

HOUSE BILL 939

Q3

6lr3453
CF SB 759

By: **Delegate Walker (By Request – Tax Credit Evaluation Committee)**

Introduced and read first time: February 10, 2016

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Sustainable Communities Tax Credit – Alteration and Extension**

3 FOR the purpose of altering the definition of “qualified rehabilitation expenditure”, for
4 purposes of the sustainable communities tax credit, to exclude certain amounts
5 funded, financed, or reimbursed by federal grants; repealing a requirement that the
6 competitive process for the award of initial credit certificates favor certain
7 jurisdictions; requiring the Director of the Maryland Historical Trust to issue certain
8 tax credit certificates within a certain time period; extending the termination date
9 of the tax credit; making nonsubstantive changes to a certain definition; making
10 conforming changes; and generally relating to the sustainable communities tax
11 credit.

12 BY repealing and reenacting, with amendments,
13 Article – State Finance and Procurement
14 Section 5A–303
15 Annotated Code of Maryland
16 (2015 Replacement Volume)

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

19 **Article – State Finance and Procurement**

20 5A–303.

21 (a) (1) In this section the following words have the meanings indicated.

22 (2) “Business entity” means:

23 (i) a person conducting or operating a trade or business in the State;

24 or

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (ii) an organization operating in Maryland that is exempt from
2 taxation under § 501(c)(3) of the Internal Revenue Code.

3 (3) “Certified heritage area” has the meaning stated in § 13–1101 of the
4 Financial Institutions Article.

5 (4) (i) “Certified historic structure” means a structure that is located in
6 the State and is:

7 1. listed in the National Register of Historic Places;

8 2. designated as a historic property under local law and
9 determined by the Director to be eligible for listing on the National Register of Historic
10 Places;

11 3. A. located in a historic district listed on the National
12 Register of Historic Places or in a local historic district that the Director determines is
13 eligible for listing on the National Register of Historic Places; and

14 B. certified by the Director as contributing to the significance
15 of the district; or

16 4. located in a certified heritage area and certified by the
17 Maryland Heritage Areas Authority as contributing to the significance of the certified
18 heritage area.

19 (ii) “Certified historic structure” does not include a structure that is
20 owned by the State, a political subdivision of the State, or the federal government.

21 (5) “Certified rehabilitation” means a completed rehabilitation of a
22 certified historic structure that the Director certifies is a substantial rehabilitation in
23 conformance with the rehabilitation standards of the United States Secretary of the
24 Interior.

25 (6) (i) “Commercial rehabilitation” means a rehabilitation of a
26 structure other than a single–family, owner–occupied residence.

27 (ii) “Commercial rehabilitation” does not include a small commercial
28 project.

29 (7) “Director” means the Director of the Maryland Historical Trust.

30 (8) “Financial assistance” means action by the State or a State unit to
31 award grants, loans, loan guarantees, or insurance to a public or private entity to finance,
32 wholly or partly, a project that involves or may result in building construction, building
33 alteration, or land disturbance.

1 (9) “High performance building” means a building that:

2 (i) meets or exceeds the current version of the U.S. Green Building
3 Council’s LEED (Leadership in Energy and Environmental Design) green building rating
4 system gold rating; or

5 (ii) achieves at least a comparable numeric rating according to a
6 nationally recognized, accepted, and appropriate numeric sustainable development rating
7 system, guideline, or standard approved by the Secretaries of Budget and Management and
8 General Services under § 3–602.1 of this article.

9 (10) (i) “Historic property” means a district, site, building, structure,
10 monument, or object significant to:

11 1. the prehistory or history of the State; or

12 2. the upland or underwater archeology, architecture,
13 engineering, or culture of the State.

14 (ii) “Historic property” includes related artifacts, records, and
15 remains.

16 (11) “Local historic district” means a district that the governing body of a
17 county or municipal corporation, or the Mayor and City Council of Baltimore, has
18 designated under local law as historic.

19 (12) “National register structure” means a structure that is:

20 (i) listed on the National Register of Historic Places; or

21 (ii) located in a historic district listed on the National Register of
22 Historic Places and certified by the Director as contributing to the significance of the
23 district.

24 (13) “Political subdivision” means a county or municipal corporation of the
25 State.

26 (14) “Qualified rehabilitation expenditure” means any amount that:

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

28 (ii) is expended in the rehabilitation of a structure that by the end of
29 the calendar year in which the certified rehabilitation is completed is a certified historic
30 structure;

1 (iii) is expended in compliance with a plan of proposed rehabilitation
2 that has been approved by the Director; and

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

4 1. **FEDERAL**, State, or local grant;

5 2. grant made from the proceeds of tax-exempt bonds issued
6 by the State, a political subdivision of the State, or an instrumentality of the State or of a
7 political subdivision of the State;

8 3. State tax credit other than the tax credit under this
9 section; or

10 4. other financial assistance from the State or a political
11 subdivision of the State, other than a loan that must be repaid at an interest rate that is
12 greater than the interest rate on general obligation bonds issued by the State at the most
13 recent bond sale prior to the time the loan is made.

14 (15) (i) “Single-family, owner-occupied residence” means a structure or
15 a portion of a structure[:

16 1.] occupied by the owner and the owner’s immediate family
17 as their primary or secondary residence[; or

18 2. a small commercial project].

19 (ii) “Single-family, owner-occupied residence” includes:

20 1. a residential unit in a cooperative project owned by or
21 leased to a cooperative housing corporation, as defined in § 5-6B-01 of the Corporations
22 and Associations Article, and leased for exclusive occupancy to, and occupied by, a member
23 of the corporation and the member’s immediate family under a proprietary lease; **OR**

24 2. **A SMALL COMMERCIAL PROJECT.**

25 (16) (i) “Small commercial project” means a rehabilitation of a structure
26 primarily used for commercial, income-producing purposes if:

27 1. the qualified rehabilitation expenditures do not exceed
28 \$500,000; and

29 2. the structure is located in a sustainable community.

30 (ii) “Small commercial project” includes a structure that is used for
31 both commercial and residential rental purposes.

1 (iii) “Small commercial project” does not include a structure that is
2 used solely for residential purposes.

3 (17) “Smart Growth Subcabinet” means the Smart Growth Subcabinet
4 established under Title 9, Subtitle 14 of the State Government Article.

5 (18) “State unit” has the meaning stated in § 11–101 of the State
6 Government Article.

7 (19) “Substantial rehabilitation” means rehabilitation of a structure for
8 which the qualified rehabilitation expenditures, during the 24–month period selected by
9 the individual or business entity ending with or within the taxable year, exceed:

10 (i) for single–family, owner–occupied residential property, \$5,000;
11 or

12 (ii) for all other property, the greater of:

13 1. the adjusted basis of the structure; or

14 2. \$25,000.

15 (20) “Sustainable community” has the meaning stated in § 6–201 of the
16 Housing and Community Development Article.

17 (b) (1) The Director, in consultation with the Smart Growth Subcabinet, shall
18 adopt regulations to:

19 (i) establish procedures and standards for certifying historic
20 structures and rehabilitations under this section;

21 (ii) for commercial rehabilitations, establish an application process
22 for the award of initial credit certificates for Maryland sustainable communities tax credits
23 consistent with the requirements of this subsection;

24 (iii) for commercial rehabilitations, establish criteria, consistent with
25 the requirements of this subsection, for evaluating, comparing, and rating plans of proposed
26 rehabilitation that have been determined by the Director to conform with the rehabilitation
27 standards of the United States Secretary of the Interior;

28 (iv) for commercial rehabilitations, establish a competitive award
29 process for the award of initial credit certificates for Maryland sustainable communities
30 tax credits that favors the award of tax credits for rehabilitation projects that:

1 1. [are located in jurisdictions that have been historically
2 underrepresented in the award of tax credits for commercial rehabilitations, based on the
3 number of national register structures in each jurisdiction;

4 2.] are consistent with and promote current growth and
5 development policies and programs of the State;

6 [3.] 2. are located in areas targeted by the State for additional
7 revitalization and economic development opportunities due to the focusing of State
8 resources and incentives;

9 [4.] 3. are located in areas where the political subdivision has
10 implemented regulatory streamlining or other development incentives that foster
11 redevelopment and revitalization in priority funding areas, as defined in Title 5, Subtitle
12 7B of this article, and the appropriate local governing body or the planning board or
13 commission, if designated by the local governing body, has certified to the Smart Growth
14 Subcabinet those regulatory streamlining or other development incentives; and

15 [5.] 4. include affordable and workforce housing options;

16 (v) for commercial rehabilitations, determine whether the certified
17 rehabilitation is a high performance building;

18 (vi) for commercial rehabilitations, establish a required external
19 marker or, at a minimum, an internal marker for the rehabilitation project that identifies
20 that the rehabilitation was funded by Maryland sustainable communities tax credits;

21 (vii) as provided in paragraph (7) of this subsection, charge
22 reasonable fees to certify historic structures and rehabilitations under this subtitle;

23 (viii) for commercial rehabilitations, require documentation that the
24 applicant has ownership or site control of the structure in order to demonstrate the ability
25 to meet the requirement to begin work as required under subsection (c)(3)(i)1 of this section;

26 (ix) for commercial rehabilitations, provide a time limit for approval
27 of the additional tax credit for high performance buildings provided for in subsection
28 (c)(1)(ii) of this section; and

29 (x) for small commercial projects:

30 1. establish conditions regarding the percentage of the
31 structure that may be used for residential rental purposes if the structure is used for both
32 commercial and residential rental purposes; and

33 2. specify criteria and procedures for the issuance of initial
34 credit certificates under subsection (e) of this section.

1 (2) The Director may not certify that a rehabilitation is a certified
2 rehabilitation eligible for a tax credit provided under this section unless the individual or
3 business entity seeking certification states under oath the amount of the individual's or
4 business entity's qualified rehabilitation expenditures.

5 (3) Each year, the Director may accept applications for approval of plans of
6 proposed commercial rehabilitations and for the award of initial credit certificates for the
7 fiscal year that begins July 1 of that year.

8 (4) (i) Except as provided in subsection (e) of this section, a small
9 commercial project shall be treated as a single-family, owner-occupied residential
10 property, including the limitation on the amount of the tax credit provided in subsection
11 (c)(2)(ii) of this section.

12 (ii) A small commercial project is subject to the credit recapture
13 provision in subsection (f) of this section.

14 (5) (i) For commercial rehabilitations, the Director may not accept an
15 application for approval of plans of proposed rehabilitation if:

16 1. any substantial part of the proposed rehabilitation work
17 has begun; or

18 2. the applicant for a commercial rehabilitation has
19 previously submitted three or more applications for commercial rehabilitations with total
20 proposed rehabilitations exceeding \$500,000 in that year.

21 (ii) For commercial rehabilitations, the Director may accept an
22 application for approval of plans of a proposed rehabilitation for which a substantial part
23 of the proposed rehabilitation work has begun if the rehabilitation work has been approved
24 under the federal historic tax credit.

25 (6) Except as provided in subsection (d)(3)(iii) of this section, not more than
26 60% of the total credit amounts under initial credit certificates issued for any fiscal year
27 may be issued for projects in a single county or Baltimore City.

28 (7) (i) The Director shall adopt regulations to charge reasonable fees to
29 certify historic structures and rehabilitations under this section which shall include:

30 1. a minimum fee for the second phase of the application
31 process;

32 2. for a commercial rehabilitation project, a final fee that
33 may not exceed 3% of the amount of the issued initial credit certificate; and

34 3. for any other rehabilitation project, a final fee that may
35 not exceed 3% of the amount of the credit for which the rehabilitation would be eligible

1 based on the greater of the estimated or final qualified rehabilitation expenditures for the
2 rehabilitation.

3 (ii) The Director shall set the level of the fees so that the projected
4 proceeds from the fees will cover the costs to the Trust of administering the credit under
5 this section and the federal historic tax credit.

6 (iii) If a fee charged for a commercial rehabilitation is not received by
7 the Trust within 90 days after the Trust sends notice that the fee is due, the initial credit
8 certificate for the rehabilitation shall expire.

9 (iv) For commercial rehabilitations, if an applicant's initial credit
10 certificate expired for failure to pay a fee as required in this paragraph, the Trust may not
11 accept an application from the applicant for a commercial rehabilitation during the 3 fiscal
12 years following the fiscal year in which the certificate expired.

13 (v) The proceeds from the fees shall be deposited in a special fund,
14 to be used only for the purposes of paying the costs of administering the credit under this
15 section and the federal historic tax credit.

16 (vi) Any unused balance of the fund at the end of each fiscal year
17 shall be transferred to the Reserve Fund established under subsection (d) of this section
18 and shall increase the amount of the initial credit certificates that the Trust may issue for
19 the following fiscal year.

20 (c) (1) (i) Except as otherwise provided in this section, for the taxable year
21 in which a certified rehabilitation is completed, an individual or business entity may claim
22 a tax credit in an amount equal to 20% of the individual's or business entity's qualified
23 rehabilitation expenditures for the rehabilitation.

24 (ii) For a commercial rehabilitation, an individual or business entity
25 may claim an additional tax credit in an amount equal to 5% of the individual's or business
26 entity's qualified rehabilitation expenditures if the certified rehabilitation is a certified
27 historic structure and a high performance building.

28 (2) (i) For any commercial rehabilitation, the State tax credit allowed
29 under this section may not exceed the lesser of:

30 1. \$3,000,000; or

31 2. the maximum amount specified under the initial credit
32 certificate issued for the rehabilitation.

33 (ii) For a rehabilitation other than a commercial rehabilitation, the
34 State tax credit allowed under this section may not exceed \$50,000.

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

3 1. the phased rehabilitation of the same structure or
4 property;

5 2. the separate rehabilitation of different components of the
6 same structure or property; or

7 3. the rehabilitation of multiple structures that are
8 functionally related to serve an overall purpose.

9 (3) (i) Subject to subparagraph (ii) of this paragraph, the initial credit
10 certificate for a proposed commercial rehabilitation shall expire and the credit under this
11 section may not be claimed if:

12 1. within 18 months after the initial credit certificate was
13 issued, the applicant has not notified the Trust, in writing, that the commercial
14 rehabilitation has begun;

15 2. the commercial rehabilitation is not completed within 30
16 months after the initial credit certificate was issued; or

17 3. the applicant does not submit to the Trust a request for
18 final certification of the commercial rehabilitation within 12 months after:

19 A. the 30-month expiration date under subparagraph (i)² of
20 this paragraph; or

21 B. the date to which the Director postponed the expiration
22 date under subparagraph (ii) of this paragraph.

23 (ii) For reasonable cause, the Director may postpone:

24 1. the 30-month expiration date under subparagraph (i)² of
25 this paragraph for an initial credit certificate for a commercial rehabilitation; or

26 2. if the commercial rehabilitation was completed prior to the
27 expiration of the initial credit certificate, the deadline under subparagraph (i)³ of this
28 paragraph for submission of a request for final certification.

29 (4) If the tax credit allowed under this section in any taxable year exceeds
30 the total tax otherwise payable by the business entity or the individual for that taxable
31 year, the individual or business entity may claim a refund in the amount of the excess.

1 (5) The State credit allowed under this section may be allocated among the
2 partners, members, or shareholders of an entity in any manner agreed to by those persons
3 in writing.

4 (d) (1) In this subsection, "Reserve Fund" means the Sustainable
5 Communities Tax Credit Reserve Fund established under paragraph (2) of this subsection.

6 (2) (i) There is a Sustainable Communities Tax Credit Reserve Fund
7 that is a continuing, nonlapsing special fund that is not subject to § 7-302 of this article.

8 (ii) The money in the Fund shall be invested and reinvested by the
9 Treasurer, and interest and earnings shall be credited to the General Fund.

10 (iii) If the fees paid in any fiscal year are less than the directly related
11 administrative costs of operating the Sustainable Communities Tax Credit Program, funds
12 in the Reserve Fund shall be used for the directly related administrative costs of the
13 Program.

14 (3) (i) Subject to the provisions of this subsection, the Director shall
15 issue an initial credit certificate for each commercial rehabilitation for which a plan of
16 proposed rehabilitation is approved **NO LATER THAN 60 DAYS AFTER THE DEADLINE TO**
17 **APPLY FOR AN INITIAL CREDIT CERTIFICATE.**

18 (ii) An initial credit certificate issued under this subsection shall
19 state the maximum amount of credit under this section for which the commercial
20 rehabilitation may qualify.

21 (iii) 1. Except as otherwise provided in this subparagraph and in
22 subsection (b)(7)(vi) of this section, for any fiscal year, the Director may not issue initial
23 credit certificates for credit amounts in the aggregate totaling more than the amount
24 appropriated to the Reserve Fund for that fiscal year in the State budget as approved by
25 the General Assembly.

26 2. If the aggregate credit amounts under initial credit
27 certificates issued in a fiscal year total less than the amount appropriated to the Reserve
28 Fund for that fiscal year as a result of the limitation under subsection (b)(6) of this section,
29 any excess amount may be issued under initial credit certificates for projects in a county or
30 Baltimore City in the same fiscal year, without regard to the limitation under subsection
31 (b)(6) of this section.

32 3. Subject to subsubparagraph 2 of this subparagraph, if the
33 aggregate credit amounts under initial credit certificates issued in a fiscal year total less
34 than the amount appropriated to the Reserve Fund for that fiscal year, any excess amount
35 shall remain in the Reserve Fund and may be issued under initial credit certificates for the
36 next fiscal year.

1 4. For any fiscal year, if funds are transferred from the
2 Reserve Fund under the authority of any provision of law other than paragraph (4) of this
3 subsection, the maximum credit amounts in the aggregate for which the Director may issue
4 initial credit certificates shall be reduced by the amount transferred.

5 5. In each fiscal year, the Director shall estimate the amount
6 of fees to be collected based on the amount appropriated to the Reserve Fund and reserve
7 the difference between the estimated fees and estimated directly related administrative
8 costs of the Program to be used to administer the Program.

9 6. If the reservation of funds to administer the Program
10 under subparagraph 5 of this subparagraph is not necessary to cover the directly related
11 administrative costs of the Program, any excess amount shall remain in the Reserve Fund
12 and may be issued under initial credit certificates for the next fiscal year.

13 (iv) For each of fiscal years [2015, 2016, and 2017] **2018 THROUGH**
14 **2022**, the Governor shall include in the budget bill an appropriation to the Reserve Fund.

15 (v) Notwithstanding the provisions of § 7-213 of this article, the
16 Governor may not reduce an appropriation to the Reserve Fund in the State budget as
17 approved by the General Assembly.

18 (vi) The Director may not issue an initial credit certificate for any
19 fiscal year after fiscal year [2017] **2022**.

20 (4) (i) Except as provided in this paragraph, money appropriated to the
21 Reserve Fund shall remain in the Fund.

22 (ii) 1. Within 15 days after the end of each calendar quarter, the
23 Trust shall notify the Comptroller as to each commercial rehabilitation completed and
24 certified during the quarter:

25 A. the maximum credit amount stated in the initial credit
26 certificate for the project; and

27 B. the final certified credit amount for the project.

28 2. On notification that a project has been certified, the
29 Comptroller shall transfer an amount equal to the maximum credit amount stated in the
30 initial credit certificate for the project from the Reserve Fund to the General Fund.

31 (iii) 1. On or before October 1 of each year, the Trust shall notify
32 the Comptroller as to the maximum credit amount stated in the initial credit certificate for
33 each commercial rehabilitation for which the initial credit certificate has expired under
34 subsection (c)(3) of this section as of the end of the prior fiscal year.

1 2. On notification that the initial credit certificate for a
2 project has expired under subsection (c)(3) of this section, the Comptroller shall transfer an
3 amount equal to the maximum credit amount stated in the initial credit certificate for the
4 project from the Reserve Fund to the General Fund.

5 (e) (1) Subject to the provisions of this subsection, the Director shall issue an
6 initial credit certificate for each approved small commercial project on a first-come,
7 first-served basis.

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

10 (3) The Director may not issue an initial credit certificate under this
11 subsection:

12 (i) prior to January 1, 2015; or

13 (ii) after the aggregate amount of initial credit certificates issued for
14 small commercial projects totals \$4,000,000.

15 (f) (1) (i) In this subsection the following words have the meanings
16 indicated.

17 (ii) 1. “Dispose of” means to transfer legal title or, in the case of
18 a leasehold, the leasehold interest.

19 2. “Dispose of” includes to sell in a sale-and-leaseback
20 transaction, to transfer on the foreclosure of a security interest, or to transfer by gift.

21 3. “Dispose of” does not include to transfer title or the
22 leasehold interest to a creditor on creation of a security interest.

23 (iii) “Disqualifying work” means work that:

24 1. is performed on a certified rehabilitation; and

25 2. if performed as part of the rehabilitation certified under
26 this section, would have made the rehabilitation ineligible for certification.

27 (2) The credit allowed under this section shall be recaptured as provided in
28 paragraph (3) of this subsection if, during the taxable year in which a certified
29 rehabilitation is completed or any of the 4 taxable years succeeding the taxable year in
30 which the certified rehabilitation is completed:

31 (i) any disqualifying work is performed on the certified
32 rehabilitation; or

1 (ii) for a commercial rehabilitation, the certified rehabilitation is
2 complete and has been disposed of.

3 (3) (i) 1. If the disqualifying work is performed or the certified
4 rehabilitation is disposed of during the taxable year in which the certified rehabilitation
5 was completed, 100% of the credit shall be recaptured.

6 2. If the disqualifying work is performed or the certified
7 rehabilitation is disposed of during the first full year succeeding the taxable year in which
8 the certified rehabilitation was completed, 80% of the credit shall be recaptured.

9 3. If the disqualifying work is performed or the certified
10 rehabilitation is disposed of during the second full year succeeding the taxable year in
11 which the certified rehabilitation was completed, 60% of the credit shall be recaptured.

12 4. If the disqualifying work is performed or the certified
13 rehabilitation is disposed of during the third full year succeeding the taxable year in which
14 the certified rehabilitation was completed, 40% of the credit shall be recaptured.

15 5. If the disqualifying work is performed or the certified
16 rehabilitation is disposed of during the fourth full year succeeding the taxable year in which
17 the certified rehabilitation was completed, 20% of the credit shall be recaptured.

18 (ii) The individual or business entity that claimed the tax credit shall
19 pay the amount to be recaptured as determined under subparagraph (i) of this paragraph
20 as taxes payable to the State for the taxable year in which the disqualifying work is
21 performed or the certified rehabilitation is disposed of.

22 (g) (1) The Comptroller may determine, under the process for return
23 examination and audit under §§ 13-301 and 13-302 of the Tax – General Article:

24 (i) the amount of rehabilitation expenditures used in calculating the
25 credit;

26 (ii) whether such expenditures are qualified rehabilitation
27 expenditures under this section; and

28 (iii) whether the credit is allowable as claimed.

29 (2) The authority of the Comptroller to examine and audit a tax return does
30 not limit the authority of the Director to determine whether a rehabilitation qualifies as a
31 certified rehabilitation or whether a certificate of certified rehabilitation has been properly
32 issued.

33 (3) The Comptroller may adopt regulations to require that an entity other
34 than a corporation claim the tax credit on the tax return filed by that entity.

1 (4) (i) Except as otherwise provided in this paragraph, the credit under
2 this section may be claimed for the year a certified rehabilitation is completed, only if the
3 Director has, by the time the return is filed, issued a certificate of completion for the
4 certified rehabilitation.

5 (ii) A taxpayer claiming the credit may amend a return for the year
6 the certified rehabilitation was completed to account for a certificate issued subsequent to
7 the filing of the original return.

8 (iii) An amended return shall be filed within the period allowed under
9 the Tax – General Article for filing refund claims.

10 (iv) The provisions of this paragraph do not extend the period in
11 which a certified rehabilitation must be completed to be eligible for a tax credit under this
12 section.

13 (v) An amended return may account for an amended certification
14 issued by the Director for a certified rehabilitation.

15 (h) A refund payable under subsection (c) of this section:

16 (1) operates to reduce the income tax revenue from corporations if the
17 person entitled to the refund is a corporation subject to the income tax under Title 10 of the
18 Tax – General Article;

19 (2) operates to reduce insurance premium tax revenues if the person
20 entitled to the refund is subject to taxation under Title 6 of the Insurance Article; and

21 (3) operates to reduce the income tax revenue from individuals if the
22 person entitled to the refund is:

23 (i) an individual subject to the income tax under Title 10 of the Tax
24 – General Article; or

25 (ii) an organization exempt from taxation under § 501(c)(3) of the
26 Internal Revenue Code.

27 (i) (1) On or before December 15 of each fiscal year, the Director shall report
28 to the Governor and, subject to § 2–1246 of the State Government Article, to the General
29 Assembly, on:

30 (i) the initial credit certificates awarded for commercial
31 rehabilitations and small commercial projects under this section for that fiscal year;

32 (ii) the tax credits awarded for certified rehabilitations completed in
33 the preceding fiscal year;

1 (iii) whether the tax credits awarded for certified rehabilitations
2 completed in the preceding fiscal year were located in:

3 1. a local historic district; or

4 2. a national register district; and

5 (iv) the estimated amount of directly related administrative costs
6 reserved in the Reserve Fund, the estimated amount of fees to be collected, the actual
7 directly related administrative costs, and the actual amount of fees collected.

8 (2) The report required under paragraph (1) of this subsection shall include
9 for each initial credit certificate awarded for the fiscal year for a commercial rehabilitation:

10 (i) the name of the owner or developer of the commercial
11 rehabilitation;

12 (ii) the name and address of the proposed or certified rehabilitation
13 and the county where the project is located;

14 (iii) the dates of receipt and approval by the Director of all
15 applications regarding the project, including applications:

16 1. for certification that a structure or property will qualify as
17 a certified historic structure; and

18 2. for approval of the proposed rehabilitation; and

19 (iv) the maximum amount of the credit stated in the initial credit
20 certificate for the project and the estimated rehabilitation expenditures stated in the
21 application for approval of the plan of proposed rehabilitation.

22 (3) The report required under paragraph (1) of this subsection shall include
23 for each certified commercial rehabilitation completed during the preceding fiscal year:

24 (i) the name of the owner or developer of the commercial
25 rehabilitation;

26 (ii) the name and address of the certified rehabilitation and the
27 county where the project is located;

28 (iii) the dates of receipt and approval by the Director of all
29 applications regarding the project; and

30 (iv) 1. the maximum amount of the credit stated in the initial
31 credit certificate for the project and the estimated rehabilitation expenditures stated in the
32 application for approval of the plan of proposed rehabilitation; and

1 2. the actual qualified rehabilitation expenditures and the
2 final amount of the credit for which the project qualified.

3 (4) The report required under paragraph (1) of this subsection shall
4 summarize for each category of certified rehabilitations:

5 (i) the total number of applicants for:

6 1. certification that a structure or property will qualify as a
7 certified historic structure;

8 2. approval of plans of proposed rehabilitations; or

9 3. certification of the completed rehabilitations;

10 (ii) the number of proposed projects for which plans of proposed
11 rehabilitation were approved; and

12 (iii) the total estimated rehabilitation expenditures stated in
13 approved applications for approval of plans of proposed rehabilitation and the total
14 qualified rehabilitation expenditures for completed rehabilitations certified.

15 (5) The information required under paragraph (4) of this subsection shall
16 be provided in the aggregate and separately for each of the following categories of certified
17 rehabilitations:

18 (i) owner-occupied single family residential structures;

19 (ii) small commercial projects; and

20 (iii) commercial rehabilitations.

21 (j) (1) Subject to the provisions of this subsection, the provisions of this section
22 and the tax credit authorized under this section shall terminate as of July 1, [2017] **2022**.

23 (2) On and after July 1, [2017] **2022**:

24 (i) the tax credit authorized under this section may be claimed for:

25 1. a rehabilitation project, other than a commercial
26 rehabilitation, for which an application for approval of a plan of proposed rehabilitation
27 was received by the Director on or before June 30, [2017] **2022**; or

28 2. a commercial rehabilitation for which an initial credit
29 certificate has been awarded under subsection (d) of this section; and

1 (ii) the Director shall continue to report to the Governor and the
2 General Assembly as required under subsection (i) of this section for as long as any
3 rehabilitation project for which the tax credit may be claimed remains incomplete.

4 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June
5 1, 2016.