

HOUSE BILL 975

Q3, C8

71r2168
CF 71r2292

By: **Delegate Ross**

Introduced and read first time: February 9, 2007

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Community Assistance Program Tax Credit**

3 FOR the purpose of altering the maximum total contributions that may be approved as
4 eligible for a certain tax credit for any fiscal year; providing for the application
5 of this Act; and generally relating to tax credits allowed for contributions to an
6 approved project under the Neighborhood and Community Assistance Program
7 of the Department of Housing and Community Development.

8 BY repealing and reenacting, without amendments,
9 Article – Housing and Community Development
10 Section 6–404
11 Annotated Code of Maryland
12 (2006 Volume)

13 BY repealing and reenacting, with amendments,
14 Article – Housing and Community Development
15 Section 6–405(c)
16 Annotated Code of Maryland
17 (2006 Volume)

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

20 **Article – Housing and Community Development**

21 6–404.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (a) (1) For a contribution worth \$500 or more in goods, money, or real
2 property to an approved project, a business entity is entitled to a tax credit in the
3 amount determined under subsection (b) of this section.

4 (2) No part of a tax credit under this section may be taken more than
5 once.

6 (b) (1) Except as provided in paragraph (2) of this subsection, the credit
7 allowed to a business entity under this section equals 50% of the amount of
8 contributions:

9 (i) that the Department approves under subsection (c) of this
10 section; and

11 (ii) that were made during the taxable year for which the credit
12 is claimed.

13 (2) The credit allowed under this section for any taxable year may not
14 exceed the lesser of:

15 (i) \$250,000; and

16 (ii) the total amount of tax otherwise payable by the business
17 entity for the taxable year.

18 (3) Any excess credit that would be allowed but for the limits of
19 paragraph (2) of this subsection may be carried over and applied as a credit for up to 5
20 taxable years after the taxable year in which the contribution was made, until the full
21 amount of the excess is used.

22 (c) (1) To qualify for a credit for a contribution under this section, before
23 making a contribution, a business entity shall apply for and receive approval of the
24 contribution from the Department.

25 (2) Each application for approval of a contribution shall contain:

26 (i) the name of the approved project to which the contribution
27 will be made;

28 (ii) the amount of the contribution; and

1 (iii) a certification by an independent and unrelated third party
2 as to the value of any nonmonetary contribution included or, for new goods, an invoice
3 or receipt certifying the contribution's net cost to the business entity.

4 (3) The Department may not approve an application if it determines
5 that:

6 (i) the maximum amount of contributions eligible for a tax
7 credit for the project for the fiscal year will be exceeded by the sum of:

- 8 1. the amount of the proposed contribution; and
9 2. the total amount of contributions previously approved
10 for that project for the fiscal year; or

11 (ii) the applicant has overstated the value of a nonmonetary
12 contribution.

13 (4) On or before January 31 of each year, the Department shall report
14 to the Department of Assessments and Taxation, the Comptroller, and the Maryland
15 Insurance Administration the contributions that the Department has approved under
16 this section in the preceding calendar year.

17 6-405.

18 (c) (1) The Department may not approve a proposal submitted under this
19 section unless the proposal is approved by the governing body or authorized designee
20 of:

21 (i) each county that includes any of the priority funding area
22 that benefits from the project, if the project is not in a municipal corporation;

23 (ii) each municipal corporation that includes any of the priority
24 funding area that benefits from the project; or

25 (iii) each political subdivision that includes any of the priority
26 funding area that benefits from the project, if the priority funding area is partly within
27 and partly outside of any municipal corporation.

28 (2) An approval shall:

- 29 (i) be in writing; and

1 (ii) state the maximum amount of contributions to the approved
2 project that are eligible for a tax credit under § 6–404 of this subtitle.

3 (3) The sum of contributions eligible for a tax credit under § 6–404 of
4 this subtitle for all approved projects for a fiscal year may not exceed [\$2,000,000]
5 **\$2,500,000.**

6 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
7 July 1, 2007, and shall be applicable to all fiscal years beginning after July 1, 2007.