

HB0027/423029/1

BY: Ways and Means Committee

AMENDMENTS TO HOUSE BILL 27
(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 2, strike “**Tax Credit**” and substitute “**and Enterprise Zone Tax Credits**”; in the same line, strike “**Funding and Extension**” and substitute “**Alterations and Eligibility**”; in line 3, after “of” insert “altering certain limitations on a certain credit against the State income tax for certain commercial rehabilitation projects;”; in line 9, after “credit;” insert “altering eligibility for and the calculation of a certain credit against the property tax imposed on certain qualified property located in certain enterprise zones;”; in the same line, strike “the historic revitalization tax credit” and substitute “tax incentives for improvements to historic and enterprise zone properties”; in line 12, strike “5A–303(d),” and substitute “5A–303(c)(2)(i), (d),”; and after line 14, insert:

“BY repealing and reenacting, without amendments,

Article – Tax – Property

Section 9–103(a)(1) and (6) and (b)(1)

Annotated Code of Maryland

(2019 Replacement Volume and 2021 Supplement)

BY repealing and reenacting, with amendments,

Article – Tax – Property

Section 9–103(d) and (e)(1)

Annotated Code of Maryland

(2019 Replacement Volume and 2021 Supplement)”.

AMENDMENT NO. 2

On page 1, after line 18, insert:

HB0027/423029/01 Ways and Means Committee
Amendments to HB 27
Page 2 of 6

“(c) (2) (i) For any commercial rehabilitation, the State tax credit allowed under this section may not exceed the lesser of:

1. A. ~~[\$3,000,000]~~ **\$5,000,000** for any commercial rehabilitation other than a Level 1 or Level 2 opportunity zone project;

B. ~~[\$3,150,000]~~ **\$5,250,000** for a Level 1 opportunity zone project; or

C. ~~[\$3,300,000]~~ **\$5,500,000** for a Level 2 opportunity zone project; or

2. the maximum amount specified under the initial credit certificate issued for the rehabilitation.”.

On page 3, in line 16, strike “**\$24,000,000**” and substitute “**\$16,000,000**”; and in line 19, strike “**\$36,000,000**” and substitute “**\$20,000,000**”.

On page 4, in line 10, strike “**\$4,000,000**” and substitute “**\$2,000,000**”.

On page 5, after line 28, insert:

“SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article – Tax – Property

9–103.

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

HB0027/423029/01 Ways and Means Committee
Amendments to HB 27
Page 3 of 6

(6) (i) “Qualified property” means real property that is:

1. not used for residential purposes;
2. used in a trade or business by a business entity that meets the requirements of § 5–707 of the Economic Development Article; and
3. located in an enterprise zone that is designated under Title 5, Subtitle 7 of the Economic Development Article.

(ii) “Qualified property” includes personal property on real property that is located in a focus area as defined in § 5–701 of the Economic Development Article.

(b) (1) The governing body of a county or of a municipal corporation shall grant a tax credit under this section against the property tax imposed on the eligible assessment of qualified property.

(d) (1) [The] EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, THE appropriate governing body shall calculate the amount of the tax credit under this section equal to a percentage of the amount of property tax imposed on the eligible assessment of the qualified property, as follows:

(i) 80% in each of the 1st 5 taxable years following the calendar year in which the property initially becomes a qualified property;

(ii) 70% in the 6th taxable year;

(iii) 60% in the 7th taxable year;

(iv) 50% in the 8th taxable year;

(Over)

(v) 40% in the 9th taxable year; and

(vi) 30% in the 10th taxable year.

(2) FOR NEWLY CONSTRUCTED QUALIFIED PROPERTY THAT BECAME ELIGIBLE FOR THE CREDIT UNDER THIS SECTION ON OR AFTER JANUARY 1, 2019, BUT BEFORE JANUARY 1, 2022, THE APPROPRIATE GOVERNING BODY SHALL CALCULATE THE AMOUNT OF THE TAX CREDIT UNDER THIS SECTION EQUAL TO A PERCENTAGE OF THE AMOUNT OF PROPERTY TAX IMPOSED ON THE ELIGIBLE ASSESSMENT OF THE QUALIFIED PROPERTY AS FOLLOWS:

(I) 80% IN EACH OF THE 1ST 8 TAXABLE YEARS FOLLOWING THE CALENDAR YEAR IN WHICH THE PROPERTY INITIALLY BECOMES A QUALIFIED PROPERTY;

(II) 70% IN THE 9TH TAXABLE YEAR;

(III) 60% IN THE 10TH TAXABLE YEAR;

(IV) 50% IN THE 11TH TAXABLE YEAR;

(V) 40% IN THE 12TH TAXABLE YEAR; AND

(VI) 30% IN THE 13TH TAXABLE YEAR.

[(2)] (3) The Department shall allocate the eligible assessment to the nonresidential part of the qualified property at the same percentage as the square footage of the nonresidential part is to the total square footage of the building.

[(3)] (4) For purposes of calculating the amount of the credit allowed under this section, the amount of property tax imposed on the eligible assessment shall be calculated without reduction for any credits allowed under this title.

[(4)] (5) For qualified property located in a focus area, the appropriate governing body shall calculate the amount of the tax credit under this section equal to 80% of the amount of property tax imposed on the eligible assessment of the qualified property:

(I) FOR NEWLY CONSTRUCTED QUALIFIED PROPERTY THAT BECAME ELIGIBLE FOR THE CREDIT UNDER THIS SECTION ON OR AFTER JANUARY 1, 2019, BUT BEFORE JANUARY 1, 2022, FOR EACH OF THE 13 TAXABLE YEARS FOLLOWING THE CALENDAR YEAR IN WHICH THE PROPERTY INITIALLY BECOMES A QUALIFIED PROPERTY; OR

(II) FOR ANY OTHER QUALIFIED PROPERTY, for each of the 10 taxable years following the calendar year in which the property initially becomes a qualified property.

(e) (1) A tax credit under this section is available to a qualified property for no more than 10 consecutive years OR, IN THE CASE OF NEWLY CONSTRUCTED QUALIFIED PROPERTY THAT BECAME ELIGIBLE FOR THE CREDIT UNDER THIS SECTION ON OR AFTER JANUARY 1, 2019, BUT BEFORE JANUARY 1, 2022, NO MORE THAN 13 CONSECUTIVE YEARS, beginning with:

(i) the taxable year following the calendar year in which the real property initially becomes a qualified property; or

(ii) the taxable year in which the real property initially becomes a qualified property, subject to the approval of the appropriate local governing body and the Secretary of Commerce.

(Over)

HB0027/423029/01 Ways and Means Committee
Amendments to HB 27
Page 6 of 6

SECTION 3. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall be applicable to all taxable years beginning after December 31, 2021.

SECTION 4. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall be applicable to all taxable years beginning after June 30, 2022.”;

in line 29, strike “2.” and substitute “5.”; and in the same line, strike “July” and substitute “June”.