

HOUSE BILL 511

Q3, C8

6lr1870

By: **Delegates Edelson, Clippinger, and Lewis**

Introduced and read first time: January 27, 2026

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Catalytic Revitalization Project Tax Credit – Alterations**

3 FOR the purpose of altering the definition of “catalytic revitalization project”; altering
4 eligibility for and the amount of a certain credit against the State income tax that
5 certain persons may claim for certain construction and rehabilitation costs for
6 certain catalytic revitalization projects in the State; altering certain limitations on
7 the Secretary of Housing and Community Development to accept certain applications
8 and award certain tax credit certificates; requiring the Department of Housing and
9 Community Development to publish certain information and guidance; requiring the
10 Secretary to adopt certain regulations; and generally relating to the catalytic
11 revitalization project tax credit.

12 BY repealing and reenacting, with amendments,
13 Article – Housing and Community Development
14 Section 6–901, 6–902(a) and (c), 6–903(a), (b), and (f)(1), and 6–904
15 Annotated Code of Maryland
16 (2019 Replacement Volume and 2025 Supplement)

17 BY adding to
18 Article – Housing and Community Development
19 Section 6–903(g)
20 Annotated Code of Maryland
21 (2019 Replacement Volume and 2025 Supplement)

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

24 **Article – Housing and Community Development**

25 6–901.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 In this subtitle, “catalytic revitalization project” means the substantial rehabilitation
2 of a **HISTORIC** property in the State:

3 (1) that:

4 (I) was formerly owned by the State or the federal government; **OR**

5 (II) **IS A SUBSTANTIALLY VACANT OR FUNCTIONALLY**
6 **OBSOLESCENT PRIVATELY OWNED COMMERCIAL PROPERTY;**

7 (2) the rehabilitation of which will foster economic, housing, and
8 community development within:

9 (I) the community in which the property is located;

10 (II) **AN ARTS AND ENTERTAINMENT DISTRICT DESIGNATED**
11 **UNDER TITLE 4, SUBTITLE 7 OF THE ECONOMIC DEVELOPMENT ARTICLE;**

12 (III) **A MAIN STREET MARYLAND COMMUNITY DESIGNATED BY**
13 **THE DEPARTMENT; OR**

14 (IV) **A PRIORITY FUNDING AREA DESIGNATED UNDER TITLE 5,**
15 **SUBTITLE 7B OF THE STATE FINANCE AND PROCUREMENT ARTICLE; and**

16 (3) that is out of service and [was formerly used as a college or university,
17 K–12 school, hospital, mental health facility, or military facility or installation] **HAS AT**
18 **LEAST 250,000 SQUARE FEET OF EXISTING IMPROVEMENTS AND A MINIMUM**
19 **INTENDED INVESTMENT OF \$50,000,000.**

20 6–902.

21 (a) An individual, a nonprofit organization, or a business entity may claim a tax
22 credit in an amount equal to:

23 (1) for a project issued a single tax credit certificate on completion, [20%]
24 **25%** of the amount stated in the final tax credit certificate issued by the Secretary under §
25 6–903 of this subtitle for [5] **4** consecutive taxable years beginning with the taxable year
26 in which a final tax credit certificate is issued; or

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

(c) 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%] 25%** 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%] 25%** 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%] 25%** 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] 1–YEAR** period; or

(ii) issue tax credit certificates for credit amounts in the aggregate totaling more than **[\$15,000,000] \$35,000,000** within a **[2–year] 1–YEAR** period.

(2) THE DEPARTMENT SHALL ADJUST THE MAXIMUM AMOUNT FOR TAX CREDIT CERTIFICATES IN THE AGGREGATE SPECIFIED IN PARAGRAPH (1)(II) OF THIS SUBSECTION EVERY YEAR, BEGINNING JULY 1, 2027, TO REFLECT ANY AGGREGATE INCREASE IN THE CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS (CPI-U) FOR THE WASHINGTON METROPOLITAN AREA, OR ANY SUCCESSOR INDEX, FOR THE PREVIOUS YEAR.

[(2)] (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.

(f) (1) The amount of the tax credit stated in the final tax credit certificate that is allowed, but not claimed, under this subtitle may be transferred, by written instrument, in whole or in part, to any individual, nonprofit organization, or business entity, **INCLUDING A FINANCIAL INSTITUTION FOR PROJECT FINANCING PURPOSES.**

(G) THE DEPARTMENT SHALL:

(1) ON OR BEFORE JULY 1, 2026, AND EACH JULY 1 THEREAFTER, PUBLISH ON THE DEPARTMENT'S WEBSITE THE AVAILABLE CREDIT AMOUNT AND DETAILS ON THE PROCESS TO APPLY FOR THE ISSUANCE OF TAX CREDIT CERTIFICATES UNDER THIS SUBTITLE; AND

(2) ISSUE GUIDANCE ON A TIMELINE FOR THE ISSUANCE OF INITIAL AND FINAL TAX CREDIT CERTIFICATES FOR APPLICANTS WHO WISH TO UTILIZE CREDIT CERTIFICATES TO SECURE PROJECT FINANCING.

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, **INCLUDING COST-CERTIFICATION REQUIREMENTS FOR ANY NEW CONSTRUCTION OR SITE IMPROVEMENT COSTS THAT ARE INTEGRAL TO THE REHABILITATION;**

(2) establish an application process for the issuance of tax credit certificates under this subtitle, with an emphasis on applications that:

1 (I) promote affordable housing, ECONOMIC GROWTH, OR JOB
2 CREATION; AND

3 (II) HAVE A CATALYTIC IMPACT ON ADVANCING THE
4 PLACE-BASED ECONOMIC AND COMMUNITY DEVELOPMENT GOALS OF A
5 DESIGNATED MAIN STREET MARYLAND COMMUNITY OR ARTS AND
6 ENTERTAINMENT DISTRICT; and

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

9 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
10 1, 2026, and shall be applicable to all initial credit certificates issued for the catalytic
11 revitalization project tax credit on or after July 1, 2026.