

Maryland Heritage Areas Authority

Policy on Certification of Structures Located in a Certified Heritage Area as Contributing to the Significance of the Heritage Area For Purposes of the Maryland Historic Revitalization Tax Credit

This Policy of the Maryland Heritage Areas Authority (“MHAA”) is adopted and effective this 8th day of April, 2021.

I. Overview.

Under Md. Code Ann., State Fin. & Proc. (“SFP”) § 5A-303, an owner of a historic structure located in Maryland, including those located inside or outside of a Certified Heritage Area (“CHA”), may qualify for the Maryland Historic Revitalization Tax Credit (the “Tax Credit”), which enables the owner to claim a credit on the owner’s Maryland income tax filing of 20% or more of the owner’s qualifying expenses on an approved rehabilitation project. Structures that qualify for the Tax Credit, which is administered by the Maryland Historical Trust (“MHT”), include those:

1. Listed on the National Register of Historic Places;
2. Designated as a historic property under local law and determined by the Director of MHT to be eligible for listing on the National Register of Historic Places; or
3. Located in either (i) a historic district listed on the National Register of Historic Places or (ii) in a locally designated historic district that the Director of MHT determines is eligible for listing on the National Register of Historic Places, and is certified by the Director of MHT as contributing to the significance of the listed or locally designated district.

In addition, a structure that is located in a CHA and does not qualify under these “listed” or “designated” criteria may qualify for the Tax Credit if the MHAA certifies that the structure “[contributes] to the significance of” a CHA. See SFP § 5A-303(a)(6)(i)4.

This Policy establishes the standards and procedures for certification by the MHAA of a structure as contributing to the significance of a CHA for purposes of the Tax Credit. The MHAA will be guided by its “Targeting Capital Investment Within Certified Heritage Areas” criteria document when making these certifications.

II. Standards for Certification as Contributing to the Significance of a CHA.

1. **“Eligible” Historic Property.** For a structure that does not qualify under any of the three “listed” or “designated” criteria defined in Section I but is either (i) eligible for individual listing on the National Register of Historic Places or (ii) a contributing resource within a district that is eligible for listing on the National Register of Historic Places, the MHAA will certify that the structure contributes to the significance of a CHA for purposes of the Tax Credit if the MHAA determines that:
 - a. The structure has the potential to:
 - i. Contribute to priorities identified in the CHA management plan, five-year plan, or annual work plan; and
 - ii. Leverage private or public investment in heritage tourism resources and facilitate economic investment; and
 - b. The structure meets one or more of the following:
 - i. Is located within a local, State, or federal revitalization, preservation, or conservation area;
 - ii. Has the potential to contribute to a broad-based regional, State, or federal initiative or contribute to activities supported by significant public investment; or
 - iii. Is located on, adjacent to, or connected to property that includes one or more key resources that are part of a larger concentration of related, place-based resources.
2. **“Non-eligible” Property.** For a structure that does not qualify under either (i) any of the three “listed” or “designated” criteria defined in Section I of (ii) as an “eligible” historic property under paragraph 1 of this Section, the MHAA will certify that the structure contributes to the significance of a CHA for purposes of the Tax Credit if:
 - a. The MHAA determines that the structure meets the criteria of paragraph 1.a and 1.b of this Section; and
 - b. The CHA and MHAA determine that the structure has the potential to significantly enhance the overall architectural, historical, or cultural quality of the CHA and its visitor experiences based on application of one or more of the following criteria:
 - i. Use Criteria. Whether use of the structure either does or has the potential to:
 - support the goals and objectives of the Heritage Area planning documents;

- provide for visitor services (lodging, food, parking, shuttle service, gas, information, tickets, open space-outdoor seating, entertainment);
 - provide for museum, interpretive, artistic, cultural or recreational uses;
 - create, improve, or contribute to a heritage destination or attraction.
- ii. Aesthetics Criteria. Whether the structure does or has the potential to:
- Contribute to the retention of the physical characteristics of the streetscape/landscape and authenticity of the CHA;
 - Provide continuity in the physical links between heritage sites;
 - Improve an abandoned or blighted area;
 - Enhance the appearance of a streetscape/landscape;
 - Provide for compatible design features that complement existing historic structures.
- iii. Economic Criteria. Whether the structure does or has the potential to:
- Generate additional economic activity in the surrounding area;
 - Generate new construction and permanent jobs;
 - Generate additional tax benefits;
 - Contribute to an increase in visitation.

III. Certification Procedures.

1. Application for Certification. An owner, possessor, or anyone with a substantial interest in a structure located within a CHA may submit to the MHAA an application for certification that the structure contributes to the significance of the CHA that:
 - a. Shall be submitted before the applicant submits to MHT a “Part 1” application for the Tax Credit under Code of Maryland Regulation (COMAR) 34.04.07.04;
 - b. Is in writing and includes documents and materials, as necessary, substantiating the application; and
 - c. For a “non-eligible” property under Section II.2 of this Policy, has been reviewed by the CHA for a determination under Section II.2.b. of this Policy and includes the CHA’s written determination.
2. Review of Application.
 - a. Upon receipt by the MHAA of an application under paragraph 1 of this Section, staff of the MHAA shall:
 - i. Review the application;

- ii. Determine if any additional information or materials are needed from the applicant and, if so, request that the applicant submit any such additional information or materials; and
 - iii. Make a recommendation to the MHAA as to whether it should certify that the structure contributes to the significance of the MHAA.
- b. After MHAA staff has completed review and made a recommendation under this Paragraph, the MHAA shall:
 - i. Place consideration of the application on the agenda of the next regularly scheduled meeting of the MHAA;
 - ii. Inform the applicant that the application has been scheduled for consideration and that the applicant may appear at and address the MHAA during its consideration;
 - iii. Determine whether to certify that the structure contributes to the significance of the MHAA;
 - iv. Inform the applicant in writing of its determination; and
 - v. Provide a copy of the written determination to staff of the Maryland Historic Revitalization Tax Credit Program.

For more information about the Maryland Heritage Areas Program, please see the Maryland Historical Trust web site at <https://mht.maryland.gov/Pages/MHAA/heritage-areas.aspx>