTED BY THE TREASURER, AND INTEREST AND EARNINGS SHALL BE CREDITED TO THE GENERAL FUND.

(3) (I) SUBJECT TO THE PROVISIONS OF THIS SUBSECTION, THE DIRECTOR SHALL ISSUE AN INITIAL CREDIT CERTIFICATE FOR EACH COMMERCIAL REHABILITATION FOR WHICH A PLAN OF PROPOSED REHABILITATION IS APPROVED.

(II) AN INITIAL CREDIT CERTIFICATE ISSUED UNDER THIS SUBSECTION SHALL STATE THE MAXIMUM AMOUNT OF CREDIT UNDER THIS SECTION FOR WHICH THE COMMERCIAL REHABILITATION MAY QUALIFY.

(III) 1. EXCEPT AS OTHERWISE PROVIDED IN THIS

SUBPARAGRAPH, FOR ANY FISCAL YEAR, THE DIRECTOR MAY NOT ISSUE INITIAL CREDIT CERTIFICATES FOR CREDIT AMOUNTS IN THE AGGREGATE TOTALING MORE THAN THE AMOUNT APPROPRIATED TO THE RESERVE FUND FOR THAT FISCAL YEAR IN THE STATE BUDGET AS APPROVED BY THE GENERAL ASSEMBLY.

2. IF THE AGGREGATE CREDIT AMOUNTS UNDER INITIAL CREDIT CERTIFICATES ISSUED IN A FISCAL YEAR TOTAL LESS THAN THE AMOUNT APPROPRIATED TO THE RESERVE FUND FOR THAT FISCAL YEAR, ANY EXCESS AMOUNT SHALL REMAIN IN THE RESERVE FUND AND MAY BE ISSUED UNDER INITIAL CREDIT CERTIFICATES FOR THE NEXT FISCAL YEAR.

3. FOR ANY FISCAL YEAR, IF FUNDS ARE TRANSFERRED FROM THE RESERVE FUND UNDER THE AUTHORITY OF ANY PROVISION OF LAW OTHER THAN PARAGRAPH (4) OF THIS SUBSECTION, THE MAXIMUM CREDIT AMOUNTS IN THE AGGREGATE FOR WHICH THE DIRECTOR MAY ISSUE INITIAL CREDIT CERTIFICATES SHALL BE REDUCED BY THE AMOUNT TRANSFERRED.

(IV) FOR EACH OF FISCAL YEARS 2006, 2007, AND 2008, THE GOVERNOR SHALL INCLUDE IN THE BUDGET BILL AN APPROPRIATION TO THE RESERVE FUND IN AN AMOUNT EQUAL TO AT LEAST \$30,000,000.

(V) NOTWITHSTANDING THE PROVISIONS OF § 7-213 OF THE STATE FINANCE AND PROCUREMENT ARTICLE, THE GOVERNOR MAY NOT REDUCE AN APPROPRIATION TO THE RESERVE FUND IN THE STATE BUDGET AS APPROVED BY THE GENERAL ASSEMBLY.

(VI) THE DIRECTOR MAY NOT ISSUE AN INITIAL CREDIT CERTIFICATE FOR ANY FISCAL YEAR AFTER FISCAL YEAR 2008.

(4) (I) EXCEPT AS PROVIDED IN THIS PARAGRAPH, MONEY APPROPRIATED TO THE RESERVE FUND SHALL REMAIN IN THE FUND.

(II) 1. WITHIN 15 DAYS AFTER THE END OF EACH

(Over)

CALENDAR QUARTER, THE TRUST SHALL NOTIFY THE COMPTROLLER AS TO EACH COMMERCIAL REHABILITATION COMPLETED AND CERTIFIED DURING THE QUARTER:

A. THE MAXIMUM CREDIT AMOUNT STATED IN THE INITIAL CREDIT CERTIFICATE FOR THE PROJECT; AND

B. THE FINAL CERTIFIED CREDIT AMOUNT FOR THE PROJECT.

2. ON NOTIFICATION THAT A PROJECT HAS BEEN CERTIFIED, THE COMPTROLLER SHALL TRANSFER AN AMOUNT EQUAL TO THE MAXIMUM CREDIT AMOUNT STATED IN THE INITIAL CREDIT CERTIFICATE FOR THE PROJECT FROM THE RESERVE FUND TO THE GENERAL FUND.

(III) 1. ON OR BEFORE OCTOBER 1 OF EACH YEAR, THE TRUST SHALL NOTIFY THE COMPTROLLER AS TO THE MAXIMUM CREDIT AMOUNT STATED IN THE INITIAL CREDIT CERTIFICATE FOR EACH COMMERCIAL REHABILITATION FOR WHICH THE INITIAL CREDIT CERTIFICATE HAS EXPIRED UNDER SUBSECTION (C)(3) OF THIS SECTION AS OF THE END OF THE PRIOR FISCAL YEAR.

2. ON NOTIFICATION THAT THE INITIAL CREDIT CERTIFICATE FOR A PROJECT HAS EXPIRED UNDER SUBSECTION (C)(3) OF THIS SECTION, THE COMPTROLLER SHALL TRANSFER AN AMOUNT EQUAL TO THE MAXIMUM CREDIT AMOUNT STATED IN THE INITIAL CREDIT CERTIFICATE FOR THE PROJECT FROM THE RESERVE FUND TO THE GENERAL FUND.”.

AMENDMENT NO. 7

On page 5, in lines 9, 18, 21, 24, 28, and 32, in each instance, strike “GRANT” and substitute “CREDIT”; in lines 11, 12, 17, 20, 23, 27, 31, and 36, in each instance, strike “CALENDAR” and substitute “TAXABLE”; in lines 34 and 35, strike “RECEIVED THE GRANT” and substitute “CLAIMED THE TAX CREDIT”; in line 36, after “PARAGRAPH” insert “AS TAXES PAYABLE”; after line 37, insert:

“(F) (1) THE COMPTROLLER MAY DETERMINE, UNDER THE PROCESS FOR RETURN EXAMINATION AND AUDIT UNDER §§ 13-301 AND 13-302 OF THE TAX - GENERAL ARTICLE:

(I) THE AMOUNT OF REHABILITATION EXPENDITURES USED IN CALCULATING THE CREDIT;

(II) WHETHER SUCH EXPENDITURES ARE QUALIFIED REHABILITATION EXPENDITURES UNDER THIS SECTION; AND

(III) WHETHER THE CREDIT IS ALLOWABLE AS CLAIMED.

(2) THE AUTHORITY OF THE COMPTROLLER TO EXAMINE AND AUDIT A TAX RETURN DOES NOT LIMIT THE AUTHORITY OF THE DIRECTOR TO DETERMINE WHETHER A REHABILITATION QUALIFIES AS A CERTIFIED REHABILITATION OR WHETHER A CERTIFICATE OF CERTIFIED REHABILITATION HAS BEEN PROPERLY ISSUED.

(3) THE COMPTROLLER MAY ADOPT REGULATIONS TO REQUIRE THAT AN ENTITY OTHER THAN A CORPORATION CLAIM THE TAX CREDIT ON THE TAX RETURN FILED BY THAT ENTITY.

(4) (I) EXCEPT AS OTHERWISE PROVIDED IN THIS PARAGRAPH, THE CREDIT UNDER THIS SECTION MAY BE CLAIMED FOR THE YEAR A CERTIFIED REHABILITATION IS COMPLETED, ONLY IF THE DIRECTOR HAS, BY THE TIME THE RETURN IS FILED, ISSUED A CERTIFICATE OF COMPLETION FOR THE CERTIFIED REHABILITATION.

(II) A TAXPAYER CLAIMING THE CREDIT MAY AMEND A RETURN FOR THE YEAR THE CERTIFIED REHABILITATION WAS COMPLETED TO ACCOUNT FOR A CERTIFICATE ISSUED SUBSEQUENT TO THE FILING OF THE ORIGINAL RETURN.

(III) AN AMENDED RETURN SHALL BE FILED WITHIN THE PERIOD ALLOWED UNDER THE TAX - GENERAL ARTICLE FOR FILING REFUND CLAIMS.

(IV) THE PROVISIONS OF THIS PARAGRAPH DO NOT EXTEND THE PERIOD IN WHICH A CERTIFIED REHABILITATION MUST BE COMPLETED TO BE ELIGIBLE FOR A TAX CREDIT UNDER THIS SECTION.

(V) AN AMENDED RETURN MAY ACCOUNT FOR AN AMENDED CERTIFICATION ISSUED BY THE DIRECTOR FOR A CERTIFIED REHABILITATION.

(G) A REFUND PAYABLE UNDER SUBSECTION (C) OF THIS SECTION:

(1) OPERATES TO REDUCE THE INCOME TAX REVENUE FROM CORPORATIONS IF THE PERSON ENTITLED TO THE REFUND IS A CORPORATION SUBJECT TO THE INCOME TAX UNDER TITLE 10 OF THE TAX - GENERAL ARTICLE;

(2) OPERATES TO REDUCE INSURANCE PREMIUM TAX REVENUES IF THE PERSON ENTITLED TO THE REFUND IS SUBJECT TO TAXATION UNDER TITLE 6 OF THE INSURANCE ARTICLE; AND

(3) OPERATES TO REDUCE THE INCOME TAX REVENUE FROM INDIVIDUALS IF THE PERSON ENTITLED TO THE REFUND IS:

(I) AN INDIVIDUAL SUBJECT TO THE INCOME TAX UNDER TITLE 10 OF THE TAX - GENERAL ARTICLE; OR

(II) AN ORGANIZATION EXEMPT FROM TAXATION UNDER § 501(C)(3) OF THE INTERNAL REVENUE CODE.”;

in line 38, strike “(F)” and substitute “(H)”; and in the same line, after “EACH” insert “FISCAL”.

AMENDMENT NO. 8

On page 6, in line 1, after “ON” insert “:

(I)”;

in the same line, strike “GRANTS” and substitute “INITIAL CREDIT CERTIFICATES”; in the same line, after “AWARDED” insert “FOR COMMERCIAL REHABILITATIONS”; in line 2, strike “CALENDAR” and substitute “FISCAL”; in the same line, after “YEAR” insert “; AND

(II) THE TAX CREDITS AWARDED FOR CERTIFIED REHABILITATIONS COMPLETED IN THE PRECEDING FISCAL YEAR”;

in line 4, strike “COMMERCIAL REHABILITATION GRANT” and substitute “INITIAL CREDIT CERTIFICATE”; in line 5, strike “DURING THE CALENDAR YEAR” and substitute “FOR THE FISCAL YEAR FOR A COMMERCIAL REHABILITATION”; in line 13, after “STRUCTURE;” insert “AND”; strike lines 15 and 16 in their entirety; in line 17, after “(IV)” insert “THE MAXIMUM AMOUNT OF THE CREDIT STATED IN THE INITIAL CREDIT CERTIFICATE FOR THE PROJECT AND”; after line 18, insert:

“(3) THE REPORT REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL INCLUDE FOR EACH CERTIFIED COMMERCIAL REHABILITATION COMPLETED DURING THE PRECEDING FISCAL YEAR:

(I) THE NAME OF THE OWNER OR DEVELOPER OF THE COMMERCIAL REHABILITATION;

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

(III) THE DATES OF RECEIPT AND APPROVAL BY THE DIRECTOR OF ALL APPLICATIONS REGARDING THE PROJECT; AND

(IV) 1. THE MAXIMUM AMOUNT OF THE CREDIT STATED IN THE INITIAL CREDIT CERTIFICATE FOR THE PROJECT AND THE ESTIMATED REHABILITATION EXPENDITURES STATED IN THE APPLICATION FOR APPROVAL OF THE PLAN OF PROPOSED REHABILITATION; AND

(Over)

2. THE ACTUAL QUALIFIED REHABILITATION EXPENDITURES AND THE FINAL AMOUNT OF THE CREDIT FOR WHICH THE PROJECT QUALIFIED.”;

in line 19, strike “(3)” and substitute “(4)”; in line 20, strike “INCLUDE” and substitute “SUMMARIZE”; in line 25, after “OF” insert “PLANS OF”; in line 27, after “PROPOSED” insert “PROJECTS FOR WHICH PLANS OF PROPOSED”; in the same line, strike “GRANTS” and substitute “WERE”; in line 33, strike “(4)” and substitute “(5)”; and in line 33, strike “(3)” and substitute “(4)”.

AMENDMENT NO. 9

On page 7, after line 3, insert:

“(I) (1) SUBJECT TO THE PROVISIONS OF THIS SUBSECTION, THE PROVISIONS OF THIS SECTION AND THE TAX CREDIT AUTHORIZED UNDER THIS SECTION SHALL TERMINATE AS OF JULY 1, 2008.

(2) ON AND AFTER JULY 1, 2008:

(I) THE TAX CREDIT AUTHORIZED UNDER THIS SECTION MAY BE CLAIMED FOR:

1. A REHABILITATION PROJECT, OTHER THAN A COMMERCIAL REHABILITATION, FOR WHICH AN APPLICATION FOR APPROVAL OF A PLAN OF PROPOSED REHABILITATION WAS RECEIVED BY THE DIRECTOR ON OR BEFORE JUNE 30, 2008; OR

2. A COMMERCIAL REHABILITATION FOR WHICH AN INITIAL CREDIT CERTIFICATE HAS BEEN AWARDED UNDER SUBSECTION (D) OF THIS SECTION; AND

(II) THE DIRECTOR SHALL CONTINUE TO REPORT TO THE GOVERNOR AND THE GENERAL ASSEMBLY AS REQUIRED UNDER SUBSECTION (H) OF THIS SECTION FOR AS LONG AS ANY REHABILITATION PROJECT FOR WHICH THE TAX CREDIT MAY BE CLAIMED REMAINS INCOMPLETE.”.

AMENDMENT NO. 10

On page 7, before line 4, insert:

“SECTION 2. AND BE IT FURTHER ENACTED, That Section(s) 5-801 of Article 83B - Department of Housing and Community Development of the Annotated Code of Maryland be repealed and reenacted, with amendments, and transferred to the Session Laws, to read as follows:

[5-801.] 1.

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

(2) “Business entity” means:

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

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

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

(4) (i) “Certified heritage structure” means a structure that is located in the State and is:

1. Listed in the National Register of Historic Places;

2. Designated as a historic property under local law and determined by the Director to be eligible for listing on the National Register of Historic Places;

3. A. Located in a historic district listed on the National Register of Historic Places or in a local historic district that the Director determines is eligible for listing on the National Register of Historic Places; and

(Over)

B. Certified by the Director as contributing to the significance of the district; or

4. Located in a certified heritage area and which has been certified by the Maryland Heritage Areas Authority as contributing to the significance of the certified heritage area.

(ii) “Certified heritage structure” does not include a structure that is owned by the State, a political subdivision of the State, or the federal government.

(5) “Certified rehabilitation” means a completed rehabilitation of a certified heritage structure which the Director certifies is substantial rehabilitation in conformance with the rehabilitation standards of the United States Secretary of the Interior.

(6) “Commercial rehabilitation” means a rehabilitation of a structure other than a single-family, owner-occupied residence.

(7) “Director” means the Director of the Maryland Historical Trust.

(8) “Local historic district” means a district that the governing body of a county or municipal corporation, or the Mayor and City Council of Baltimore, has designated under local law as historic.

(9) “Qualified rehabilitation expenditure” means any amount that:

(i) Is properly chargeable to capital account;

(ii) Is expended in the rehabilitation of a structure that by the end of the taxable year in which the certified rehabilitation is completed is a certified heritage structure;

(iii) Is expended in compliance with a plan of proposed rehabilitation that has been approved by the Director and does not exceed the estimated amount of proposed rehabilitation expenditures stated in the application for approval of the plan of proposed rehabilitation; and

(iv) Is not funded, financed, or otherwise reimbursed by any:

1. State or local grant;

2. Grant made from the proceeds of tax-exempt bonds issued by the State, a political subdivision of the State, or an instrumentality of the State or of a political subdivision of the State;

3. State tax credit other than the tax credit under this section; or

4. Other financial assistance from the State or a political subdivision of the State, other than a loan that must be repaid at an interest rate that is greater than the interest rate on general obligation bonds issued by the State at the most recent bond sale prior to the time the loan is made.

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

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

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

1. The adjusted basis of the structure; or

2. \$5,000.

(b) (1) Except as otherwise provided in this section, for the taxable year in which a certified rehabilitation is completed, a business entity or an individual may claim a tax credit in an amount equal to 20% of the taxpayer’s qualified rehabilitation expenditures for the rehabilitation.

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

(3) (i) For any rehabilitation, the State tax credit allowed under this section may not exceed \$3,000,000.

(ii) For the purposes of the limitation under subparagraph (i) of this paragraph, the following shall be treated as a single rehabilitation:

1. The phased rehabilitation of the same structure or property;
2. The separate rehabilitation of different components of the same structure or property; or
3. The rehabilitation of multiple structures that are functionally related to serve an overall purpose.

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

(c) If the credit allowed under this section in any taxable year exceeds the total tax otherwise payable by the business entity or the individual for that taxable year, the business entity or individual may claim a refund in the amount of the excess.

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

(2) The Director may not certify that a rehabilitation is a certified rehabilitation eligible for the tax credit under this section unless the individual or business entity seeking certification states under oath the amount of the individual's or business entity's qualified rehabilitation expenditures.

(e) (1) In this subsection, "disqualifying work" means work that:

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

(ii) If performed as part of the rehabilitation certified under this section,

would have made the rehabilitation ineligible for certification.

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

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

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

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

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

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

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

(Over)

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

(f) A refund payable under subsection (c) of this section:

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

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

(3) Operates to reduce the income tax revenue from individuals if the person entitled to the refund is:

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

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

(g) (1) On or before January 15, April 15, July 15, and October 15 of each year, the Director shall report to the Governor and, subject to § 2-1246 of the State Government Article, to the General Assembly, on the credit allowed under this section.

(2) The report required under paragraph (1) of this subsection shall include for the preceding calendar quarter, for each commercial rehabilitation that was completed during the calendar quarter and for each proposed commercial rehabilitation that remains incomplete as of the end of the calendar quarter:

(i) The name of the owner or developer that has applied for approval of the tax credit;

(ii) The name and address of the proposed or certified rehabilitation and

the county where the project is located;

(iii) The dates of receipt and approval by the trust of all applications regarding the project, including applications for certification that a structure or property will qualify as a certified heritage structure, for approval of the proposed rehabilitation, and for certification of the completed rehabilitation;

(iv) The estimated rehabilitation expenditures stated in the application for approval of the plan of proposed rehabilitation; and

(v) For projects completed during the calendar quarter, the final qualified rehabilitation costs for the project and the amount of the credit for the certified rehabilitation.

(3) The report required on January 15 of each year shall summarize for the preceding calendar year, for each category of certified rehabilitations specified in paragraph (4) of this subsection:

(i) The number of applicants for:

1. Certification that a structure or property will qualify as a certified heritage structure;

2. Approval of proposed rehabilitations; or

3. Certification of completed rehabilitations;

(ii) The number of proposed rehabilitations approved and the number of completed rehabilitations certified as qualifying for the tax credit under this section; and

(iii) The total estimated rehabilitation expenditures stated in approved applications for approval of plans of proposed rehabilitation and the total qualified rehabilitation expenditures for completed rehabilitations certified.

(Over)

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

(i) Owner-occupied single family residential structures; and

(ii) Commercial rehabilitations.

(h) (1) Subject to the provisions of this subsection, the provisions of this section and the tax credit authorized under this section shall terminate as of June 1, 2004.

(2) On and after June 1, 2004:

(i) The tax credit authorized under this section may be claimed for [rehabilitation projects]:

1. A PROJECT FOR REHABILITATION OF A SINGLE-FAMILY, OWNER-OCCUPIED RESIDENCE for which an application for approval of a plan of proposed rehabilitation was received by the Director on or before May 31, 2004; OR

2. A COMMERCIAL REHABILITATION PROJECT FOR WHICH AN APPLICATION OF A PLAN OF PROPOSED REHABILITATION HAS BEEN APPROVED BY THE DIRECTOR ON OR BEFORE MAY 31, 2004.

(ii) The Director shall continue to report to the Governor and the General Assembly as required under subsection (g) for as long as any rehabilitation project for which an application for approval of a plan of proposed rehabilitation was received by the Director on or before May 31, 2004 remains incomplete.

(i) (1) From February 1, 2003 through December 31, 2003, the Director may not approve plans of proposed rehabilitations reflecting proposed rehabilitation expenditures for commercial projects in the aggregate in an amount greater than the amount of expenditures that if completed would result in credits totaling \$23,000,000 for all commercial projects for which plans of proposed rehabilitation are approved during that period.

(2) In calendar year 2004, the Director may not approve plans of proposed rehabilitations reflecting proposed rehabilitation expenditures for commercial projects in the aggregate in an amount greater than the amount of expenditures that if completed would result in credits totaling \$15,000,000 for all commercial projects for which plans of proposed rehabilitation are approved in that year.

(3) In each calendar year, subject to regulations that the Director adopts, the Director shall approve plans of proposed rehabilitations on a first-come, first served basis.

(4) If a person submits a proposed rehabilitation plan that is not approved in a calendar year as provided under this section, the person may reapply in the next calendar year.”.

AMENDMENT NO. 11

On page 7, strike in their entirety lines 4 and 5 and substitute:

“SECTION 3. AND BE IT FURTHER ENACTED, That:

(a) Article 83B, § 5-801 of the Code, as enacted by Section 1 of this Act, shall be applicable to:

(1) any project for rehabilitation of a single-family, owner-occupied residence for which an application for approval of a plan of proposed rehabilitation is received by the Director of the Historical Trust on or after June 1, 2004; and

(2) any commercial rehabilitation project for which an application of a plan of proposed rehabilitation is approved by the Director on or after January 1, 2005.

(b) Former Article 83B, § 5-801 of the Code, as amended and transferred to the Session Laws by Section 2 of this Act, shall continue to be applicable to:

(1) any project for rehabilitation of a single-family, owner-occupied residence for which an application for approval of a plan of proposed rehabilitation was received by the Director of the Historical Trust on or before May 31, 2004; and

(Over)

(2) any commercial rehabilitation project for which an application of a plan of proposed rehabilitation has been approved by the Director on or before May 31, 2004.

SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2004.”.