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By: **Senator Jones**

Introduced and read first time: March 6, 2006

Assigned to: Rules

Re-referred to: Budget and Taxation, March 8, 2006

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 29, 2006

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Department of Housing and Community Development - Neighborhood and**  
3 **Community Assistance Program - Community Investment Tax Credit**

4 FOR the purpose of providing that a business entity is entitled to a certain tax credit  
5 for a contribution of real property to an approved project operated by a nonprofit  
6 organization under the Neighborhood and Community Assistance Program of  
7 the Department of Housing and Community Development; increasing a certain  
8 maximum tax credit allowed for a certain contribution; ~~increasing the maximum~~  
9 ~~amount of contributions eligible for a certain tax credit for a fiscal year;~~  
10 providing for the application of this Act; and generally relating to tax credits  
11 allowed for contributions to an approved project under the Neighborhood and  
12 Community Assistance Program of the Department of Housing and Community  
13 Development.

14 BY repealing and reenacting, with amendments,  
15 Article - Housing and Community Development  
16 Section 6-404(a) and (b) ~~and 6-405(e)~~  
17 Annotated Code of Maryland  
18 (2005 Volume)

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

1 **Article - Housing and Community Development**

2 6-404.

3 (a) (1) For a contribution worth \$500 or more in goods, money, or [both]  
4 REAL PROPERTY to an approved project, a business entity is entitled to a tax credit in  
5 the amount determined under subsection (b) of this section.

6 (2) No part of a tax credit under this section may be taken more than  
7 once.

8 (b) (1) Except as provided in paragraph (2) of this subsection, the credit  
9 allowed to a business entity under this section equals 50% of the amount of  
10 contributions:

11 (i) that the Department approves under subsection (c) of this  
12 section; and

13 (ii) that were made during the taxable year for which the credit is  
14 claimed.

15 (2) The credit allowed under this section for any taxable year may not  
16 exceed the lesser of:

17 (i) [\$125,000] \$250,000; and

18 (ii) the total amount of tax otherwise payable by the business entity  
19 for the taxable year.

20 (3) Any excess credit that would be allowed but for the limits of  
21 paragraph (2) of this subsection may be carried over and applied as a credit for up to  
22 5 taxable years after the taxable year in which the contribution was made, until the  
23 full amount of the excess is used.

24 ~~6-405.~~

25 ~~(c) (1) The Department may not approve a proposal submitted under this~~  
26 ~~section unless the proposal is approved by the governing body or authorized designee~~  
27 ~~of:~~

28 ~~(i) each county that includes any of the priority funding area that~~  
29 ~~benefits from the project, if the project is not in a municipal corporation;~~

30 ~~(ii) each municipal corporation that includes any of the priority~~  
31 ~~funding area that benefits from the project; or~~

32 ~~(iii) each political subdivision that includes any of the priority~~  
33 ~~funding area that benefits from the project, if the priority funding area is partly~~  
34 ~~within and partly outside of any municipal corporation.~~

35 ~~(2) An approval shall:~~

1                   (i)       ~~be in writing; and~~

2                   (ii)       ~~state the maximum amount of contributions to the approved~~  
3 ~~project that are eligible for a tax credit under § 6-404 of this subtitle.~~

4                   (3)       ~~The sum of contributions eligible for a tax credit under § 6-404 of this~~  
5 ~~subtitle for all approved projects for a fiscal year may not exceed [\$2,000,000]~~  
6 ~~\$5,000,000.~~

7       SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take  
8 effect October 1, 2006, and shall be applicable to all taxable years beginning after  
9 December 31, 2006.