

HOUSE BILL 1399

C8

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By: **Chair, Ways and Means Committee (By Request - Departmental - Housing and Community Development)**

Introduced and read first time: February 25, 2009

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Department of Housing and Community Development - Neighborhood and**
3 **Community Assistance Program - Individual Donor Eligibility - Tax Credit**

4 FOR the purpose of altering a certain community investment tax credit program to
5 allow an individual to apply for the credit under certain circumstances;
6 providing for the application of this Act; defining a certain term; and generally
7 relating to tax credits allowed for contributions to an approved project under the
8 Neighborhood and Community Assistance Program of the Department of
9 Housing and Community Development.

10 BY repealing and reenacting, with amendments,
11 Article - Housing and Community Development
12 Section 6-401, 6-403, and 6-404
13 Annotated Code of Maryland
14 (2006 Volume and 2008 Supplement)

15 BY repealing and reenacting, without amendments,
16 Article - Tax - General
17 Section 10-101(a), (f), and (g)
18 Annotated Code of Maryland
19 (2004 Replacement Volume and 2008 Supplement)

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

22 **Article - Housing and Community Development**

23 6-401.

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (b) “Approved project” means a project that the Department approves under
2 § 6–405 of this subtitle.

3 (c) “Business entity” means a person that conducts a trade or business in the
4 State and is subject to:

5 (1) the State income tax on individuals or corporations;

6 (2) the public service company franchise tax; or

7 (3) the insurance premiums tax.

8 (D) **“INDIVIDUAL” MEANS AN INDIVIDUAL AS DEFINED UNDER §**
9 **10–101 OF THE TAX – GENERAL ARTICLE.**

10 [(d)] (E) “Nonprofit organization” means a not for profit corporation,
11 foundation, or other legal entity that is exempt from federal income tax under §
12 501(c)(3) of the Internal Revenue Code.

13 [(e)] (F) “Priority funding area” means a priority funding area under §
14 5–7B–02 of the State Finance and Procurement Article.

15 [(f)] (G) “Redevelopment assistance” means the money that nonprofit
16 organizations spend for labor and materials used directly in the physical improvement
17 of part or all of a priority funding area.

18 6–403.

19 The purposes of the Neighborhood and Community Assistance Program are to:

20 (1) help nonprofit organizations to carry out approved projects in
21 priority funding areas;

22 (2) encourage business entities **AND INDIVIDUALS** to invest in
23 priority funding areas; and

24 (3) strengthen partnerships between public and private entities.

25 6–404.

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

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

1 (b) (1) Except as provided in paragraph (2) of this subsection, the credit
2 allowed to a business entity **OR AN INDIVIDUAL** under this section equals 50% of the
3 amount of contributions:

4 (i) that the Department approves under subsection (c) of this
5 section; and

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

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

10 (i) \$250,000; and

11 (ii) the total amount of tax otherwise payable by the business
12 entity **OR INDIVIDUAL** for the taxable year.

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

17 (c) (1) To qualify for a credit for a contribution under this section, before
18 making a contribution, a business entity **OR AN INDIVIDUAL** shall apply for and
19 receive approval of the contribution from the Department.

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

21 (i) the name of the approved project to which the contribution
22 will be made;

23 (ii) the amount of the contribution; and

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

27 (3) The Department may not approve an application if it determines
28 that:

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

31 1. the amount of the proposed contribution; and

