

# SENATE BILL 372

C9, Q3, Q7

6lr0998  
CF HB 5

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By: **Senator McCray**

Introduced and read first time: January 27, 2026

Assigned to: Budget and Taxation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Community Development – Maryland New Markets Development Program –**  
3 **Establishment**

4 FOR the purpose of establishing the Maryland New Markets Development Program;  
5 requiring the Department of Housing and Community Development to administer  
6 the Program; authorizing a credit against the State income tax, the State insurance  
7 premium receipts tax, and certain State insurance retaliatory taxes, fees, charges,  
8 and penalties for certain equity investments in certain community development  
9 entities; making the credit refundable; authorizing the Department to recapture a  
10 credit under certain circumstances; and generally relating to the Maryland New  
11 Markets Development Program.

12 BY adding to  
13 Article – Housing and Community Development  
14 Section 4–3101 through 4–3111 to be under the new subtitle “Subtitle 31. Maryland  
15 New Markets Development Program”  
16 Annotated Code of Maryland  
17 (2019 Replacement Volume and 2025 Supplement)

18 BY adding to  
19 Article – Insurance  
20 Section 6–123 and 6–306  
21 Annotated Code of Maryland  
22 (2017 Replacement Volume and 2025 Supplement)

23 BY adding to  
24 Article – Tax – General  
25 Section 10–758  
26 Annotated Code of Maryland  
27 (2022 Replacement Volume and 2025 Supplement)

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

**Article – Housing and Community Development**

**SUBTITLE 31. MARYLAND NEW MARKETS DEVELOPMENT PROGRAM.**

**4–3101.**

(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS  
INDICATED.

(B) “MARYLAND QUALIFIED COMMUNITY DEVELOPMENT ENTITY” MEANS A  
QUALIFIED COMMUNITY DEVELOPMENT ENTITY HEADQUARTERED IN THE STATE OR  
OWNED OR CONTROLLED BY A BUSINESS ENTITY HEADQUARTERED IN THE STATE.

(C) “PRINCIPAL BUSINESS OPERATIONS” MEANS THE PLACE OR PLACES  
WHERE:

(1) AT LEAST 60% OF A QUALIFIED ACTIVE LOW-INCOME COMMUNITY  
BUSINESS’S EMPLOYEES WORK; OR

(2) EMPLOYEES WHO ARE PAID AT LEAST 60% OF A QUALIFIED ACTIVE  
LOW-INCOME COMMUNITY BUSINESS’S PAYROLL WORK.

(D) “PROGRAM” MEANS THE MARYLAND NEW MARKETS DEVELOPMENT  
PROGRAM.

(E) (1) “QUALIFIED ACTIVE LOW-INCOME COMMUNITY BUSINESS”  
MEANS A BUSINESS ENTITY THAT:

(I) HAS ITS PRINCIPAL BUSINESS OPERATIONS IN THE STATE;  
AND

(II) MEETS THE DEFINITION OF A QUALIFIED ACTIVE  
LOW-INCOME COMMUNITY BUSINESS UNDER § 45D OF THE INTERNAL REVENUE  
CODE.

(2) “QUALIFIED ACTIVE LOW-INCOME COMMUNITY BUSINESS” DOES  
NOT INCLUDE A BUSINESS ENTITY THAT DERIVES OR PROJECTS TO DERIVE AT LEAST  
15% OF ANNUAL REVENUE FROM THE RENTAL OR SALE OF REAL ESTATE, UNLESS  
THE BUSINESS ENTITY OWNS OR CONTROLS A SUBSIDIARY BUSINESS ENTITY THAT:

1                   **(I)     DERIVES OR PROJECTS TO DERIVE LESS THAN 15% OF**  
2 **ANNUAL REVENUE FROM THE RENTAL OR SALE OF REAL ESTATE; AND**

3                   **(II)    IS THE PRIMARY TENANT OF REAL ESTATE OWNED BY THE**  
4 **PARENT ENTITY.**

5           **(F)     “QUALIFIED COMMUNITY DEVELOPMENT ENTITY” MEANS A BUSINESS**  
6 **ENTITY THAT HAS ENTERED INTO AN ALLOCATION AGREEMENT UNDER THE**  
7 **FEDERAL NEW MARKETS TAX CREDIT PROGRAM THAT INCLUDES THE STATE**  
8 **WITHIN THE SERVICE AREA OF THE AGREEMENT.**

9           **(G)     “QUALIFIED EQUITY INVESTMENT” MEANS AN EQUITY INVESTMENT IN**  
10 **A QUALIFIED COMMUNITY DEVELOPMENT ENTITY THAT:**

11                   **(1)    (I)     IS ORIGINALLY ISSUED AND ACQUIRED ON OR AFTER JULY**  
12 **1, 2026, IN EXCHANGE FOR CASH; OR**

13                   **(II)   IS ORIGINALLY ISSUED AND ACQUIRED BEFORE JULY 1,**  
14 **2026, IN EXCHANGE FOR CASH AND, ON OR AFTER JULY 1, 2026, IS TRANSFERRED**  
15 **OR SOLD;**

16                   **(2)    THE QUALIFIED COMMUNITY DEVELOPMENT ENTITY USES IN AN**  
17 **AMOUNT EQUAL TO 100% OF THE CASH PURCHASE PRICE TO MAKE QUALIFIED**  
18 **LOW-INCOME COMMUNITY INVESTMENTS IN QUALIFIED ACTIVE LOW-INCOME**  
19 **COMMUNITY BUSINESSES;**

20                   **(3)    DOES NOT EXCEED DOUBLE THE QUALIFIED COMMUNITY**  
21 **DEVELOPMENT ENTITY’S EQUITY INVESTMENT AUTHORITY UNDER THE FEDERAL**  
22 **NEW MARKETS TAX CREDIT PROGRAM UNLESS THE QUALIFIED COMMUNITY**  
23 **DEVELOPMENT ENTITY IS A MARYLAND QUALIFIED COMMUNITY DEVELOPMENT**  
24 **ENTITY;**

25                   **(4)    IS DESIGNATED AS A QUALIFIED EQUITY INVESTMENT UNDER THE**  
26 **FEDERAL NEW MARKETS TAX CREDIT PROGRAM BY THE QUALIFIED COMMUNITY**  
27 **DEVELOPMENT ENTITY IN AN AMOUNT EQUAL TO AT LEAST 50% OF THE CASH**  
28 **PURCHASE PRICE UNLESS THE QUALIFIED COMMUNITY DEVELOPMENT ENTITY IS A**  
29 **MARYLAND QUALIFIED COMMUNITY DEVELOPMENT ENTITY;**

30                   **(5)    IS DESIGNATED AS A QUALIFIED EQUITY INVESTMENT UNDER**  
31 **THIS SUBTITLE BY THE QUALIFIED COMMUNITY DEVELOPMENT ENTITY; AND**

(6) IS JOINTLY CERTIFIED AS A QUALIFIED EQUITY INVESTMENT UNDER THIS SUBTITLE BY THE QUALIFIED COMMUNITY DEVELOPMENT ENTITY AND THE DEPARTMENT.

(H) "QUALIFIED LOW-INCOME COMMUNITY INVESTMENT" MEANS A CAPITAL OR EQUITY INVESTMENT IN OR LOAN TO A QUALIFIED ACTIVE LOW-INCOME COMMUNITY BUSINESS.

4-3102.

(A) THERE IS A MARYLAND NEW MARKETS DEVELOPMENT PROGRAM.

(B) THE DEPARTMENT SHALL ADMINISTER THE PROGRAM.

(C) THE PURPOSE OF THE PROGRAM IS TO INCENTIVIZE ECONOMIC INVESTMENT AND JOB CREATION IN LOW-INCOME COMMUNITIES THAT HAVE HISTORICALLY LACKED PRIVATE INVESTMENT, PARTICULARLY WITH THE ASSISTANCE OF COMMUNITY DEVELOPMENT ENTITIES HEADQUARTERED IN THE STATE WITH PROVEN EXPERIENCE IN THE FEDERAL NEW MARKETS TAX CREDIT PROGRAM.

4-3103.

(A) A BUSINESS ENTITY THAT DOES NOT MEET THE REQUIREMENTS TO BE CONSIDERED A QUALIFIED ACTIVE LOW-INCOME COMMUNITY BUSINESS UNDER THIS SUBTITLE BECAUSE THE BUSINESS ENTITY'S PRINCIPAL BUSINESS OPERATIONS ARE NOT IN THE STATE MAY BE CONSIDERED A QUALIFIED ACTIVE LOW-INCOME COMMUNITY BUSINESS UNDER THIS SUBTITLE IF THE BUSINESS ENTITY AGREES TO:

(1) RELOCATE OR HIRE EMPLOYEES TO ESTABLISH PRINCIPAL BUSINESS OPERATIONS IN THE STATE;

(2) USE THE PROCEEDS OF A QUALIFIED LOW-INCOME COMMUNITY INVESTMENT TO HIRE OR RELOCATE THE EMPLOYEES; AND

(3) HIRE OR RELOCATE THE EMPLOYEES WITHIN 180 DAYS AFTER RECEIVING THE QUALIFIED LOW-INCOME COMMUNITY INVESTMENT, OR ON A LATER DATE AGREED TO BY THE DEPARTMENT.

(B) A BUSINESS ENTITY SHALL BE CONSIDERED A QUALIFIED ACTIVE LOW-INCOME COMMUNITY BUSINESS UNDER THIS SUBTITLE IF THE QUALIFIED COMMUNITY DEVELOPMENT ENTITY REASONABLY EXPECTS AT THE TIME OF AN

1 APPLICATION UNDER § 4-3105 OF THIS SUBTITLE THAT THE BUSINESS ENTITY WILL  
2 MEET THE DEFINITION OF A QUALIFIED ACTIVE LOW-INCOME COMMUNITY  
3 BUSINESS FOR THE ENTIRE DURATION OF THE QUALIFIED LOW-INCOME  
4 COMMUNITY INVESTMENT.

5 4-3104.

6 (A) A PERSON MAY CLAIM A CREDIT FOR A QUALIFIED EQUITY INVESTMENT  
7 IN ACCORDANCE WITH THIS SUBTITLE AGAINST:

8 (1) THE STATE INCOME TAX; OR

9 (2) ANY PREMIUM RECEIPTS TAX OR INSURANCE RETALIATORY TAX,  
10 FEE, CHARGE, OR PENALTY IMPOSED BY THE STATE, INCLUDING ANY TAX, FEE,  
11 CHARGE, OR PENALTY UNDER:

12 (I) § 3-324 OF THE INSURANCE ARTICLE;

13 (II) § 4-209 OF THE INSURANCE ARTICLE;

14 (III) § 4-211 OF THE INSURANCE ARTICLE;

15 (IV) § 4-211.1 OF THE INSURANCE ARTICLE;

16 (V) § 6-102 OF THE INSURANCE ARTICLE; AND

17 (VI) TITLE 6, SUBTITLE 3 OF THE INSURANCE ARTICLE.

18 (B) SUBJECT TO SUBSECTION (C) OF THIS SECTION, A PERSON MAY CLAIM  
19 THE CREDIT ALLOWED UNDER THIS SECTION:

20 (1) FOR THE TAXABLE YEAR DURING WHICH THE QUALIFIED EQUITY  
21 INVESTMENT IS MADE; AND

22 (2) FOR THE NEXT 6 TAXABLE YEARS.

23 (C) THE AMOUNT OF THE CREDIT ALLOWED UNDER THIS SECTION EQUALS:

24 (1) FOR THE FIRST 3 TAXABLE YEARS UNDER SUBSECTION (B) OF THIS  
25 SECTION, THE PURCHASE PRICE PAID FOR THE QUALIFIED EQUITY INVESTMENT  
26 MULTIPLIED BY 5%; AND

(2) FOR THE FINAL 4 TAXABLE YEARS UNDER SUBSECTION (B) OF THIS SECTION, THE PURCHASE PRICE PAID FOR THE QUALIFIED EQUITY INVESTMENT MULTIPLIED BY 8.75%.

(D) THE COMPTROLLER OR THE MARYLAND INSURANCE ADMINISTRATION MAY NOT IMPOSE ANY ADDITIONAL INCOME TAX, PREMIUM RECEIPTS TAX, OR INSURANCE RETALIATORY TAX, FEE, CHARGE, OR PENALTY, AS APPLICABLE, OR ANY OTHER TAX OR FEE ON A PERSON:

(1) IN ORDER FOR THE PERSON TO CLAIM A CREDIT ALLOWED UNDER THIS SECTION; OR

(2) AS A RESULT OF CLAIMING A CREDIT ALLOWED UNDER THIS SECTION.

(E) THE CREDIT ALLOWED UNDER THIS SECTION:

(1) (I) MAY NOT BE SOLD; BUT

(II) MAY BE TRANSFERRED TO AN AFFILIATED BUSINESS ENTITY; AND

(2) MAY BE ALLOCATED AMONG THE PARTNERS, MEMBERS, OR SHAREHOLDERS OF A BUSINESS ENTITY IN ANY MANNER AGREED TO BY THE PARTNERS, MEMBERS, OR SHAREHOLDERS IN WRITING.

(F) IF THE CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE YEAR EXCEEDS THE STATE INCOME TAX, THE STATE PREMIUM RECEIPTS TAX, OR THE STATE INSURANCE RETALIATORY TAX, FEE, CHARGE, OR PENALTY OWED FOR THAT TAXABLE YEAR, THE PERSON MAY CLAIM A REFUND FOR THE AMOUNT OF THE EXCESS.

(G) IF THE CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE YEAR IS PROHIBITED FOR THAT TAXABLE YEAR, ANY UNUSED CREDIT MAY BE CARRIED FORWARD AND APPLIED FOR SUCCEEDING TAXABLE YEARS UNTIL THE EARLIER OF:

(1) THE DATE ON WHICH THE FULL AMOUNT OF THE CREDIT IS USED; OR

(2) THE DATE OF THE EXPIRATION OF THE 5TH YEAR AFTER THE TAXABLE YEAR FOR WHICH THE CREDIT WAS ALLOWED.

1           **(A) TO DESIGNATE AN EQUITY INVESTMENT AS A QUALIFIED EQUITY**  
2 **INVESTMENT ELIGIBLE FOR A CREDIT UNDER THIS SUBTITLE AND OBTAIN A CREDIT**  
3 **CERTIFICATE, A QUALIFIED COMMUNITY DEVELOPMENT ENTITY SHALL SUBMIT AN**  
4 **APPLICATION TO THE DEPARTMENT, USING A FORM ESTABLISHED BY THE**  
5 **DEPARTMENT, THAT INCLUDES:**

6                   **(1) THE NAME, ADDRESS, AND TAX IDENTIFICATION NUMBER OF THE**  
7 **APPLICANT;**

8                   **(2) THE FOLLOWING INFORMATION IF THE APPLICANT IS NOT A**  
9 **MARYLAND QUALIFIED COMMUNITY DEVELOPMENT ENTITY:**

10                   **(I) EVIDENCE OF THE APPLICANT'S CERTIFICATION AS A**  
11 **QUALIFIED COMMUNITY DEVELOPMENT ENTITY UNDER THE FEDERAL NEW**  
12 **MARKETS TAX CREDIT PROGRAM;**

13                   **(II) A COPY OF THE APPLICANT'S ALLOCATION AGREEMENT**  
14 **ESTABLISHED UNDER THE FEDERAL NEW MARKETS TAX CREDIT PROGRAM;**

15                   **(III) A STATEMENT ATTESTING THAT THE APPLICANT'S**  
16 **ALLOCATION AGREEMENT ESTABLISHED UNDER THE FEDERAL NEW MARKETS TAX**  
17 **CREDIT PROGRAM IS VALID AND HAS NOT BEEN REVOKED OR CANCELED; AND**

18                   **(IV) THE AMOUNT AND EVIDENCE OF THE APPLICANT'S**  
19 **QUALIFIED EQUITY INVESTMENT AUTHORITY UNDER THE FEDERAL NEW MARKETS**  
20 **TAX CREDIT PROGRAM;**

21                   **(3) A DESCRIPTION OF THE PROPOSED AMOUNT, STRUCTURE, AND**  
22 **PURCHASER OF THE EQUITY INVESTMENT;**

23                   **(4) IF THE APPLICANT IS A MARYLAND QUALIFIED COMMUNITY**  
24 **DEVELOPMENT ENTITY, WHETHER THE APPLICANT ELECTS TO RECEIVE**  
25 **ADDITIONAL ALLOCATIONS OF REDISTRIBUTED CREDITS THAT MAY BECOME**  
26 **AVAILABLE IN ACCORDANCE WITH § 4-3106(C) OF THIS SUBTITLE; AND**

27                   **(5) ANY OTHER INFORMATION THAT THE DEPARTMENT REQUIRES.**

28           **(B) A QUALIFIED COMMUNITY DEVELOPMENT ENTITY SHALL PAY THE**  
29 **DEPARTMENT AN APPLICATION FEE OF \$5,000 FOR EACH APPLICATION SUBMITTED**  
30 **UNDER THIS SECTION.**

1           **(C) (1) THE DEPARTMENT SHALL PROCESS APPLICATIONS UNDER THIS**  
2 **SECTION DURING APPLICATION PERIODS IN ACCORDANCE WITH THIS SUBSECTION.**

3           **(2) THE DEPARTMENT SHALL OPEN AN INITIAL APPLICATION PERIOD**  
4 **ON SEPTEMBER 1, 2026.**

5           **(3) THE DEPARTMENT SHALL OPEN ADDITIONAL APPLICATION**  
6 **PERIODS ON SEPTEMBER 1, 2028, AND EACH SEPTEMBER 1 EVERY 2 YEARS**  
7 **THEREAFTER.**

8           **(4) SUBJECT TO PARAGRAPH (5) OF THIS SUBSECTION AND**  
9 **FOLLOWING PUBLICATION IN THE FEDERAL REGISTER OF A NOTICE OF FUNDING**  
10 **AVAILABILITY UNDER THE FEDERAL NEW MARKETS TAX CREDIT PROGRAM**  
11 **DURING A YEAR IN WHICH AN APPLICATION PERIOD IS SCHEDULED TO OCCUR, THE**  
12 **DEPARTMENT MAY ADVANCE OR DELAY THE START DATE OF AN APPLICATION**  
13 **PERIOD UNDER THIS SUBSECTION BY NOT LONGER THAN 60 DAYS TO ALIGN WITH**  
14 **THE NOTICE OF FUNDING AVAILABILITY.**

15           **(5) THE DEPARTMENT SHALL COMPLETE EACH APPLICATION**  
16 **PERIOD AND JOINTLY CERTIFY EACH QUALIFIED EQUITY INVESTMENT ELIGIBLE**  
17 **FOR A CREDIT UNDER THIS SUBTITLE IN ACCORDANCE WITH § 4-3106 OF THIS**  
18 **SUBTITLE IN THE CALENDAR YEAR THE APPLICATION PERIOD IS SCHEDULED TO**  
19 **OCCUR UNDER THIS SUBSECTION.**

20           **(6) THE DEPARTMENT SHALL PUBLISH NOTICE OF AN APPLICATION**  
21 **PERIOD AT LEAST 30 DAYS PRIOR TO THE START OF THE APPLICATION PERIOD.**

22           **(D) (1) THE DEPARTMENT SHALL:**

23                   **(I) EVALUATE EACH APPLICATION BASED ON THE AMOUNT OF**  
24 **THE EQUITY INVESTMENT IN THE APPLICATION COMPARED TO THE TOTAL AMOUNT**  
25 **OF EQUITY INVESTMENTS IN ALL APPLICATIONS RECEIVED ON THE SAME DAY; AND**

26                   **(II) APPROVE OR DENY EACH APPLICATION UNDER THIS**  
27 **SECTION EITHER IN FULL OR IN PART WITHIN 30 DAYS AFTER RECEIPT OF THE**  
28 **APPLICATION.**

29           **(2) IF THE DEPARTMENT DENIES ANY PART OF AN APPLICATION, THE**  
30 **DEPARTMENT SHALL INFORM THE APPLICANT OF THE GROUNDS FOR THE DENIAL**  
31 **IN WRITING.**



1           **(3) IF THE APPLICANT PROVIDES ADDITIONAL INFORMATION WITHIN**  
2 **15 DAYS AFTER RECEIVING A NOTICE AND EXPLANATION OF A DENIAL, THE**  
3 **DEPARTMENT SHALL RECONSIDER THE APPLICATION.**

4           **(4) IF THE APPLICANT FAILS TO PROVIDE ADDITIONAL INFORMATION**  
5 **WITHIN 15 DAYS AFTER RECEIVING A NOTICE AND EXPLANATION OF A DENIAL, THE**  
6 **DEPARTMENT MAY NOT RECONSIDER THE APPLICATION.**

7           **(5) IF THE DEPARTMENT APPROVES AN APPLICATION, THE**  
8 **DEPARTMENT SHALL PROVIDE WRITTEN NOTICE OF THE DESIGNATION OF THE**  
9 **QUALIFIED EQUITY INVESTMENT TO THE QUALIFIED COMMUNITY DEVELOPMENT**  
10 **ENTITY.**

11           **(E) A QUALIFIED COMMUNITY DEVELOPMENT ENTITY MAY WITHDRAW AN**  
12 **APPLICATION AT ANY TIME BY NOTIFYING THE DEPARTMENT IN WRITING.**

13 **4-3106.**

14           **(A) (1) WHEN A QUALIFIED COMMUNITY DEVELOPMENT ENTITY OBTAINS**  
15 **APPROVAL OF AN APPLICATION AND A DESIGNATION OF A QUALIFIED EQUITY**  
16 **INVESTMENT, THE DEPARTMENT AND THE QUALIFIED COMMUNITY DEVELOPMENT**  
17 **ENTITY SHALL JOINTLY CERTIFY ALL OR PART OF EACH QUALIFIED EQUITY**  
18 **INVESTMENT ELIGIBLE FOR A CREDIT UNDER THIS SUBTITLE, INCLUDING:**

19                   **(I) THE ELIGIBLE TAXPAYER;**

20                   **(II) THE ELIGIBLE AMOUNT OF THE CREDIT; AND**

21                   **(III) THE ELIGIBLE TAXABLE YEARS.**

22           **(2) ON CERTIFICATION, THE DEPARTMENT SHALL ISSUE EACH**  
23 **TAXPAYER ELIGIBLE FOR A CREDIT A CREDIT CERTIFICATE FOR EACH TAXABLE**  
24 **YEAR FOR WHICH THE TAXPAYER IS ELIGIBLE.**

25           **(3) A QUALIFIED COMMUNITY DEVELOPMENT ENTITY MAY TRANSFER**  
26 **A QUALIFIED EQUITY INVESTMENT'S CERTIFICATION TO AN AFFILIATED BUSINESS**  
27 **ENTITY IF THE AFFILIATED BUSINESS ENTITY MEETS THE REQUIREMENTS OF THIS**  
28 **SUBTITLE.**

29           **(4) A QUALIFIED COMMUNITY DEVELOPMENT ENTITY HAS AN**  
30 **ONGOING DUTY TO INFORM THE DEPARTMENT OF ANY CHANGE MADE TO A**  
31 **QUALIFIED EQUITY INVESTMENT CERTIFIED UNDER THIS SUBSECTION.**

1           **(B) (1) WITHIN 60 DAYS AFTER CERTIFICATION UNDER SUBSECTION (A)**  
2 **OF THIS SECTION, THE QUALIFIED COMMUNITY DEVELOPMENT ENTITY SHALL:**

3                   **(I) ISSUE THE QUALIFIED EQUITY INVESTMENT; AND**

4                   **(II) DESIGNATE THE EQUITY INVESTMENT IN AN AMOUNT**  
5 **EQUAL TO AT LEAST 50% OF THE CASH PURCHASE PRICE AS A QUALIFIED EQUITY**  
6 **INVESTMENT UNDER THE FEDERAL NEW MARKETS TAX CREDIT PROGRAM, UNLESS**  
7 **THE QUALIFIED COMMUNITY DEVELOPMENT ENTITY IS A MARYLAND QUALIFIED**  
8 **COMMUNITY DEVELOPMENT ENTITY.**

9           **(2) WITHIN 90 DAYS AFTER CERTIFICATION UNDER SUBSECTION (A)**  
10 **OF THIS SECTION, THE QUALIFIED COMMUNITY DEVELOPMENT ENTITY SHALL**  
11 **PROVIDE THE DEPARTMENT WITH EVIDENCE OF:**

12                   **(I) THE RECEIPT OF CASH PAYMENT FOR THE QUALIFIED**  
13 **EQUITY INVESTMENT; AND**

14                   **(II) DESIGNATION OF THE EQUITY INVESTMENT IN AN AMOUNT**  
15 **EQUAL TO AT LEAST 50% OF THE CASH PURCHASE PRICE AS A QUALIFIED EQUITY**  
16 **INVESTMENT UNDER THE FEDERAL NEW MARKETS TAX CREDIT PROGRAM, UNLESS**  
17 **THE QUALIFIED COMMUNITY DEVELOPMENT ENTITY IS A MARYLAND QUALIFIED**  
18 **COMMUNITY DEVELOPMENT ENTITY.**

19           **(3) IF A QUALIFIED COMMUNITY DEVELOPMENT ENTITY FAILS TO**  
20 **SATISFY A REQUIREMENT OF THIS SUBSECTION:**

21                   **(I) THE CERTIFICATION UNDER SUBSECTION (A) OF THIS**  
22 **SECTION SHALL LAPSE; AND**

23                   **(II) THE DEPARTMENT SHALL REDISTRIBUTE THE CREDIT**  
24 **AMONG APPROVED APPLICANTS THAT ARE MARYLAND QUALIFIED COMMUNITY**  
25 **DEVELOPMENT ENTITIES ON A PRO RATA BASIS.**

26           **(C) IF THE DEPARTMENT DOES NOT CERTIFY THE MAXIMUM AGGREGATE**  
27 **AVAILABLE CREDIT UNDER § 4-3107 OF THIS SUBTITLE, THE DEPARTMENT SHALL**  
28 **REDISTRIBUTE THE CREDIT AMONG APPROVED APPLICANTS THAT ARE MARYLAND**  
29 **QUALIFIED COMMUNITY DEVELOPMENT ENTITIES THAT HAVE ELECTED TO RECEIVE**  
30 **ADDITIONAL ALLOCATIONS ON A PRO RATA BASIS.**

31           **(D) IF, AFTER A RECONSIDERATION OF APPLICATIONS UNDER SUBSECTION**  
32 **(C) OF THIS SECTION, THE DEPARTMENT DOES NOT CERTIFY THE MAXIMUM**

1 AGGREGATE AVAILABLE CREDIT UNDER § 4-3107 OF THIS SUBTITLE, THE  
2 DEPARTMENT SHALL:

3 (1) ACCEPT NEW APPLICATIONS FOR THE SAME CALENDAR YEAR IN  
4 ACCORDANCE WITH § 4-3105 OF THIS SUBTITLE; AND

5 (2) WAIVE:

6 (I) THE REQUIREMENT, IF APPLICABLE, THAT A QUALIFIED  
7 EQUITY INVESTMENT UNDER THIS SUBTITLE NOT EXCEED DOUBLE THE QUALIFIED  
8 COMMUNITY DEVELOPMENT ENTITY'S EQUITY INVESTMENT AUTHORITY UNDER THE  
9 FEDERAL NEW MARKETS TAX CREDIT PROGRAM; AND

10 (II) THE REQUIREMENT, IF APPLICABLE, THAT A QUALIFIED  
11 EQUITY INVESTMENT UNDER THIS SUBTITLE BE DESIGNATED AS A QUALIFIED  
12 EQUITY INVESTMENT UNDER THE FEDERAL NEW MARKETS TAX CREDIT PROGRAM.

13 4-3107.

14 (A) SUBJECT TO SUBSECTION (B) OF THIS SECTION, THE DEPARTMENT MAY  
15 NOT ISSUE CREDIT CERTIFICATES FOR CREDIT AMOUNTS THAT IN THE AGGREGATE  
16 TOTAL MORE THAN \$18,750,000 FOR ANY TAXABLE YEAR.

17 (B) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION,  
18 THE DEPARTMENT MAY NOT ISSUE CREDIT CERTIFICATES THAT IN THE AGGREGATE  
19 TOTAL MORE THAN \$9,375,000 FOR EACH SCHEDULED APPLICATION PERIOD UNDER  
20 § 4-3105 OF THIS SUBTITLE.

21 (2) ANY PART OF THE AGGREGATE CREDIT AMOUNTS AVAILABLE FOR  
22 ANY SCHEDULED APPLICATION PERIOD THAT IS NOT ISSUED BY THE DEPARTMENT  
23 IN THAT APPLICATION PERIOD MAY BE CARRIED OVER AND ISSUED DURING ANY  
24 SUBSEQUENT APPLICATION PERIOD.

25 4-3108.

26 (A) THE COMPLIANCE AND RECAPTURE PROVISIONS OF THIS SECTION  
27 APPLY SEPARATELY WITH RESPECT TO EACH CREDIT CERTIFICATE ISSUED UNDER  
28 THIS SUBTITLE.

29 (B) THE DEPARTMENT SHALL RECAPTURE ALL OR A PORTION OF A CREDIT  
30 ISSUED UNDER THIS SUBTITLE AND ANY FUTURE CREDIT SHALL BE FORFEITED IF:

1           **(1) SUBJECT TO SUBSECTION (C) OF THIS SECTION, ANY AMOUNT OF**  
2 **A FEDERAL TAX CREDIT ISSUED FOR A QUALIFIED EQUITY INVESTMENT UNDER THE**  
3 **FEDERAL NEW MARKETS TAX CREDIT PROGRAM IS RECAPTURED;**

4           **(2) SUBJECT TO SUBSECTION (C) OF THIS SECTION, A QUALIFIED**  
5 **COMMUNITY DEVELOPMENT ENTITY REDEEMS OR REPAYS THE PRINCIPAL AMOUNT**  
6 **OF THE QUALIFIED EQUITY INVESTMENT PRIOR TO THE EXPIRATION OF THE CREDIT**  
7 **ISSUED UNDER THIS SUBTITLE;**

8           **(3) A QUALIFIED COMMUNITY DEVELOPMENT ENTITY FAILS TO**  
9 **INVEST 100% OF THE CASH PURCHASE PRICE OF THE QUALIFIED EQUITY**  
10 **INVESTMENT IN QUALIFIED LOW-INCOME COMMUNITY INVESTMENTS WITHIN 1**  
11 **YEAR AFTER RECEIPT OF THE QUALIFIED EQUITY INVESTMENT;**

12           **(4) A QUALIFIED COMMUNITY DEVELOPMENT ENTITY VIOLATES**  
13 **SUBSECTION (D) OF THIS SECTION; OR**

14           **(5) SUBJECT TO SUBSECTION (E) OF THIS SECTION, A QUALIFIED**  
15 **COMMUNITY DEVELOPMENT ENTITY FAILS TO MAINTAIN A QUALIFIED LOW-INCOME**  
16 **COMMUNITY INVESTMENT EQUAL TO 100% OF THE CASH PURCHASE PRICE OF THE**  
17 **QUALIFIED EQUITY INVESTMENT.**

18           **(C) (1) IF THE DEPARTMENT RECAPTURES A CREDIT UNDER**  
19 **SUBSECTION (B)(1) OF THIS SECTION, THE DEPARTMENT SHALL RECAPTURE AN**  
20 **AMOUNT PROPORTIONAL TO THE AMOUNT OF THE FEDERAL TAX CREDIT**  
21 **RECAPTURED.**

22           **(2) IF THE DEPARTMENT RECAPTURES A CREDIT UNDER**  
23 **SUBSECTION (B)(2) OF THIS SECTION, THE DEPARTMENT SHALL RECAPTURE AN**  
24 **AMOUNT PROPORTIONAL TO THE AMOUNT OF THE REDEMPTION OR PAYMENT.**

25           **(D) (1) THE MAXIMUM AGGREGATE AMOUNT OF QUALIFIED LOW-INCOME**  
26 **COMMUNITY INVESTMENTS MADE IN A QUALIFIED ACTIVE LOW-INCOME**  
27 **COMMUNITY BUSINESS AND ANY AFFILIATED BUSINESS ENTITY EQUALS**  
28 **\$15,000,000, INCLUDING \$7,500,000 FOR ANY INDIVIDUAL QUALIFIED LOW-INCOME**  
29 **COMMUNITY INVESTMENT.**

30           **(2) THE MAXIMUM AMOUNT UNDER PARAGRAPH (1) OF THIS**  
31 **SUBSECTION IS EXCLUSIVE OF ANY PORTION OF A QUALIFIED LOW-INCOME**  
32 **COMMUNITY INVESTMENT REDEEMED OR REPAYED BY A QUALIFIED ACTIVE**  
33 **LOW-INCOME COMMUNITY BUSINESS.**

1           **(E) (1) A QUALIFIED LOW-INCOME COMMUNITY INVESTMENT SHALL BE**  
2 **CONSIDERED MAINTAINED BY THE QUALIFIED COMMUNITY DEVELOPMENT ENTITY**  
3 **EVEN IF THE INVESTMENT HAS BEEN TRANSFERRED, SOLD, OR REPAYED IF THE**  
4 **QUALIFIED COMMUNITY DEVELOPMENT ENTITY REINVESTS AN AMOUNT EQUAL TO**  
5 **THE CAPITAL OR EQUITY RETURNED OR RECOVERED FROM THE ORIGINAL**  
6 **INVESTMENT EXCLUSIVE OF ANY PROFIT REALIZED IN ANOTHER QUALIFIED**  
7 **LOW-INCOME COMMUNITY INVESTMENT IN THE STATE WITHIN 1 YEAR AFTER THE**  
8 **RECEIPT OF THE CAPITAL OR EQUITY.**

9           **(2) A QUALIFIED LOW-INCOME COMMUNITY INVESTMENT SHALL BE**  
10 **CONSIDERED MAINTAINED BY THE QUALIFIED COMMUNITY DEVELOPMENT ENTITY**  
11 **IF THE QUALIFIED COMMUNITY DEVELOPMENT ENTITY RECEIVES PERIODIC LOAN**  
12 **REPAYMENTS FROM A QUALIFIED ACTIVE LOW-INCOME COMMUNITY BUSINESS AND**  
13 **THE QUALIFIED COMMUNITY DEVELOPMENT ENTITY REINVESTS THE AMOUNT IN A**  
14 **QUALIFIED LOW-INCOME COMMUNITY INVESTMENT BY THE END OF THE NEXT**  
15 **CALENDAR YEAR.**

16           **(F) NOTHING IN THIS SECTION MAY BE CONSTRUED TO REQUIRE A**  
17 **QUALIFIED COMMUNITY DEVELOPMENT ENTITY TO REINVEST CAPITAL OR EQUITY**  
18 **RETURNED FROM A LOW-INCOME COMMUNITY INVESTMENT AFTER THE SIXTH**  
19 **TAXABLE YEAR IN WHICH THE QUALIFIED EQUITY INVESTMENT IS ELIGIBLE FOR A**  
20 **CREDIT UNDER THIS SUBTITLE.**

21           **(G) (1) THE DEPARTMENT SHALL PROVIDE WRITTEN NOTICE TO A**  
22 **QUALIFIED COMMUNITY DEVELOPMENT ENTITY OF ANY PROPOSED RECAPTURE OF**  
23 **A CREDIT UNDER THIS SECTION.**

24           **(2) THE QUALIFIED COMMUNITY DEVELOPMENT ENTITY SHALL CURE**  
25 **ANY DEFICIENCY IDENTIFIED IN A NOTICE PROVIDED UNDER PARAGRAPH (1) OF**  
26 **THIS SUBSECTION WITHIN 90 DAYS AFTER RECEIPT OF THE NOTICE.**

27           **(3) IF THE QUALIFIED COMMUNITY DEVELOPMENT ENTITY FAILS TO**  
28 **CURE A DEFICIENCY IDENTIFIED IN A NOTICE PROVIDED UNDER PARAGRAPH (1) OF**  
29 **THIS SUBSECTION WITHIN 90 DAYS AFTER RECEIPT OF THE NOTICE, THE**  
30 **DEPARTMENT SHALL:**

31                       **(I) PROVIDE A FINAL WRITTEN ORDER OF RECAPTURE TO THE**  
32 **QUALIFIED COMMUNITY DEVELOPMENT ENTITY; AND**

33                       **(II) RECAPTURE THE CREDIT.**

**(4) THE DEPARTMENT SHALL REALLOCATE A CREDIT RECAPTURED UNDER THIS SUBSECTION IN ACCORDANCE WITH § 4-3106(C) AND (D) OF THIS SUBTITLE.**

**4-3109.**

**ON OR BEFORE MAY 1, 2027, AND EACH MAY 1 THEREAFTER, A QUALIFIED COMMUNITY DEVELOPMENT ENTITY, FOR EACH CREDIT CERTIFICATE ISSUED UNDER THIS SUBTITLE FOR A QUALIFIED EQUITY INVESTMENT THAT HAS NOT BEEN REDEEMED OR REPAID, SHALL REPORT TO THE DEPARTMENT FOR THE IMMEDIATELY PRECEDING TAXABLE YEAR INFORMATION ABOUT EACH QUALIFIED LOW-INCOME COMMUNITY INVESTMENT MADE BY THE QUALIFIED COMMUNITY DEVELOPMENT ENTITY, INCLUDING:**

**(1) THE DATE, AMOUNT, AND EVIDENCE OF THE QUALIFIED LOW-INCOME COMMUNITY INVESTMENT;**

**(2) THE NAME AND ADDRESS OF EACH QUALIFIED ACTIVE LOW-INCOME COMMUNITY BUSINESS FUNDED BY THE QUALIFIED COMMUNITY DEVELOPMENT ENTITY;**

**(3) FOR EACH QUALIFIED ACTIVE LOW-INCOME COMMUNITY BUSINESS FUNDED BY THE QUALIFIED COMMUNITY DEVELOPMENT ENTITY, THE NUMBER AND AVERAGE ANNUAL SALARY OF EMPLOYEES WHO WERE:**

**(I) EMPLOYED PRIOR TO THE QUALIFIED LOW-INCOME COMMUNITY INVESTMENT;**

**(II) EMPLOYED AT THE END OF THE IMMEDIATELY PRECEDING CALENDAR YEAR; AND**

**(III) NEWLY HIRED AND RETAINED AS A RESULT OF THE QUALIFIED LOW-INCOME COMMUNITY INVESTMENT;**

**(4) A BRIEF DESCRIPTION OF THE BUSINESS AND FINANCING OF EACH QUALIFIED ACTIVE LOW-INCOME COMMUNITY BUSINESS FUNDED BY THE QUALIFIED COMMUNITY DEVELOPMENT ENTITY;**

**(5) A CERTIFICATION THAT THE QUALIFIED COMMUNITY DEVELOPMENT ENTITY HAS UPDATED THE DEPARTMENT REGARDING ANY CHANGES TO A QUALIFIED EQUITY INVESTMENT CERTIFIED UNDER § 4-3106 OF THIS SUBTITLE, INCLUDING ANY TRANSFER OF A CERTIFICATION OR A CREDIT CERTIFICATE IN ACCORDANCE WITH THIS SUBTITLE; AND**

**(6) A CERTIFICATION THAT NO CREDIT ISSUED UNDER THIS SUBTITLE MEETS THE REQUIREMENTS FOR RECAPTURE UNDER § 4-3108 OF THIS SUBTITLE.**

**(A) THE DEPARTMENT MAY:**

THE DEPARTMENT SHALL ADOPT REGULATIONS TO CARRY OUT THE PROVISIONS OF THIS SUBTITLE.

**6-123.**

**A PERSON MAY CLAIM A CREDIT FOR A QUALIFIED EQUITY INVESTMENT AS PROVIDED UNDER TITLE 4, SUBTITLE 31 OF THE HOUSING AND COMMUNITY DEVELOPMENT ARTICLE.**

**Article – Tax – General**

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2026, and shall be applicable to all taxable years beginning after December 31, 2025.