

**Department of Legislative Services**  
 Maryland General Assembly  
 2021 Session

**FISCAL AND POLICY NOTE**  
**Third Reader**

Senate Bill 447

(Senator Edwards)

Budget and Taxation

Ways and Means

**Historic Revitalization Tax Credit – Certified Historic Structure and Single-Family, Owner-Occupied Residence – Definitions**

This bill alters the definition of a certified historic structure and single-family, owner-occupied residence under the Historic Revitalization Tax Credit Program to include a structure that (1) is located on property owned by the Department of Natural Resources (DNR) or one of its units; (2) is occupied by a person under an agreement with DNR by which the person pays for rehabilitation of the structure as a condition of occupancy; and (3) qualifies to be designated under current law as a certified historic structure or is eligible to be listed in the National Register of Historic Places, as determined by the Director of the Maryland Historical Trust (MHT). **The bill takes effect July 1, 2021, and applies to tax year 2021 and beyond.**

**Fiscal Summary**

**State Effect:** General fund revenues may decrease by \$35,000 in FY 2022 due to additional residential tax credits claimed against the income tax. Future year revenue losses reflect annualization and termination of the tax credit program. Special fund revenues increase minimally in FY 2022 through 2025 due to additional administrative fees at MHT. Expenditures are not affected.

(in dollars)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
GF Revenue	(\$35,000)	(\$70,000)	(\$70,000)	(\$35,000)	\$0
SF Revenue	-	-	-	-	\$0
Expenditure	0	0	0	0	0
Net Effect	(\$35,000)	(\$70,000)	(\$70,000)	(\$35,000)	\$0

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease*

**Local Effect:** None.

**Small Business Effect:** None.

## Analysis

### Current Law:

#### *Historic Revitalization Tax Credit Program*

The Historic Revitalization Tax Credit Program provides tax credits for commercial, small commercial, and owner-occupied residential property rehabilitations. The value of the refundable credit is based on the type of rehabilitation undertaken and up to a percentage of qualified rehabilitation expenditures.

Applying for the credit is a three-part process administered by MHT within the Maryland Department of Planning. MHT must charge certification fees that are sufficient to pay the cost of administering the State and federal historic tax credit.

MHT can award tax credits for the rehabilitation of a single-family, owner-occupied residence through June 30, 2024. A single-family, owner-occupied residence is a structure or a portion of a structure occupied by the owner and the owner's immediate family as their primary or secondary residence. A single-family, owner-occupied residence also includes a residential unit in a cooperative project owned or leased to a cooperative housing corporation and leased for exclusive occupancy to, and occupied by, a member of the corporation and the member's immediate family.

MHT evaluates the historic significance of a structure. A certified historic structure is a structure that is (1) individually listed on the National Register of Historic Places; (2) designated as a historic property under local law and determined to be eligible for listing in the National Register; (3) located in a historic district listed on the National Register of Historic Places or in a local historic district and determined to be eligible for listing on the National Register of Historic Places and is certified to be contributing to the district or area; or (4) located in a certified historic heritage area and certified by the Maryland Heritage Areas Authority as contributing to the area.

A certified historic structure does not include a structure that is owned by the State, a political division of the State, or the federal government.

#### *Maryland Resident Curatorship – Department of Natural Resources*

Established in 1982, the Maryland Resident Curatorship Program offers a person the right to lifetime tenancy in a historic property in exchange for restoring and maintaining the property and periodically sharing it with the public.

**State Fiscal Effect:** The bill expands the definition of certified historic structure and single-family, owner-occupied residence to include a structure that is owned by DNR and occupied by a person under an agreement by which the person pays for rehabilitation of the structure as a condition of occupancy.

DNR and MHT estimate that four structures will be rehabilitated each year and receive \$70,000 in tax credits. Given the bill's effective date and June 30, 2024 termination of the tax credit program, it is assumed that general fund revenues will decrease by \$35,000 in fiscal 2022, \$70,000 annually in fiscal 2023 and 2024, and by \$35,000 in fiscal 2025.

Special fund revenues increase minimally in fiscal 2022 through 2025 due to additional certification fee revenue at MHT.

---

### **Additional Information**

**Prior Introductions:** HB 640 of 2020, a similar bill, passed the House and was referred to the Senate Budget and Taxation Committee, but no further action was taken.

**Designated Cross File:** HB 539 (Delegate Buckel) - Ways and Means.

**Information Source(s):** Department of Natural Resources; Maryland Department of Planning; Department of Legislative Services

**Fiscal Note History:** First Reader - February 1, 2021  
rh/jrb Third Reader - March 3, 2021

---

Analysis by: Robert J. Rehrmann

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510