

SENATE BILL 372

C9, Q3, Q7

6lr0998
CF HB 5

By: Senator McCray

Introduced and read first time: January 27, 2026

Assigned to: Budget and Taxation

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)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

3 **Article – Housing and Community Development**

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

5 **4-3101.**

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

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

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

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

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

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

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

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

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

26 **(2) “QUALIFIED ACTIVE LOW-INCOME COMMUNITY BUSINESS” DOES**
27 **NOT INCLUDE A BUSINESS ENTITY THAT DERIVES OR PROJECTS TO DERIVE AT LEAST**
28 **15% OF ANNUAL REVENUE FROM THE RENTAL OR SALE OF REAL ESTATE, UNLESS**
29 **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.

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

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

4 **(H) “QUALIFIED LOW-INCOME COMMUNITY INVESTMENT” MEANS A**
5 **CAPITAL OR EQUITY INVESTMENT IN OR LOAN TO A QUALIFIED ACTIVE LOW-INCOME**
6 **COMMUNITY BUSINESS.**

7 4-3102.

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

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

16 4-3103.

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

23 (1) RELOCATE OR HIRE EMPLOYEES TO ESTABLISH PRINCIPAL
24 BUSINESS OPERATIONS IN THE STATE:

30 (B) A BUSINESS ENTITY SHALL BE CONSIDERED A QUALIFIED ACTIVE
31 LOW-INCOME COMMUNITY BUSINESS UNDER THIS SUBTITLE IF THE QUALIFIED
32 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**

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

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

12 (E) THE CREDIT ALLOWED UNDER THIS SECTION:

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

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

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

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

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

29 (2) THE DATE OF THE EXPIRATION OF THE 5TH YEAR AFTER THE
30 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.

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

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.

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;

(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.

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:

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;

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

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.

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 4-3109.

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

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

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

20 (I) EMPLOYED PRIOR TO THE QUALIFIED LOW-INCOME
21 COMMUNITY INVESTMENT:

22 (II) EMPLOYED AT THE END OF THE IMMEDIATELY PRECEDING
23 CALENDAR YEAR: AND

24 (III) NEWLY HIRED AND RETAINED AS A RESULT OF THE
25 QUALIFIED LOW-INCOME COMMUNITY INVESTMENT:

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

3 4-3110.

4 (A) THE DEPARTMENT MAY:

5 (1) CONDUCT PERIODIC EXAMINATIONS TO ENFORCE THIS SUBTITLE
6 AND TO VERIFY WHETHER AN EVENT HAS OCCURRED THAT WOULD RESULT IN
7 RECAPTURE OF A CREDIT ISSUED UNDER THIS SUBTITLE; AND

11 (I) SHALL BIND THE DEPARTMENT, THE COMPTROLLER, AND
12 THE MARYLAND INSURANCE ADMINISTRATION; AND

16 (B) WHEN CONDUCTING ENFORCEMENT ACTIVITIES AND ADMINISTERING
17 THE PROGRAM, THE DEPARTMENT SHALL CONSIDER GUIDANCE ISSUED UNDER THE
18 FEDERAL NEW MARKETS TAX CREDIT PROGRAM.

19 4-3111.

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

Article – Insurance

23 6-123.

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

27 6-306.

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

4 Article – Tax – General

5 10-758.

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

9 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
10 1, 2026, and shall be applicable to all taxable years beginning after December 31, 2025.