

SENATE BILL 952

Q3

3lr3058

By: Senator McCray

Introduced and read first time: February 24, 2023

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Historic Revitalization Tax Credit – Credit Amounts and Funding – Alterations**

3 FOR the purpose of altering the calculation of and certain limitations on a certain credit
4 against the State income tax for certain rehabilitation projects under the historic
5 revitalization tax credit program; altering the amount of certain appropriations that
6 the Governor, in certain fiscal years, is required to include in the annual budget bill
7 for the Historic Revitalization Tax Credit Reserve Fund and the Small Commercial
8 Project Trust Account within the Reserve Fund; and generally relating to the historic
9 revitalization tax credit program.

10 BY repealing and reenacting, without amendments,
11 Article – State Finance and Procurement
12 Section 5A-303(a)(1), (8), (16), (18), (19), (28), and (30) and (e)
13 Annotated Code of Maryland
14 (2021 Replacement Volume and 2022 Supplement)

15 BY repealing and reenacting, with amendments,
16 Article – State Finance and Procurement
17 Section 5A-303(c)(1) and (2) and (d)(3)(iv) and (4)
18 Annotated Code of Maryland
19 (2021 Replacement Volume and 2022 Supplement)

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

22 **Article – State Finance and Procurement**

23 5A-303.

24 (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.



(8) (i) "Commercial rehabilitation" means a rehabilitation of a structure other than a single-family, owner-occupied residence.

(ii) "Commercial rehabilitation" does not include a small commercial project.

5 (16) "High performance building" means a building that:

6 (i) meets or exceeds the current version of the U.S. Green Building
7 Council's LEED (Leadership in Energy and Environmental Design) green building rating
8 system gold rating; or

16 (i) the date of the qualified opportunity fund's investment in the
17 opportunity zone project and the amount of the investment;

18 (ii) the total project or business investment, including any leverage;

(iii) the address and census tract of the qualified opportunity zone business and the qualified opportunity fund;

21 (iv) the North American Industrial Classification System Code for
22 the qualified opportunity zone business;

23 (v) an impact report, including both qualitative and quantitative
24 data on the qualified opportunity fund's investment in the opportunity zone project and its
25 progress; and

26 (vi) any other information requested by the Director.

(19) "Level 2 opportunity zone project" means a small commercial project or commercial rehabilitation completed by a qualified opportunity zone business if:

29 (i) the requirements for a Level 1 opportunity zone project are met;

30 (ii) 1. accountability to residents of the communities in the
31 qualified opportunity zone is maintained through their representation on any governing
32 board or any advisory board of the qualified opportunity zone business; or

6 (iii) 1. for an opportunity zone project located entirely within a
7 municipal corporation, the municipal corporation, by resolution or by letter, delivered to
8 the Director by the municipal corporation's authorized designee, approves the provision
9 within the municipal corporation of the enhanced tax credits under this section; or

14 (28) "Qualified rehabilitation expenditure" means any amount that:

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

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

22 1. State or local grant:

32 (30) "Small commercial project" means a rehabilitation of a structure if:

1 (ii) 1. the structure is primarily used for commercial,
2 income-producing purposes;

3 2. the structure:

6 B. is sold as part of a development project for exclusive
7 occupancy to, and occupied by, the resident;

20 1. is a high performance building; or

11 3. **[\$60,000] \$120,000** for a Level 2 opportunity zone project.

12 (iii) For the purposes of the limitation under subparagraph (i) of this
13 paragraph, the following shall be treated as a single commercial rehabilitation:

18 (d) (3) (iv) 1. Subject to subsubparagraph 2 of this subparagraph, for
19 each of fiscal years 2018 through 2031, the Governor shall include in the budget bill an
20 appropriation to the Reserve Fund.

30 (4) (i) Within the Reserve Fund, there is a Small Commercial Project
31 Trust Account.

(ii) 1. The Trust Account is established for the issuance of tax credit certificates for small commercial projects.

6 (iii) The Trust Account consists of:

11 (iv) 1. For [each of] fiscal [years] YEAR 2024 [through 2031], the
12 Governor shall include in the budget bill an appropriation to the Trust Account of at least
13 \$2,000,000.

2. FOR EACH OF FISCAL YEARS 2025 THROUGH 2031, INCLUDE IN THE BUDGET BILL AN APPROPRIATION TO THE AT LEAST \$20,000,000.

20 (2) An initial credit certificate issued under this subsection shall state the
21 maximum amount of tax credit for which the applicant is eligible.

22 (3) (i) Before fiscal year 2024, the Director may not issue an initial
23 credit certificate under this subsection after the aggregate amount of initial credit
24 certificates issued for small commercial projects totals \$5,000,000.

25 (ii) Before fiscal year 2024, for a targeted project, the Director may
26 not issue an initial credit certificate under this subsection:

1 the Small Commercial Project Trust Account established under subsection (d)(4) of this
2 section.

3 **SECTION 2. AND BE IT FURTHER ENACTED**, That this Act shall take effect July
4 1, 2023, and shall be applicable to all taxable years beginning after December 31, 2022.