
By: **Delegate Hogan**

Introduced and read first time: February 18, 2005

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Lead-Safe Housing - Income Tax Credit**

3 FOR the purpose of allowing an individual or a corporation to claim a credit against
4 the State income tax under certain circumstances for certain costs incurred for
5 an approved lead hazard reduction project with respect to certain property;
6 providing for calculation of the credit; disallowing the credit for costs for which
7 the taxpayer has received a grant or loan under certain State programs;
8 providing for the carryover of unused credit; providing for submission of
9 proposals for lead hazard reduction projects to the Department of Housing and
10 Community Development for approval; limiting the total amount of credits that
11 the Department may approve for any fiscal year; prohibiting certain false
12 statements; providing a certain penalty for certain violations; requiring the
13 Department to adopt certain regulations; defining certain terms; providing for
14 the application of this Act; and generally relating to a credit against the State
15 income tax for certain approved lead hazard reduction projects.

16 BY adding to

17 Article - Tax - General

18 Section 10-725

19 Annotated Code of Maryland

20 (2004 Replacement Volume)

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

23 **Article - Tax - General**

24 10-725.

25 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
26 INDICATED.

27 (2) "DEPARTMENT" MEANS THE DEPARTMENT OF HOUSING AND
28 COMMUNITY DEVELOPMENT.

1 (3) "EXTERIOR SURFACES" HAS THE MEANING STATED IN § 6-801 OF THE
2 ENVIRONMENT ARTICLE.

3 (4) "LEAD HAZARD REDUCTION ACTIVITY" HAS THE MEANING STATED IN
4 ARTICLE 83B, § 2-1402 OF THE CODE.

5 (5) "LEAD-FREE WINDOW" MEANS A WINDOW THAT IS LEAD-FREE OR
6 THAT WAS INSTALLED AFTER 1978.

7 (6) "QUALIFYING PROPERTY" MEANS A PROPERTY CONSTRUCTED
8 BEFORE 1978 WITH RESPECT TO WHICH A CREDIT UNDER THIS SECTION HAS NOT
9 PREVIOUSLY BEEN GRANTED AND THAT IS:

10 (I) AN AFFECTED PROPERTY REGISTERED WITH THE
11 DEPARTMENT UNDER § 6-811 OF THE ENVIRONMENT ARTICLE THAT:

12 1. HAS AT LEAST TWO BEDROOMS; AND

13 2. NOTWITHSTANDING § 6-817 OF THE ENVIRONMENT
14 ARTICLE, AT THE TIME OF APPLICATION FOR APPROVAL AND AT THE TIME OF
15 COMMENCEMENT OF AN APPROVED LEAD HAZARD REDUCTION PROJECT UNDER
16 THIS SECTION IS IN FULL COMPLIANCE WITH THE REQUIREMENTS OF TITLE 6,
17 SUBTITLE 8 OF THE ENVIRONMENT ARTICLE, INCLUDING § 6-815 OR § 6-819 OF THE
18 ENVIRONMENT ARTICLE;

19 (II) A CHILD CARE CENTER AS DEFINED IN § 5-570 OF THE FAMILY
20 LAW ARTICLE THAT, AT THE TIME OF APPLICATION FOR APPROVAL AND AT THE TIME
21 OF COMMENCEMENT OF AN APPROVED LEAD HAZARD REDUCTION PROJECT UNDER
22 THIS SECTION, IS IN FULL COMPLIANCE WITH ALL APPLICABLE LICENSING LAWS
23 AND HAS MET ALL INSPECTION REQUIREMENTS OF THE SOCIAL SERVICES
24 ADMINISTRATION OF THE DEPARTMENT OF HUMAN RESOURCES, LOCAL PUBLIC
25 HEALTH DEPARTMENTS, AND ANY OTHER LEGALLY REQUIRED INSPECTIONS; OR

26 (III) OWNER-OCCUPIED HOUSING THAT HAS AT LEAST TWO
27 BEDROOMS.

28 (B) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, AN INDIVIDUAL OR A
29 CORPORATION MAY CLAIM A TAX CREDIT IN THE AMOUNT DETERMINED UNDER
30 SUBSECTION (C) OF THIS SECTION FOR AN APPROVED LEAD HAZARD REDUCTION
31 PROJECT FOR QUALIFYING PROPERTY.

32 (C) SUBJECT TO THE LIMITATIONS UNDER SUBSECTION (D) OF THIS SECTION,
33 THE CREDIT ALLOWED UNDER THIS SECTION IS:

34 (1) FOR RENTAL PROPERTY, 90% OF THE DIRECT COSTS OF AN
35 APPROVED LEAD HAZARD REDUCTION PROJECT INCURRED WITH RESPECT TO A
36 RESIDENTIAL RENTAL UNIT;

37 (2) FOR A CHILD CARE CENTER, 70% OF THE DIRECT COSTS OF AN
38 APPROVED LEAD HAZARD REDUCTION PROJECT; AND

1 (3) FOR OWNER-OCCUPIED PROPERTY, 90% OF THE DIRECT COSTS OF AN
2 APPROVED LEAD HAZARD REDUCTION PROJECT.

3 (D) (1) FOR ANY TAXABLE YEAR, THE TOTAL CREDIT ALLOWED UNDER THIS
4 SECTION MAY NOT EXCEED:

5 (I) \$10,000 PER UNIT; OR

6 (II) \$50,000 TOTAL FOR ANY TAXPAYER.

7 (2) THE TOTAL CREDIT ALLOWED UNDER THIS SECTION FOR ANY
8 APPROVED LEAD HAZARD REDUCTION PROJECT MAY NOT EXCEED THE MAXIMUM CREDIT
9 SPECIFIED BY THE DEPARTMENT IN ITS APPROVAL OF THE LEAD HAZARD
10 REDUCTION PROJECT.

11 (E) THE CREDIT UNDER THIS SECTION IS ALLOWED FOR THE TAXABLE YEAR
12 IN WHICH AN APPROVED LEAD HAZARD REDUCTION PROJECT IS COMPLETED AND
13 THE REQUIREMENTS OF SUBSECTION (F) OF THIS SECTION ARE SATISFIED.

14 (F) (1) THE CREDIT UNDER THIS SECTION IS ALLOWED ONLY IF:

15 (I) ALL LEAD HAZARD REDUCTION ACTIVITIES UNDER AN
16 APPROVED LEAD HAZARD REDUCTION PROJECT ARE PERFORMED IN ACCORDANCE
17 WITH STANDARDS AND PROCEDURES ESTABLISHED IN REGULATIONS ADOPTED BY
18 THE DEPARTMENT OF THE ENVIRONMENT UNDER TITLE 6, SUBTITLES 8 AND 10 OF
19 THE ENVIRONMENT ARTICLE; AND

20 (II) AT COMPLETION OF THE APPROVED LEAD HAZARD REDUCTION
21 PROJECT:

22 1. THE FULL RISK REDUCTION STANDARD UNDER §
23 6-815(A)(2) OF THE ENVIRONMENT ARTICLE IS SATISFIED;

24 2. ALL EXTERIOR ENTRYWAYS FOR THE PROPERTY HAVE A
25 WALK-OFF FLOOR MAT;

26 3. ALL EXTERIOR SURFACES ARE FREE OF CHIPPING,
27 PEELING, OR FLAKING PAINT;

28 4. ALL WINDOWS, OTHER THAN WINDOWS IN AN
29 UNFINISHED BASEMENT AREA NOT USED FOR LIVING, SLEEPING, EATING, COOKING,
30 OR SANITATION, ARE LEAD-FREE WINDOWS; AND

31 5. THE PROPERTY PASSES THE TEST FOR
32 LEAD-CONTAMINATED DUST UNDER § 6-816 OF THE ENVIRONMENT ARTICLE AND
33 REGULATIONS ADOPTED BY THE DEPARTMENT OF THE ENVIRONMENT.

34 (2) AN INDEPENDENT INSPECTOR WHO IS ACCREDITED BY THE
35 DEPARTMENT OF THE ENVIRONMENT AND IS NOT A RELATED PARTY AS DEFINED IN
36 § 6-801 OF THE ENVIRONMENT ARTICLE SHALL VERIFY THAT THE REQUIREMENTS OF

1 PARAGRAPH (1) OF THIS SUBSECTION HAVE BEEN SATISFIED AND A
2 STATE-ACCREDITED LABORATORY SHALL PROCESS THE LEAD-CONTAMINATED
3 DUST TEST UNDER PARAGRAPH (1)(II)5 OF THIS SUBSECTION.

4 (3) WHEN THE REQUIREMENTS OF THIS SUBSECTION HAVE BEEN
5 SATISFIED, THE DEPARTMENT OF THE ENVIRONMENT SHALL ISSUE A CERTIFICATE
6 INDICATING THAT THE TAXPAYER IS ELIGIBLE FOR THE CREDIT UNDER THIS
7 SECTION.

8 (4) THE CERTIFICATE ISSUED UNDER PARAGRAPH (3) OF THIS
9 SUBSECTION SHALL BE PROVIDED TO THE COMPTROLLER WITH THE TAXPAYER'S
10 RETURN FOR THE TAXABLE YEAR FOR WHICH THE CREDIT IS CLAIMED.

11 (G) THE CREDIT UNDER THIS SECTION MAY NOT BE ALLOWED FOR ANY COSTS
12 FOR WHICH THE TAXPAYER HAS RECEIVED A GRANT OR LOAN UNDER THE LEAD
13 HAZARD REDUCTION GRANT AND LOAN PROGRAMS ESTABLISHED UNDER TITLE 2,
14 SUBTITLE 14 OF ARTICLE 83B OF THE CODE.

15 (H) IF THE CREDIT ALLOWED UNDER THIS SECTION EXCEEDS THE STATE
16 INCOME TAX FOR THE TAXABLE YEAR, THE TAXPAYER MAY APPLY THE EXCESS AS A
17 CREDIT AGAINST THE STATE INCOME TAX FOR SUCCEEDING TAXABLE YEARS UNTIL
18 THE EARLIER OF:

19 (1) THE FULL AMOUNT OF THE EXCESS HAVING BEEN USED; OR

20 (2) THE EXPIRATION OF THE FIFTH TAXABLE YEAR AFTER THE
21 TAXABLE YEAR IN WHICH THE APPROVED LEAD HAZARD REDUCTION PROJECT WAS
22 COMPLETED.

23 (I) (1) FOR EACH FISCAL YEAR, A TAXPAYER MAY SUBMIT TO THE
24 DEPARTMENT FOR APPROVAL A PROPOSAL FOR A LEAD HAZARD REDUCTION
25 PROJECT QUALIFYING FOR THE TAX CREDITS ALLOWED UNDER THIS SECTION.

26 (2) A PROPOSAL FOR A LEAD HAZARD REDUCTION PROJECT SHALL BE
27 SUBMITTED IN WRITING BEFORE COMMENCEMENT OF THE PROJECT AND SHALL
28 INCLUDE:

29 (I) A DESCRIPTION OF THE PROPERTY OR PROPERTIES THAT ARE
30 THE SUBJECT OF THE PROPOSED LEAD HAZARD REDUCTION PROJECT, INCLUDING
31 THE CURRENT AND ANTICIPATED USES OF THE PROPERTY;

32 (II) A DESCRIPTION OF ANY LEAD HAZARD REDUCTION ACTIVITIES
33 OF WHICH THE TAXPAYER IS AWARE THAT HAVE BEEN PERFORMED ON THE
34 PROPERTY;

35 (III) A DESCRIPTION OF THE LEAD HAZARD REDUCTION ACTIVITIES
36 THAT WILL BE PERFORMED FOR THE PROPERTY UNDER THE PROJECT;

37 (IV) THE ANTICIPATED DIRECT COSTS OF THE PROJECT;

1 (V) THE ANTICIPATED DATES FOR COMMENCEMENT AND
2 COMPLETION OF THE PROJECT; AND

3 (VI) ANY OTHER INFORMATION THAT THE DEPARTMENT REQUIRES
4 BY REGULATION.

5 (3) IN APPROVING OR DISAPPROVING A LEAD HAZARD REDUCTION
6 PROJECT UNDER THIS SUBTITLE AND IN DETERMINING THE MAXIMUM AMOUNT OF
7 CREDITS APPROVED FOR EACH APPROVED PROJECT, THE DEPARTMENT SHALL:

8 (I) CONSIDER ANY RELEVANT FACTORS; AND

9 (II) APPORTION AMONG THE APPROVED PROJECTS THE LIMIT
10 IMPOSED UNDER SUBSECTION (J) OF THIS SECTION ON THE TOTAL TAX CREDITS
11 THAT MAY BE APPROVED FOR THE FISCAL YEAR.

12 (4) THE DEPARTMENT SHALL APPROVE OR DISAPPROVE AN
13 APPLICATION WITHIN 60 DAYS AFTER IT RECEIVES A COMPLETED APPLICATION.

14 (5) EACH APPROVAL:

15 (I) SHALL BE IN WRITING; AND

16 (II) SHALL SPECIFY THE MAXIMUM TOTAL AMOUNT OF TAX
17 CREDITS FOR WHICH THE PROJECT IS ELIGIBLE.

18 (6) EACH DISAPPROVAL SHALL STATE IN DETAIL THE REASONS FOR THE
19 DISAPPROVAL.

20 (J) THE SUM OF THE TAX CREDITS APPROVED FOR ALL LEAD HAZARD
21 REDUCTION PROJECTS APPROVED FOR EACH FISCAL YEAR MAY NOT EXCEED
22 \$5,000,000.

23 (K) (1) A PERSON MAY NOT KNOWINGLY MAKE OR CAUSE TO BE MADE ANY
24 FALSE STATEMENT OR REPORT IN ANY APPLICATION OR OTHER DOCUMENT
25 REQUIRED TO BE FURNISHED TO THE DEPARTMENT OR THE COMPTROLLER
26 RELATING TO THE TAX CREDIT ALLOWED UNDER THIS SECTION.

27 (2) ANY PERSON WHO VIOLATES PARAGRAPH (1) OF THIS SUBSECTION IS
28 GUILTY OF A MISDEMEANOR AND ON CONVICTION IS SUBJECT TO A FINE NOT
29 EXCEEDING \$50,000 OR IMPRISONMENT NOT EXCEEDING 2 YEARS OR BOTH.

30 (L) THE DEPARTMENT, IN COOPERATION WITH THE COMPTROLLER AND THE
31 DEPARTMENT OF THE ENVIRONMENT, SHALL ADOPT REGULATIONS TO CARRY OUT
32 THIS SECTION.

33 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
34 July 1, 2005 and shall be applicable to all taxable years beginning after December 31,
35 2004.