HOUSE BILL 202

By: Delegates Carr and Lehman
Introduced and read first time: January 13, 2022
Assigned to: Ways and Means

A BILL ENTITLED

AN ACT concerning

Historic Revitalization Tax Credit – Substantial Rehabilitation – Threshold Amount

FOR the purpose of altering the definition of “substantial rehabilitation” for purposes of eligibility for the historic revitalization tax credit program by reducing the threshold amount for certain homeowners who receive the State homeowners’ property tax credit during a certain period of time; and generally relating to the historic revitalization tax credit program.

BY repealing and reenacting, without amendments,
Article – State Finance and Procurement
Section 5A–303(a)(1) and (29) and (c)(1)(i) and (2)(ii)
Annotated Code of Maryland
(2021 Replacement Volume)

BY repealing and reenacting, with amendments,
Article – State Finance and Procurement
Section 5A–303(a)(33)
Annotated Code of Maryland
(2021 Replacement Volume)

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

Article – State Finance and Procurement

5A–303.

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
[Brackets] indicate matter deleted from existing law.
“Single–family, owner–occupied residence” means a structure or a portion of a structure occupied by the owner and the owner’s immediate family as their primary or secondary residence.

“Single–family, owner–occupied residence” includes:

1. a residential unit in a cooperative project owned by 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 under a proprietary lease;

2. a structure that is described under paragraph (6)(i)5 of this subsection; and

3. a small commercial project.

“Substantial rehabilitation” means rehabilitation of a structure for which the qualified rehabilitation expenditures, during the 24–month period selected by the individual or business entity ending with or within the taxable year, exceed:

1. FOR A SINGLE–FAMILY, OWNER–OCCUPIED RESIDENCE FOR WHICH THE HOMEOWNER WAS GRANTED A CREDIT IN ACCORDANCE WITH § 9–104 OF THE TAX–PROPERTY ARTICLE FOR ANY OF THE THREE TAXABLE YEARS IMMEDIATELY PRECEDING THE APPLICATION FOR A CREDIT UNDER THIS SECTION, $2,500; OR

2. for ANY OTHER single–family, owner–occupied residential property, $5,000; or

(ii) for all other property, the greater of:

1. the adjusted basis of the structure; or

2. $25,000.

(c) (1) (i) Except as otherwise provided in this section, for the taxable year in which a certified rehabilitation is completed, an individual or business entity may claim a tax credit in an amount equal to 20% of the individual’s or business entity’s qualified rehabilitation expenditures for the rehabilitation.

(2) (ii) For a rehabilitation other than a commercial rehabilitation, the State tax credit allowed under this section may not exceed:

1. $50,000 for a rehabilitation other than a Level 1 or Level 2 opportunity zone project;
2. $55,000 for a Level 1 opportunity zone project; or
3. $60,000 for a Level 2 opportunity zone project.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2022, and shall be applicable to all taxable years beginning after December 31, 2021.