

SENATE BILL 725

Q3

9lr2676
CF HB 513

By: **Senator Madaleno**

Introduced and read first time: February 6, 2009

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Heritage Tax Credit – Expenditures for Work Undertaken Prior to Approval**
3 **of Plans**

4 FOR the purpose of allowing a certain tax credit for certain rehabilitation
5 expenditures under certain circumstances, notwithstanding certain
6 requirements; requiring the Director of the Maryland Historical Trust, within a
7 certain time after receiving certain plans for review, to review the plans and
8 under certain circumstances to approve the plans and make a certain
9 certification; prohibiting the Director from charging a certain fee for certifying
10 certain structures or rehabilitations; providing that a certain tax credit may be
11 claimed for a certain taxable year; defining certain terms; and generally
12 relating to allowing a certain tax credit for certain rehabilitation expenditures
13 under certain circumstances notwithstanding certain requirements.

14 BY repealing and reenacting, without amendments,
15 Article – State Finance and Procurement
16 Section 5A–303(a)(4), (5), (7), and (10)
17 Annotated Code of Maryland
18 (2006 Replacement Volume and 2008 Supplement)

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

21 **Article – State Finance and Procurement**

22 5A–303.

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

25 1. listed in the National Register of Historic Places;

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

7 B. certified by the Director as contributing to the
8 significance of the district; or

9 4. located in a certified heritage area and certified by the
10 Maryland Heritage Areas Authority as contributing to the significance of the certified
11 heritage area.

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

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

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

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

21 (i) is properly chargeable to a capital account;

22 (ii) is expended in the rehabilitation of a structure that by the
23 end of the calendar year in which the certified rehabilitation is completed is a certified
24 heritage structure;

25 (iii) is expended in compliance with a plan of proposed
26 rehabilitation that has been approved by the Director; and

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

28 1. State or local grant;

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

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

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

5 SECTION 2. AND BE IT FURTHER ENACTED, That:

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

7 (2) “Certified heritage structure”, “certified rehabilitation”, “Director”,
8 and “qualified rehabilitation expenditure” have the meanings stated in § 5A-303 of the
9 State Finance and Procurement Article.

10 (3) “Heritage tax credit” means the income tax credit allowed under §
11 5A-303 of the State Finance and Procurement Article for qualified rehabilitation
12 expenditures for the rehabilitation of a certified rehabilitation.

13 (b) (1) Notwithstanding any requirement under any law or regulation
14 that rehabilitation expenditures for work undertaken prior to the Director’s approval
15 of plans for the rehabilitation are ineligible for the heritage tax credit, subject to the
16 requirements of this section, an individual who otherwise meets the requirements for
17 the heritage tax credit may claim a tax credit as provided in this section.

18 (2) This section applies only to the rehabilitation of a single-family,
19 owner-occupied residence.

20 (c) An individual may claim the tax credit under this section only if:

21 (1) Prior to the July 1, 2005, implementation by the Director of any
22 requirement under any law or regulation that rehabilitation expenditures for work
23 undertaken prior to the Director’s approval of plans for the rehabilitation are
24 ineligible for the heritage tax credit:

25 (i) Rehabilitation plans for the rehabilitation of a certified
26 heritage structure were reviewed and approved by the Montgomery County Historic
27 Preservation Commission of the Maryland-National Capital Park and Planning
28 Commission; and

29 (ii) Work was begun on the rehabilitation of the certified
30 heritage structure;

31 (2) Within 1 year after work was begun on the rehabilitation of the
32 certified heritage structure:

33 (i) The rehabilitation work was substantially completed; and

1 (ii) The individual requested that the Director grant an
2 exception to any requirement under any law or regulation that rehabilitation
3 expenditures for work undertaken prior to the Director's approval of plans for the
4 rehabilitation are ineligible for the heritage tax credit; and

5 (3) On or before July 1, 2009, the individual submits the rehabilitation
6 plans for the rehabilitation of the certified heritage structure to the Director for the
7 Director's review.

8 (d) (1) Within 30 days after receipt of rehabilitation plans submitted for
9 review under subsection (c)(3) of this section:

10 (i) The Director shall review the rehabilitation plans and may
11 inspect the rehabilitation; and

12 (ii) If the Director determines that the rehabilitation meets the
13 Standards for Certified Heritage Structure Rehabilitation, the Director shall approve
14 the rehabilitation plans and certify that the rehabilitation is a substantial
15 rehabilitation in conformance with the rehabilitation standards of the United States
16 Secretary of the Interior.

17 (2) Notwithstanding § 5A-303(b)(6) of the State Finance and
18 Procurement Article, the Director may not charge a fee for certifying a heritage
19 structure or rehabilitation under this section.

20 (e) Notwithstanding § 5A-303(c)(1) of the State Finance and Procurement
21 Article, regardless of the taxable year in which a certified rehabilitation was
22 completed, an individual may claim the tax credit under this section for the taxable
23 year in which the Director certifies that the rehabilitation is a substantial
24 rehabilitation in conformance with the rehabilitation standards of the United States
25 Secretary of the Interior.

26 (f) Except as otherwise provided in this section, the tax credit allowed under
27 this section is subject to the provisions of § 5A-303 of the State Finance and
28 Procurement Article and any other provisions of law applicable to the heritage tax
29 credit.

30 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
31 June 1, 2009.