

Bill No.: _____
Requested: _____
Committee: _____

Drafted by: Bennett
Typed by: David
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Proofread by _____
Checked by _____

By: **Montgomery County Delegation**

A BILL ENTITLED

1 AN ACT concerning

2 **Heritage Tax Credit – Expenditures for Work Undertaken Prior to Approval**
3 **of Plans**

4 **MC 1–10**

5 FOR the purpose of allowing a certain tax credit for certain rehabilitation
6 expenditures under certain circumstances, notwithstanding certain
7 requirements; requiring the Director of the Maryland Historical Trust, within a
8 certain time after receiving certain plans for review, to review the plans and
9 under certain circumstances to approve the plans and make a certain
10 certification; prohibiting the Director from charging a certain fee for certifying
11 certain structures or rehabilitations; providing that a certain tax credit may be
12 claimed for a certain taxable year; defining certain terms; and generally
13 relating to allowing a certain tax credit for certain rehabilitation expenditures
14 under certain circumstances notwithstanding certain requirements.

15 BY repealing and reenacting, without amendments,
16 Article – State Finance and Procurement
17 Section 5A–303(a)(4), (5), (7), and (10)
18 Annotated Code of Maryland
19 (2006 Replacement Volume and 2009 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

22 **Article – State Finance and Procurement**

23 5A–303.

24 (a) (4) (i) “Certified heritage structure” means a structure that is
25 located in the State and is:

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

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

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

33 B. certified by the Director as contributing to the
34 significance of the district; or

35 4. located in a certified heritage area and certified by the
36 Maryland Heritage Areas Authority as contributing to the significance of the certified
37 heritage area.

38 (ii) “Certified heritage structure” does not include a structure
39 that is owned by the State, a political subdivision of the State, or the federal
40 government.

41 (5) “Certified rehabilitation” means a completed rehabilitation of a
42 certified heritage structure that the Director certifies is a substantial rehabilitation in
43 conformance with the rehabilitation standards of the United States Secretary of the
44 Interior.

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

- 46 (10) “Qualified rehabilitation expenditure” means any amount that:
- 47 (i) is properly chargeable to a capital account;
- 48 (ii) is expended in the rehabilitation of a structure that by the
49 end of the calendar year in which the certified rehabilitation is completed is a certified
50 heritage structure;
- 51 (iii) is expended in compliance with a plan of proposed
52 rehabilitation that has been approved by the Director; and
- 53 (iv) is not funded, financed, or otherwise reimbursed by any:
- 54 1. State or local grant;
- 55 2. grant made from the proceeds of tax-exempt bonds
56 issued by the State, a political subdivision of the State, or an instrumentality of the
57 State or of a political subdivision of the State;
- 58 3. State tax credit other than the tax credit under this
59 section; or
- 60 4. other financial assistance from the State or a political
61 subdivision of the State, other than a loan that must be repaid at an interest rate that
62 is greater than the interest rate on general obligation bonds issued by the State at the
63 most recent bond sale prior to the time the loan is made.

64 SECTION 2. AND BE IT FURTHER ENACTED, That:

- 65 (a) (1) In this section the following words have the meanings indicated.
- 66 (2) “Certified heritage structure”, “certified rehabilitation”, “Director”,
67 and “qualified rehabilitation expenditure” have the meanings stated in § 5A-303 of the
68 State Finance and Procurement Article.
- 69 (3) “Heritage tax credit” means the income tax credit allowed under §
70 5A-303 of the State Finance and Procurement Article for qualified rehabilitation
71 expenditures for the rehabilitation of a certified rehabilitation.

72 (b) (1) Notwithstanding any requirement under any law or regulation
73 that rehabilitation expenditures for work undertaken prior to the Director's approval
74 of plans for the rehabilitation are ineligible for the heritage tax credit, subject to the
75 requirements of this section, an individual who otherwise meets the requirements for
76 the heritage tax credit may claim a tax credit as provided in this section.

77 (2) This section applies only to the rehabilitation of a single-family,
78 owner-occupied residence.

79 (c) An individual may claim the tax credit under this section only if:

80 (1) Prior to the July 1, 2005, implementation by the Director of any
81 requirement under any law or regulation that rehabilitation expenditures for work
82 undertaken prior to the Director's approval of plans for the rehabilitation are
83 ineligible for the heritage tax credit:

84 (i) Rehabilitation plans for the rehabilitation of a certified
85 heritage structure were reviewed and approved by the Montgomery County Historic
86 Preservation Commission of the Maryland-National Capital Park and Planning
87 Commission; and

88 (ii) Work was begun on the rehabilitation of the certified
89 heritage structure;

90 (2) Within 1 year after work was begun on the rehabilitation of the
91 certified heritage structure:

92 (i) The rehabilitation work was substantially completed; and

93 (ii) The individual requested that the Director grant an
94 exception to any requirement under any law or regulation that rehabilitation
95 expenditures for work undertaken prior to the Director's approval of plans for the
96 rehabilitation are ineligible for the heritage tax credit; and

97 (3) On or before July 1, 2010, the individual submits the rehabilitation
98 plans for the rehabilitation of the certified heritage structure to the Director for the
99 Director's review.

100 (d) (1) Within 30 days after receipt of rehabilitation plans submitted for
101 review under subsection (c)(3) of this section:

102 (i) The Director shall review the rehabilitation plans and may
103 inspect the rehabilitation; and

104 (ii) If the Director determines that the rehabilitation meets the
105 Standards for Certified Heritage Structure Rehabilitation, the Director shall approve
106 the rehabilitation plans and certify that the rehabilitation is a substantial
107 rehabilitation in conformance with the rehabilitation standards of the United States
108 Secretary of the Interior.

109 (2) Notwithstanding § 5A-303(b)(6) of the State Finance and
110 Procurement Article, the Director may not charge a fee for certifying a heritage
111 structure or rehabilitation under this section.

112 (e) Notwithstanding § 5A-303(c)(1) of the State Finance and Procurement
113 Article, regardless of the taxable year in which a certified rehabilitation was
114 completed, an individual may claim the tax credit under this section for the taxable
115 year in which the Director certifies that the rehabilitation is a substantial
116 rehabilitation in conformance with the rehabilitation standards of the United States
117 Secretary of the Interior.

118 (f) Except as otherwise provided in this section, the tax credit allowed under
119 this section is subject to the provisions of § 5A-303 of the State Finance and
120 Procurement Article and any other provisions of law applicable to the heritage tax
121 credit.

122 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
123 June 1, 2010.