

# SENATE BILL 394

Q3

4lr2099

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By: **Senator Hester**

Introduced and read first time: January 18, 2024

Assigned to: Education, Energy, and the Environment

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## A BILL ENTITLED

1 AN ACT concerning

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

3 FOR the purpose of altering the amount of a certain credit against the State income tax  
4 that certain persons may claim for certain construction and rehabilitation costs for  
5 certain catalytic revitalization projects in the State; repealing a limitation on the  
6 authority of the Secretary of Housing and Community Development to award initial  
7 and final tax credit certificates for catalytic revitalization projects before a certain  
8 date; repealing a certain limitation on the number of initial tax credit certificates the  
9 Secretary may award within a certain period of time; prohibiting the Secretary from  
10 accepting applications and awarding certain credit certificates for catalytic  
11 revitalization projects under certain circumstances; authorizing the Secretary to  
12 revoke an initial credit certificate for a catalytic revitalization project and award the  
13 certificate to another applicant under certain circumstances; requiring the Secretary  
14 to adopt certain regulations concerning procedures for the approval of project phases  
15 for certain tax credit certificates; and generally relating to the catalytic revitalization  
16 project tax credit.

17 BY repealing and reenacting, with amendments,  
18 Article – Housing and Community Development  
19 Section 6–902(a), 6–903(a) and (b), and 6–904  
20 Annotated Code of Maryland  
21 (2019 Replacement Volume and 2023 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 6–902.

26 (a) An individual, a nonprofit organization, or a business entity may claim a tax

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 credit in an amount equal to:

2 **(1) FOR A PROJECT ISSUED A SINGLE TAX CREDIT CERTIFICATE ON**  
3 **COMPLETION, 20% of the amount stated in the final tax credit certificate issued by the**  
4 **Secretary under § 6–903 of this subtitle for 5 consecutive taxable years beginning with the**  
5 **taxable year in which a final tax credit certificate is issued; OR**

6 **(2) FOR A PHASED PROJECT ISSUED A TAX CREDIT CERTIFICATE ON**  
7 **COMPLETION OF A PHASE, 100% OF THE AMOUNT STATED IN THE FINAL TAX CREDIT**  
8 **CERTIFICATE ISSUED BY THE SECRETARY UNDER § 6–903 OF THIS SUBTITLE FOR**  
9 **THE TAXABLE YEAR IN WHICH THE FINAL TAX CREDIT CERTIFICATE IS ISSUED.**

10 6–903.

11 (a) (1) Subject to the limitations of [paragraphs (2) and (3)] **PARAGRAPH (2)**  
12 of this subsection and subsection (b) of this section, on application by an individual, a  
13 nonprofit organization, or a business entity, the Secretary shall issue:

14 (i) an initial tax credit certificate in an amount equal to 20% of the  
15 individual's, nonprofit organization's, or business entity's estimated new construction costs  
16 and rehabilitation costs for the project; and

17 (ii) on completion of the catalytic revitalization project or a phase of  
18 the catalytic revitalization project, a final tax credit certificate in an amount equal to 20%  
19 of the individual's, nonprofit organization's, or business entity's actual new construction  
20 costs and rehabilitation costs for the project.

21 (2) For purposes of calculating the credit authorized under paragraph (1)  
22 of this subsection, new construction costs:

23 (i) must be related to the construction of new structures that  
24 connect, expand, or integrate the existing structures to be rehabilitated; and

25 (ii) may not exceed 50% of the total costs of the catalytic  
26 revitalization project.

27 **[(3) (i) Except as provided in subparagraph (ii) of this paragraph, the**  
28 **Secretary may not issue an initial or final tax credit certificate under paragraph (1) of this**  
29 **subsection before January 1, 2025.**

30 (ii) The Secretary may issue an initial or final tax credit certificate  
31 under paragraph (1) of this subsection before January 1, 2025, if the Comptroller  
32 determines that issuing the tax credit certificate will not result in a reduction or repayment  
33 of federal funds authorized under the federal American Rescue Plan Act of 2021.]

34 (b) (1) **[The Secretary may not award an initial credit certificate for more than**

1 one catalytic revitalization project within a 2-year period.

2 (2) For any catalytic revitalization project] **EXCEPT AS PROVIDED IN**  
3 **PARAGRAPH (2)(II) OF THIS SUBSECTION**, the Secretary may not:

4 (I) **ACCEPT APPLICATIONS AND AWARD INITIAL CREDIT**  
5 **CERTIFICATES FOR CATALYTIC REVITALIZATION PROJECTS MORE THAN ONCE**  
6 **WITHIN A 2-YEAR PERIOD; OR**

7 (II) issue tax credit certificates for credit amounts in the aggregate  
8 totaling more than \$15,000,000 **WITHIN A 2-YEAR PERIOD.**

9 (2) (I) **THE SECRETARY MAY REVOKE AN INITIAL CREDIT**  
10 **CERTIFICATE ON A FINDING BY THE SECRETARY THAT THE RECIPIENT IS NOT IN**  
11 **COMPLIANCE WITH THE INITIAL CREDIT CERTIFICATE OR AN AGREEMENT WITH THE**  
12 **DEPARTMENT REGARDING THE INITIAL CREDIT CERTIFICATE.**

13 (II) **IF THE SECRETARY REVOKES AN INITIAL CREDIT**  
14 **CERTIFICATE UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE SECRETARY**  
15 **MAY AWARD AN INITIAL CREDIT CERTIFICATE TO ANOTHER APPLICANT, PROVIDED**  
16 **THAT THE AWARD DOES NOT EXCEED THE AMOUNT OF THE REVOKED INITIAL**  
17 **CREDIT CERTIFICATE.**

18 6-904.

19 The Secretary, in consultation with the Department of Commerce, shall adopt  
20 regulations to carry out the provisions of this subtitle, including regulations that:

21 (1) establish procedures and standards for certifying new construction  
22 costs and rehabilitation costs under this subtitle; [and]

23 (2) establish an application process for the issuance of tax credit  
24 certificates under this subtitle, with an emphasis on applications that promote affordable  
25 housing; **AND**

26 (3) **ESTABLISH PROCEDURES FOR THE APPROVAL OF PROJECT**  
27 **PHASES FOR TAX CREDIT CERTIFICATES ISSUED UNDER THIS SUBTITLE.**

28 **SECTION 2. AND BE IT FURTHER ENACTED**, That this Act shall take effect July  
29 1, 2024, and shall be applicable to all taxable years beginning after December 31, 2023.