

# HOUSE BILL 741

Q3

71r2240  
CF 71r2295

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By: **Delegate Barve**

Introduced and read first time: February 8, 2007

Assigned to: Ways and Means

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## A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Employer–Assisted Housing Credit**

3 FOR the purpose of providing certain employers a credit against the State income tax  
4 for certain costs related to certain housing benefits provided to certain  
5 employees; defining certain terms; providing for the application and termination  
6 of this Act; and generally relating to providing certain employers a credit for  
7 costs related to employer–assisted housing benefits.

8 BY adding to

9 Article – Tax – General

10 Section 10–726

11 Annotated Code of Maryland

12 (2004 Replacement Volume and 2006 Supplement)

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

15 **Article – Tax – General**

16 **10–726.**

17 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE  
18 MEANINGS INDICATED.

19 (2) **“ELIGIBLE EMPLOYEE” MEANS ANY INDIVIDUAL:**

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1                   (I)    WHO IS EMPLOYED IN THE STATE OR RESIDES IN THE  
2 STATE;

3                   (II)   WHOSE HOUSEHOLD INCOME DOES NOT EXCEED 120%  
4 OF THE AREA MEDIAN GROSS INCOME, ADJUSTED FOR HOUSEHOLD SIZE, FOR  
5 THE AREA IN WHICH THE HOUSING IS LOCATED; AND

6                   (III)   IN THE CASE OF HOMEOWNERSHIP ASSISTANCE, WHO IS  
7 A QUALIFIED HOMEBUYER.

8                   (3)   (I)    “HOMEOWNERSHIP ASSISTANCE” MEANS ASSISTANCE  
9 FOR THE PURCHASE OF A PRINCIPAL RESIDENCE.

10                   (II)   “HOMEOWNERSHIP ASSISTANCE” INCLUDES:

11                               1.    PAYMENT OF ACQUISITION COSTS RELATED TO  
12 THE PURCHASE OF A HOME ON BEHALF OF AN ELIGIBLE EMPLOYEE;

13                               2.    PROVIDING FINANCING, INCLUDING THE FUNDING  
14 OF A PERMANENT INTEREST RATE BUYDOWN;

15                               3.    CONTRIBUTIONS TO SECOND MORTGAGE POOLS  
16 OR LOW INTEREST LOAN PROGRAMS ACCESSIBLE TO ELIGIBLE EMPLOYEES;

17                               4.    MORTGAGE GUARANTEE PROGRAMS FOR THE  
18 REPAYMENT OF ANY LOANS IN DEFAULT THAT ARE SECURED BY AN ELIGIBLE  
19 EMPLOYEE AND GUARANTEED BY THE EMPLOYER;

20                               5.    CONTRIBUTIONS TO ELIGIBLE EMPLOYEE  
21 SAVINGS PLANS DESIGNATED EXCLUSIVELY FOR THE PURCHASE OF A HOME;  
22 AND

23                               6.    CONTRIBUTIONS TO HOMEBUYER EDUCATION  
24 AND HOMEOWNERSHIP COUNSELING OF ELIGIBLE EMPLOYEES.

25                   (4)    “QUALIFIED HOMEBUYER” MEANS AN INDIVIDUAL WHO HAD  
26 NO PRESENT OWNERSHIP IN A PRINCIPAL RESIDENCE LOCATED WITHIN 50  
27 MILES OF THE INDIVIDUAL’S PLACE OF EMPLOYMENT DURING THE 2-YEAR

1 PERIOD ENDING ON THE DATE OF THE PURCHASE OF THE PRINCIPAL  
2 RESIDENCE.

3 (5) "QUALIFIED HOUSING EXPENSES" MEANS RENTAL  
4 ASSISTANCE OR HOMEOWNERSHIP ASSISTANCE TOWARDS THE LEASE OR  
5 PURCHASE OF HOUSING.

6 (6) "RENTAL ASSISTANCE" MEANS ASSISTANCE WITH SECURITY  
7 DEPOSITS AND RENTAL PAYMENTS.

8 (B) SUBJECT TO THE LIMITATIONS OF THIS SECTION, AN EMPLOYER  
9 MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX IN AN AMOUNT EQUAL  
10 TO 50% OF THE QUALIFIED HOUSING EXPENSES PAID BY THE EMPLOYER  
11 DURING THE TAXABLE YEAR FOR ELIGIBLE EMPLOYEES OF THE EMPLOYER.

12 (C) (1) FOR ALL TAXABLE YEARS, THE AGGREGATE EXPENSES TAKEN  
13 INTO ACCOUNT WITH RESPECT TO ANY ELIGIBLE EMPLOYEE FOR PURPOSES OF  
14 THE CREDIT ALLOWED UNDER THIS SECTION FOR HOMEOWNERSHIP  
15 ASSISTANCE MAY NOT EXCEED THE LESSER OF:

16 (I) \$10,000; OR

17 (II) 6% OF THE PURCHASE PRICE OF AN EMPLOYEE'S  
18 PRINCIPAL RESIDENCE.

19 (2) FOR ALL TAXABLE YEARS, THE AGGREGATE EXPENSES TAKEN  
20 INTO ACCOUNT WITH RESPECT TO ANY ELIGIBLE EMPLOYEE FOR PURPOSES OF  
21 THE CREDIT ALLOWED UNDER THIS SECTION FOR RENTAL ASSISTANCE MAY NOT  
22 EXCEED THE LESSER OF \$2,000.

23 (3) IF THE TOTAL CREDIT OTHERWISE ALLOWABLE TO AN  
24 EMPLOYER FOR ANY TAXABLE YEAR UNDER THIS SECTION EXCEEDS THE STATE  
25 INCOME TAX OTHERWISE PAYABLE FOR THE TAXABLE YEAR, THE EMPLOYER  
26 MAY APPLY THE EXCESS AS A CREDIT AGAINST THE STATE INCOME TAX FOR  
27 SUCCEEDING TAXABLE YEARS UNTIL THE EARLIER OF:

28 (I) THE FULL AMOUNT OF THE EXCESS IS USED; OR

1                                   **(II) THE EXPIRATION OF THE FIFTH TAXABLE YEAR AFTER**  
2 **THE TAXABLE YEAR IN WHICH THE QUALIFIED HOUSING EXPENSES WERE**  
3 **INCURRED.**

4           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
5 July 1, 2007, and shall be applicable to all taxable years beginning after December 31,  
6 2006. It shall remain effective until a federal tax credit relating to employer–assisted  
7 housing benefits is adopted and becomes effective. If a federal tax credit relating to  
8 employer–assisted housing benefits is adopted and becomes effective, with no further  
9 action required by the General Assembly, this Act shall be abrogated and of no further  
10 force and effect. The Comptroller shall monitor federal actions regarding the  
11 establishment of a federal tax credit relating to employer–assisted housing benefits  
12 and promptly forward notice of the adoption of a federal tax credit relating to  
13 employer–assisted housing benefits to the Department of Legislative Services, 90  
14 State Circle, Annapolis, Maryland 21401.