

SENATE BILL 481

B1, Q3

8lr2054
CF 8lr3286

By: **Senators Ferguson, Madaleno, Pinsky, Young, and Zucker**

Introduced and read first time: January 29, 2018

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Heritage Structure Rehabilitation Tax Credit – Reserve Fund – Mandated**
3 **Appropriation**

4 FOR the purpose of requiring the Governor, for certain fiscal years, to include in the budget
5 bill an appropriation of a certain amount for the Heritage Structure Rehabilitation Tax
6 Credit Reserve Fund; and generally relating to the Heritage Structure Rehabilitation
7 Tax Credit.

8 BY repealing and reenacting, with amendments,
9 Article – State Finance and Procurement
10 Section 5A–303(d)
11 Annotated Code of Maryland
12 (2015 Replacement Volume and 2017 Supplement)

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

15 **Article – State Finance and Procurement**

16 5A–303.

17 (d) (1) In this subsection, “Reserve Fund” means the Heritage Structure
18 Rehabilitation Tax Credit Reserve Fund established under paragraph (2) of this subsection.

19 (2) (i) There is a Heritage Structure Rehabilitation Tax Credit Reserve
20 Fund that is a continuing, nonlapsing special fund that is not subject to § 7–302 of this
21 article.

22 (ii) The money in the Fund shall be invested and reinvested by the
23 Treasurer, and interest and earnings shall be credited to the General Fund.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (iii) If the fees paid in any fiscal year are less than the directly related
2 administrative costs of operating the Heritage Structure Rehabilitation Tax Credit
3 Program, funds in the Reserve Fund shall be used for the directly related administrative
4 costs of the Program.

5 (3) (i) Subject to the provisions of this subsection, the Director shall
6 issue an initial credit certificate for each commercial rehabilitation for which a plan of
7 proposed rehabilitation is approved and the fees charged under subsection (b)(7)(i) of this
8 section are paid.

9 (ii) An initial credit certificate issued under this subsection shall
10 state the maximum amount of credit under this section for which the commercial
11 rehabilitation may qualify.

12 (iii) 1. Except as otherwise provided in this subparagraph and in
13 subsection (b)(7)(v) of this section, for any fiscal year, the Director may not issue initial
14 credit certificates for credit amounts in the aggregate totaling more than the amount
15 appropriated to the Reserve Fund for that fiscal year in the State budget as approved by
16 the General Assembly.

17 2. If the aggregate credit amounts under initial credit
18 certificates issued in a fiscal year total less than the amount appropriated to the Reserve
19 Fund for that fiscal year as a result of the limitation under subsection (b)(6) of this section,
20 any excess amount may be issued under initial credit certificates for projects in a county or
21 Baltimore City in the same fiscal year, without regard to the limitation under subsection
22 (b)(6) of this section.

23 3. Subject to subparagraph 2 of this subparagraph, if the
24 aggregate credit amounts under initial credit certificates issued in a fiscal year total less
25 than the amount appropriated to the Reserve Fund for that fiscal year, any excess amount
26 shall remain in the Reserve Fund and may be issued under initial credit certificates for the
27 next fiscal year.

28 4. For any fiscal year, if funds are transferred from the
29 Reserve Fund under the authority of any provision of law other than paragraph (4) of this
30 subsection, the maximum credit amounts in the aggregate for which the Director may issue
31 initial credit certificates shall be reduced by the amount transferred.

32 5. In each fiscal year, the Director shall estimate the amount
33 of fees to be collected based on the amount appropriated to the Reserve Fund and reserve
34 the difference between the estimated fees and estimated directly related administrative
35 costs of the Program to be used to administer the Program.

36 6. If the reservation of funds to administer the Program
37 under subparagraph 5 of this subparagraph is not necessary to cover the directly related
38 administrative costs of the Program, any excess amount shall remain in the Reserve Fund
39 and may be issued under initial credit certificates for the next fiscal year.

1 (iv) 1. For [each of] fiscal years 2018 [through 2022] AND 2019,
2 the Governor shall include in the budget bill an appropriation [to] FOR the Reserve Fund.

3 2. FOR EACH OF FISCAL YEARS 2020 THROUGH 2022,
4 THE GOVERNOR SHALL INCLUDE IN THE BUDGET BILL AN APPROPRIATION OF
5 \$15,000,000 FOR THE RESERVE FUND.

6 (v) Notwithstanding the provisions of § 7-213 of this article, the
7 Governor may not reduce an appropriation to the Reserve Fund in the State budget as
8 approved by the General Assembly.

9 (vi) The Director may not issue an initial credit certificate for any
10 fiscal year after fiscal year 2022.

11 (4) (i) Except as provided in this paragraph, money appropriated to the
12 Reserve Fund shall remain in the Fund.

13 (ii) 1. Within 15 days after the end of each calendar quarter, the
14 Trust shall notify the Comptroller as to each commercial rehabilitation completed and
15 certified during the quarter:

16 A. the maximum credit amount stated in the initial credit
17 certificate for the project; and

18 B. the final certified credit amount for the project.

19 2. On notification that a project has been certified, the
20 Comptroller shall transfer an amount equal to the maximum credit amount stated in the
21 initial credit certificate for the project from the Reserve Fund to the General Fund.

22 (iii) 1. On or before October 1 of each year, the Trust shall notify
23 the Comptroller as to the maximum credit amount stated in the initial credit certificate for
24 each commercial rehabilitation for which the initial credit certificate has expired under
25 subsection (c)(3) of this section as of the end of the prior fiscal year.

26 2. On notification that the initial credit certificate for a
27 project has expired under subsection (c)(3) of this section, the Comptroller shall transfer an
28 amount equal to the maximum credit amount stated in the initial credit certificate for the
29 project from the Reserve Fund to the General Fund.

30 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
31 1, 2018.