

(8) "Qualified rehabilitation expenditure" means any amount expended in the rehabilitation of a structure that is properly chargeable to capital account.

(9) "Substantial rehabilitation" means rehabilitation of a structure for which the qualified rehabilitation expenditures, during the 24-month period selected by the taxpayer ending with or within the taxable year, exceed:

- (i) For owner-occupied residential property, \$5,000; or
- (ii) For all other property, the greater of:
  1. The adjusted basis of the structure; or
  2. \$5,000.

(b) (1) Subject to subsection (c) of this section, for the taxable year in which a certified rehabilitation is completed, a business entity or an individual may claim a tax credit in an amount equal to 25% of the taxpayer's qualified rehabilitation expenditures for the rehabilitation.

(2) The same tax credit may not be applied more than once against different taxes.

(c) If the credit allowed under this section in any taxable year exceeds the total tax otherwise payable by the business entity or the individual for that taxable year, the business entity or individual may apply the excess as a credit for succeeding years until the earlier of:

- (1) The full amount of the excess is used; or
- (2) The expiration of the tenth taxable year after the taxable year in which the certified rehabilitation is completed.

(d) If a certified heritage structure for which a certified rehabilitation has been completed is sold or transferred, the amount of any credit unused at the time of sale or transfer may be transferred to the individual or business entity to which the building is sold or transferred.

(E) A BUSINESS ENTITY OR INDIVIDUAL THAT INCURS QUALIFIED REHABILITATION EXPENDITURES IN THE REHABILITATION OF A CERTIFIED HISTORIC STRUCTURE IN A STATE OTHER THAN MARYLAND MAY CLAIM A TAX CREDIT TO THE SAME EXTENT AS PROVIDED UNDER SUBSECTION (B) OF THIS SECTION IF THE OTHER STATE HAS IN EFFECT A RECIPROCAL HISTORIC REHABILITATION TAX CREDIT PROGRAM AND AGREEMENT FOR TAXPAYERS OF THAT STATE WHO REHABILITATE HISTORIC STRUCTURES IN MARYLAND.

[(e)] (F) The Director and the Maryland Heritage Areas Authority may adopt regulations to establish procedures and standards for certifying heritage structures and rehabilitations under this section.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 1999 and shall be applicable to all taxable years beginning after December 31, 1999.