

Chapter 310

(House Bill 1279)

AN ACT concerning

Catalytic Revitalization Project Tax Credit – Alterations

FOR the purpose of ~~altering eligibility for and the manner for claiming a certain credit against the State income tax that certain persons may claim for certain construction and rehabilitation costs for certain catalytic revitalization projects in the State; altering certain limitations on the Secretary of Housing and Community Development to accept certain applications and award certain tax credit certificates adding applications promoting certain workforce housing to the types of applications that certain regulations governing the application process for the catalytic revitalization project tax credit must emphasize;~~ and generally relating to the catalytic revitalization project tax credit.

BY repealing and reenacting, without amendments,
 Article – Housing and Community Development
 Section 4-1801(l) ~~and 6-903(a)~~
 Annotated Code of Maryland
 (2019 Replacement Volume and 2025 Supplement)

BY repealing and reenacting, with amendments,
 Article – Housing and Community Development
 Section ~~6-901, 6-902, and 6-903(b)~~ 6-901 and 6-904
 Annotated Code of Maryland
 (2019 Replacement Volume and 2025 Supplement)

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

Article – Housing and Community Development

4-1801.

(l) “Workforce housing” means:

(1) rental housing that is affordable for a household with an aggregate annual income between 50% and 100% of the area median income; or

(2) homeownership housing that:

(i) except as provided in item (ii) of this item, is affordable to a household with an aggregate annual income between 60% and 120% of the area median income; or

(ii) in target areas that are recognized by the Secretary for purposes of administering the Maryland Mortgage Program, is affordable to a household with an aggregate annual income between 60% and 150% of the area median income.

6-901.

(A) In this subtitle[, “catalytic] **THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.**

(B) **“CATALYTIC revitalization project”** means the substantial rehabilitation of a property in the State:

(1) ~~that was formerly owned by the State or the federal government;~~

~~(2) the rehabilitation of which will foster economic, housing, and community development within the community in which the property is located; and~~

~~(2) (I) 1. A. THAT WAS FORMERLY OWNED BY THE FEDERAL GOVERNMENT; OR~~

~~B. THAT WAS FORMERLY OR IS CURRENTLY OWNED BY THE STATE; AND~~

~~(3) 2. that is out of service and was formerly used as a college or university, K-12 school, hospital, mental health facility, or military facility or installation; OR~~

~~(H) THAT IS LOCATED:~~

~~1. WITHIN A TRANSIT-ORIENTED DEVELOPMENT OR A SITE PENDING DESIGNATION AS A TRANSIT-ORIENTED DEVELOPMENT;~~

~~2. ON A PARCEL OF REAL PROPERTY SHARING A BOUNDARY LINE WITH A SITE DESCRIBED UNDER ITEM 1 OF THIS ITEM; OR~~

~~3. WITHIN A ONE-HALF MILE RADIUS OF A PASSENGER BOARDING AND ALIGHTING LOCATION OF A SUBWAY, LIGHT RAIL, OR RAILROAD.~~

~~(C) “TRANSIT-ORIENTED DEVELOPMENT” HAS THE MEANING STATED IN § 7-101 OF THE TRANSPORTATION ARTICLE.~~

~~(D)~~ (C) “WORKFORCE HOUSING” HAS THE MEANING STATED IN § 4-1801 OF THIS ARTICLE.

~~(E)~~ ~~“WORKFORCE HOUSING PROJECT” MEANS A PROJECT IN WHICH AT LEAST 20% OF THE RESIDENTIAL UNITS PRODUCED ARE WORKFORCE HOUSING UNITS.~~

~~6-902.~~

~~(a) [An] EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, AN individual, a nonprofit organization, or a business entity may claim a tax credit in an amount equal to:~~

~~(1) for a project issued a single tax credit certificate on completion, 20% of the amount stated in the final tax credit certificate issued by the Secretary under § 6-903 of this subtitle for 5 consecutive taxable years beginning with the taxable year in which a final tax credit certificate is issued; or~~

~~(2) for a phased project issued a tax credit certificate on completion of a phase, 100% of the amount stated in the final tax credit certificate issued by the Secretary under § 6-903 of this subtitle for the taxable year in which the final tax credit certificate is issued.~~

~~(b) IF THE PROJECT IS A WORKFORCE HOUSING PROJECT, AN INDIVIDUAL, A NONPROFIT ORGANIZATION, OR A BUSINESS ENTITY MAY CLAIM THE TAX CREDIT IN AN AMOUNT EQUAL TO:~~

~~(1) ONE HALF OF THE AMOUNT STATED IN A FINAL TAX CREDIT CERTIFICATE ISSUED BY THE SECRETARY UNDER § 6-903 OF THIS SUBTITLE THAT IS ATTRIBUTABLE TO THE PRODUCTION OF THE WORKFORCE HOUSING UNITS IN THE TAXABLE YEAR IN WHICH THE FINAL TAX CREDIT CERTIFICATE IS ISSUED AND THE IMMEDIATELY FOLLOWING TAXABLE YEAR; AND~~

~~(2) ONE THIRD OF THE AMOUNT STATED IN THE FINAL TAX CREDIT CERTIFICATE ISSUED BY THE SECRETARY UNDER § 6-903 OF THIS SUBTITLE THAT IS ATTRIBUTABLE TO PROJECT COSTS NOT ATTRIBUTABLE TO THE PRODUCTION OF THE WORKFORCE HOUSING UNITS IN EACH OF THE 3 CONSECUTIVE TAXABLE YEARS FOLLOWING THE TAXABLE YEARS DESCRIBED UNDER ITEM (1) OF THIS SUBSECTION.~~

~~(c) The Comptroller or the Secretary may not recapture a tax credit authorized under this subtitle if:~~

~~(1) the catalytic revitalization project is transferred, in whole or in part, by fee simple transfer of real property or by transfer of an ownership interest in the entity that owns the project to a new owner; and~~

~~(2) the Secretary has issued a final tax credit certificate for the catalytic revitalization project under § 6-903 of this subtitle.~~

~~[(e)] (D) The Secretary may issue multiple final tax credit certificates for a project that is issued an initial tax certificate under this section if:~~

~~(1) the project has been determined by the Secretary to be in phases;~~

~~(2) a phase of the project has been completed;~~

~~(3) a final tax credit certificate is not issued for more than 20% of the project's eligible expenses to date; and~~

~~(4) a final tax credit certificate is not issued that would exceed the aggregated limit of a project's credit under § 6-903(b) of this subtitle.~~

~~6-903.~~

~~(a) (1) Subject to the limitations of paragraph (2) of this subsection and subsection (b) of this section, on application by an individual, a nonprofit organization, or a business entity, the Secretary shall issue:~~

~~(i) an initial tax credit certificate in an amount equal to 20% of the individual's, nonprofit organization's, or business entity's estimated new construction costs and rehabilitation costs for the project; and~~

~~(ii) on completion of the catalytic revitalization project or a phase of the catalytic revitalization project, a final tax credit certificate in an amount equal to 20% of the individual's, nonprofit organization's, or business entity's actual new construction costs and rehabilitation costs for the project.~~

~~(2) For purposes of calculating the credit authorized under paragraph (1) of this subsection, new construction costs:~~

~~(i) must be related to the construction of new structures that connect, expand, or integrate the existing structures to be rehabilitated; and~~

~~(ii) may not exceed 50% of the total costs of the catalytic revitalization project.~~

~~(b) (1) Except as provided in paragraph [(2)(ii)] (3)(II) of this subsection, the Secretary may not:~~

~~(i) accept applications and award initial credit certificates for catalytic revitalization projects more than once [within a 2-year period] EACH YEAR; or~~

~~(ii) issue tax credit certificates for credit amounts in the aggregate totaling more than [\$15,000,000 within a 2-year period] \$30,000,000 EACH YEAR.~~

~~(2) THE SECRETARY MAY NOT ACCEPT APPLICATIONS AND AWARD INITIAL CREDIT CERTIFICATES FOR CATALYTIC REVITALIZATION PROJECTS THAT ARE TRANSIT-ORIENTED DEVELOPMENT PROJECTS OR WORKFORCE HOUSING PROJECTS UNLESS THE SECRETARY CERTIFIES THAT THE STATE HAS NOT YET MET CONTINUED PRODUCTION TARGETS FOR HOUSING UNITS.~~

~~(3) (i) The Secretary may revoke an initial credit certificate on a finding by the Secretary that the recipient is not in compliance with the initial credit certificate or an agreement with the Department regarding the initial credit certificate.~~

~~(ii) If the Secretary revokes an initial credit certificate under subparagraph (i) of this paragraph, the Secretary may award an initial credit certificate to another applicant, provided that the award does not exceed the amount of the revoked initial credit certificate.~~

6-904.

The Secretary, in consultation with the Department of Commerce, shall adopt regulations to carry out the provisions of this subtitle, including regulations that:

(1) establish procedures and standards for certifying new construction costs and rehabilitation costs under this subtitle;

(2) establish an application process for the issuance of tax credit certificates under this subtitle, with an emphasis on applications that promote affordable housing OR WORKFORCE HOUSING; and

(3) establish procedures for the approval of project phases for tax credit certificates issued under this subtitle.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2026, ~~and shall be applicable to all initial credit certificates issued for the catalytic revitalization project tax credit on or after July 1, 2026.~~

Approved by the Governor, April 28, 2026.