

FOR the purpose of conforming State tax treatment of deductions for the preservation of historic property to the federal law by eliminating the amortization deduction for rehabilitation of certain property, the disallowances of certain demolition losses and expenses, the depreciation methods for certain property, and deductions for certain transfers of property; providing certain amortization deductions for certain nondepreciable historic property; defining terms; providing for applicability of this Act to certain years; and generally relating to income taxes on historic properties.

BY repealing and reenacting, with amendments,

Article 81 - Revenue and Taxes  
 Section 281A  
 Annotated Code of Maryland  
 (1975 Replacement Volume and 1977 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That section(s) of the Annotated Code of Maryland be repealed, amended, or enacted to read as follows:

Article 81 - Revenue and Taxes

281A.

(a) As used in this section, the following words have the meanings indicated.

(b) "Certified NONDEPRECIABLE historic structure" means a building or structure which is [either (i) listed in the National Register (16 U.S.C.A. 470), or (ii) located in the registered historic district (16 U.S.C.A. 470) and included in the Maryland inventory of historic sites] NOT OF A CHARACTER SUBJECT TO THE DEPRECIATION ALLOWANCE PROVIDED IN § 167 OF THE INTERNAL REVENUE CODE AND WHICH, BUT FOR NOT BEING OF SUCH CHARACTER, WOULD BE A "CERTIFIED HISTORIC STRUCTURE" AS DEFINED IN § 191 OF THE INTERNAL REVENUE CODE.

(c) "Certified rehabilitation" means any rehabilitation of a certified NONDEPRECIABLE historic structure [or of any other structure located in a registered historic district] which is consistent with the historic character of that property or district as determined in accordance with regulations promulgated by the Comptroller.

(d) "[Amortization] AMORTIZABLE basis" means the portion of the basis attributable to [additions to capital account which are] amounts expended for certified rehabilitation.

[ (e) "Substantially rehabilitated property" means property described in § 1250 of the Internal Revenue Code with respect to which the additions to capital account during the 24-month period ending on the last day of any