

# HOUSE BILL 965

Q3

3lr1863

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By: **Delegate Henson**

Introduced and read first time: February 10, 2023

Assigned to: Ways and Means

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## A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Credit for Mold Remediation of Residential Rental Properties**

3 FOR the purpose of allowing, for certain taxable years, a credit against the State income  
4 tax for taxpayers of single family and multifamily residential rental properties who  
5 incur costs for certain mold remediation performed on the property and obtain a tax  
6 credit certificate from the Department of Housing and Community Development; and  
7 generally relating to a State income tax credit for mold remediation on residential  
8 rental properties.

9 BY adding to

10 Article – Tax – General  
11 Section 10–757  
12 Annotated Code of Maryland  
13 (2022 Replacement Volume)

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

16 **Article – Tax – General**

17 **10–757.**

18 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
19 INDICATED.

20 (2) “DEPARTMENT” MEANS THE DEPARTMENT OF HOUSING AND  
21 COMMUNITY DEVELOPMENT.

22 (3) “MOLD REMEDIATION” MEANS:

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1                   **(I) REMOVING, CLEANING, SANITIZING, DEMOLISHING, OR ANY**  
2 **OTHER TREATMENT PERFORMED TO ADDRESS A MOLD HAZARD, MOLD, OR**  
3 **DAMPNESS; OR**

4                   **(II) ABATEMENT OF THE UNDERLYING CAUSE OF A MOLD**  
5 **HAZARD, MOLD, OR DAMPNESS.**

6                   **(4) "TAXPAYER" MEANS THE OWNER OF A RESIDENTIAL RENTAL**  
7 **PROPERTY WHO PERFORMS OR PAYS FOR THE PERFORMANCE OF MOLD**  
8 **REMEDICATION ON THE RESIDENTIAL RENTAL PROPERTY.**

9                   **(B) SUBJECT TO THE LIMITATIONS OF THIS SECTION, A TAXPAYER WHO**  
10 **RECEIVES A TAX CREDIT CERTIFICATE MAY CLAIM A CREDIT AGAINST THE STATE**  
11 **INCOME TAX FOR THE TOTAL COSTS INCURRED BY THE TAXPAYER FOR MOLD**  
12 **REMEDICATION PERFORMED ON RESIDENTIAL RENTAL PROPERTY DURING THE**  
13 **TAXABLE YEAR.**

14                   **(C) ON APPLICATION BY A TAXPAYER, THE DEPARTMENT SHALL ISSUE A**  
15 **TAX CREDIT CERTIFICATE THAT MAY NOT EXCEED THE LESSER OF:**

16                   **(1) THE ACTUAL COSTS INCURRED; OR**

17                   **(2) \$10,000.**

18                   **(D) (1) THE DEPARTMENT MAY NOT ISSUE AN AGGREGATE AMOUNT OF**  
19 **TAX CREDIT CERTIFICATES EXCEEDING \$600,000 FOR A TAXABLE YEAR.**

20                   **(2) (I) OF THE CREDIT AMOUNT AUTHORIZED UNDER PARAGRAPH**  
21 **(1) OF THIS SUBSECTION, THE DEPARTMENT SHALL MAKE:**

22                                   **1. 40% AVAILABLE FOR TAXPAYERS WHO OWN SINGLE**  
23 **FAMILY RESIDENTIAL PROPERTIES; AND**

24                                   **2. 60% AVAILABLE FOR TAXPAYERS WHO OWN**  
25 **MULTIFAMILY RESIDENTIAL PROPERTIES.**

26                   **(II) IF THE TOTAL AMOUNT OF CREDITS APPLIED FOR BY**  
27 **SINGLE FAMILY TAXPAYERS IS LESS THAN THE AMOUNT MADE AVAILABLE UNDER**  
28 **SUBPARAGRAPH (I)1 OF THIS PARAGRAPH, THE DEPARTMENT SHALL MAKE**  
29 **AVAILABLE THE UNUSED AMOUNT OF CREDITS FOR USE BY TAXPAYERS WHO OWN**  
30 **MULTIFAMILY RESIDENTIAL PROPERTIES.**

1           **(III) IF THE TOTAL AMOUNT OF CREDITS APPLIED FOR BY**  
2 **MULTIFAMILY TAXPAYERS IS LESS THAN THE AMOUNT MADE AVAILABLE UNDER**  
3 **SUBPARAGRAPH (I)2 OF THIS PARAGRAPH, THE DEPARTMENT SHALL MAKE**  
4 **AVAILABLE THE UNUSED AMOUNT OF CREDITS FOR USE BY TAXPAYERS WHO OWN**  
5 **SINGLE FAMILY RESIDENTIAL PROPERTIES.**

6           **(E) THE DEPARTMENT SHALL APPROVE ALL APPLICATIONS THAT QUALIFY**  
7 **FOR A TAX CREDIT CERTIFICATE:**

8           **(1) ON A FIRST-COME, FIRST-SERVED BASIS; AND**

9           **(2) IN A TIMELY MANNER.**

10           **(F) (1) THE TOTAL AMOUNT OF THE CREDIT ALLOWED UNDER THIS**  
11 **SECTION FOR ANY TAXABLE YEAR MAY NOT EXCEED THE STATE INCOME TAX FOR**  
12 **THAT TAXABLE YEAR, CALCULATED BEFORE THE APPLICATION OF THE CREDITS**  
13 **UNDER THIS SECTION AND §§ 10-701 AND 10-701.1 OF THIS SUBTITLE BUT AFTER**  
14 **THE APPLICATION OF OTHER CREDITS ALLOWABLE UNDER THIS SUBTITLE.**

15           **(2) THE UNUSED AMOUNT OF CREDIT FOR ANY TAXABLE YEAR MAY**  
16 **NOT BE CARRIED OVER TO ANY OTHER TAXABLE YEAR.**

17           **(G) THE CREDIT UNDER THIS SECTION MAY NOT BE CLAIMED FOR MOLD**  
18 **REMEDIAATION ACTIVITIES PERFORMED BEFORE JANUARY 1, 2023, OR AFTER**  
19 **DECEMBER 31, 2032.**

20           **(H) (1) ON OR BEFORE JANUARY 31 EACH TAXABLE YEAR, THE**  
21 **DEPARTMENT SHALL REPORT TO THE COMPTROLLER ON THE TAX CREDIT**  
22 **CERTIFICATES ISSUED UNDER THIS SECTION DURING THE PRIOR TAXABLE YEAR.**

23           **(2) (I) ON OR BEFORE OCTOBER 1, 2024, AND EACH YEAR**  
24 **THEREAFTER, THE COMPTROLLER AND THE DEPARTMENT JOINTLY SHALL REPORT**  
25 **TO THE GENERAL ASSEMBLY, IN ACCORDANCE WITH § 2-1257 OF THE STATE**  
26 **GOVERNMENT ARTICLE, ON:**

27                   **1. THE NUMBER OF CERTIFICATIONS AND TAXPAYERS**  
28 **CLAIMING THE CREDIT UNDER THIS SECTION;**

29                   **2. THE NAME AND PHYSICAL LOCATION OF EACH**  
30 **TAXPAYER ISSUED AN INITIAL CREDIT CERTIFICATE;**

31                   **3. THE MAXIMUM CREDIT AMOUNT APPROVED FOR EACH**  
32 **TAXPAYER;**

1                                   4.     **THE GEOGRAPHICAL DISTRIBUTION OF THE CREDITS**  
2 **CLAIMED; AND**

3                                   5.     **ANY OTHER AVAILABLE INFORMATION THE**  
4 **ADMINISTRATION DETERMINES TO BE MEANINGFUL AND APPROPRIATE.**

5                                   **(II) THE COMPTROLLER SHALL ENSURE THAT THE**  
6 **INFORMATION IS PRESENTED AND CLASSIFIED IN A MANNER CONSISTENT WITH THE**  
7 **CONFIDENTIALITY OF TAX RETURN INFORMATION.**

8                   **(I) THE DEPARTMENT, IN CONSULTATION WITH THE COMPTROLLER AND**  
9 **THE DEPARTMENT OF THE ENVIRONMENT, SHALL ADOPT REGULATIONS TO CARRY**  
10 **OUT THIS SECTION.**

11                   SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
12 1, 2023, and shall be applicable to all taxable years beginning after December 31, 2022, but  
13 before January 1, 2033. It shall remain effective for a period of 10 years and, at the end of  
14 June 30, 2033, this Act, with no further action required by the General Assembly, shall be  
15 abrogated and of no further force and effect.