



Maryland Department of Commerce

Enterprise Zones

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ENTERPRISE ZONE TAX CREDIT

Incentivize job creation and investment in real property in economically distressed areas

- Maryland's Enterprise Zone Tax Credit Program is a joint effort between the State and local governments to provide tax incentives to businesses and property-owners located in some of the State's most economically distressed communities.
- Created in 1982 with two enterprise zones (EZ) in two jurisdictions and has grown to include thirty-eight (38) zone approved in 18 counties/cities. Designated zones are for a period of ten years.
- Certified businesses located in an EZ are eligible for income tax and real property tax credits in return for job creation and investment made in the zone.
- FY 2020 statistics: Real property tax credits issued totaled \$52 million based on real property investments made in FY 2019 totaling \$3.7 billion, an average investment of \$6.6 million per business.

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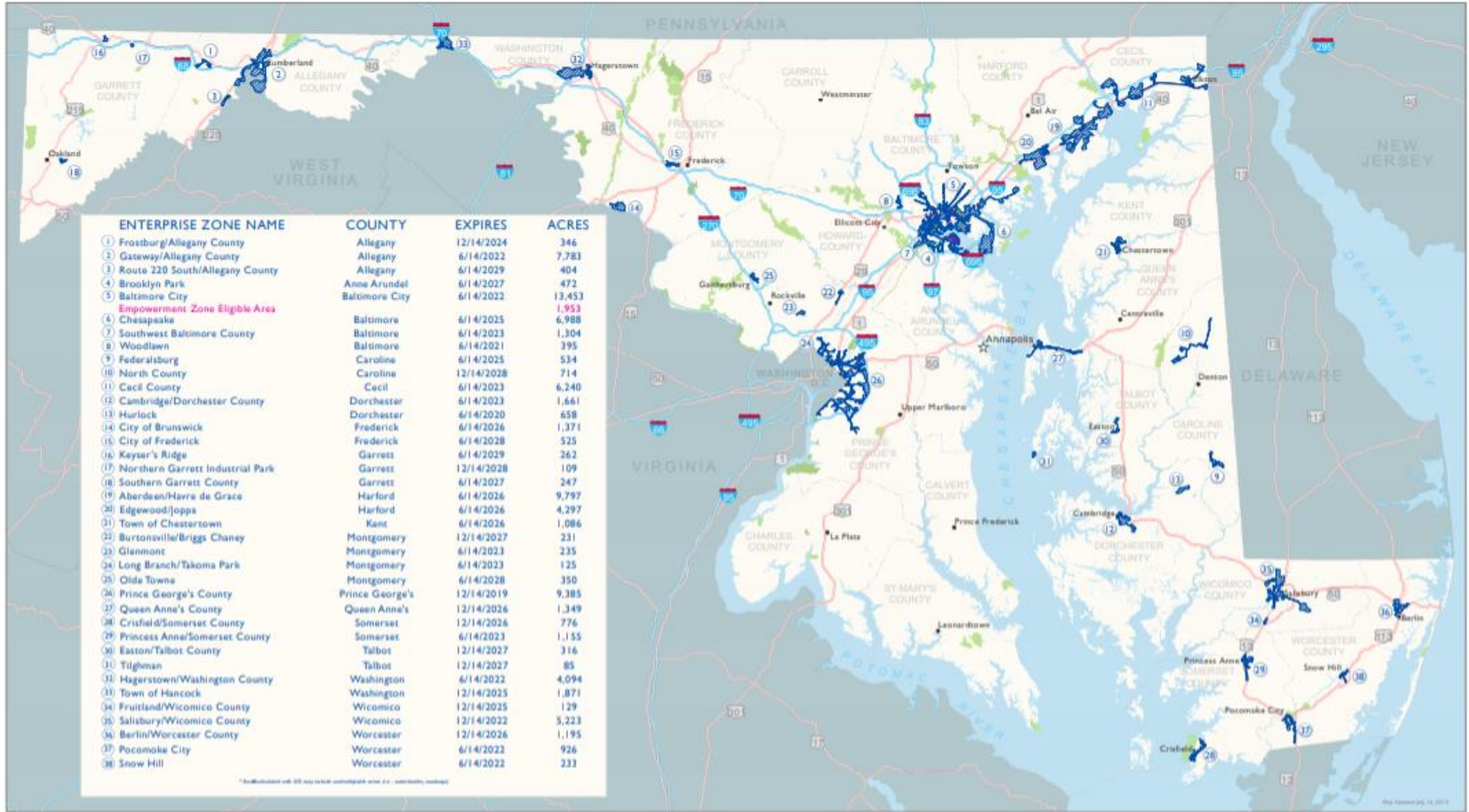
- **Maryland Department of Commerce**
 - Commerce stimulates private investment and creates jobs by attracting new businesses, encouraging the expansion and retention of existing companies, and providing workforce training assistance to Maryland companies. We promote economic advantages and market local products and services at home and abroad to spur economic development and international investment, trade and tourism.
 - Commerce provides building and site location assistance, business advocacy and consulting, tradeshow and conference partnerships, finance programs, tax credits and training grants.

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- **Maryland Department of Commerce**

- The State reimburses the local jurisdiction 50 percent of the revenue lost as a result of offering businesses located in its zone the property tax credit; however, this is subject to approval in the annual budget.
- Counties/municipalities apply to Commerce for EZ and focus area designation, and are responsible for administering the program EZ credit benefits
- Real property: 10-year credit on incremental increase (80% credit in years 1-5, decreasing 10% annually to 30% in year 10)
- Income tax: \$1,000 credit per new employee, \$6,000 credit over 3 years for hiring economically disadvantaged employees, 5-year carry forward



State of Maryland Enterprise Zones

● Cities
 ▭ County Boundary
 ▨ Enterprise Zone
 ▨ Empowerment Zone
 — Interstates
☆ State Capital
 ▭ Surrounding State Boundary
 ▨ Enterprise Zone Focus Area
 — US Highways



Maryland
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 Larry Hogan, Governor | Boyd K. Rutherford, Lt. Governor | Kelly M. Schulz, Secretary

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- **State Department of Assessments and Taxation (SDAT)**

- The Department of Assessments and Taxation certifies the assessment and the amount of property tax credit is an actual reduction in the amount of taxes which would have been due on the increased value or assessment of property where capital investments have been made or where new employees have been hired
- A person operating and conducting a trade or business must contact the local Enterprise Zone administrator to see if the particular property meets certain requirements. The two specific requirements are that business must either
 - (1) make an investment in capital improvements, or
 - (2) hire new employees.
- The local Zone administrator determines that a property qualifies for the property tax credit, the administrator certifies this finding in writing to the Maryland Department of Assessments and Taxation, which in turn calculates the amount of assessment "eligible" for the credit for eligible properties.
- The law states that the credit shall be granted to the "owner" of a qualified property.
 - If a lessee makes the capital improvements or hires new employees, the lessee should make a contractual provision with the owner of the qualified property regarding receipt of the property tax credit.

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- One important limitation on the property tax credit is that a portion of a property devoted to residential use may not receive the credit. In cases of property developed for mixed use, SDAT will allocate the eligible assessment to the nonresidential portion of the qualified property.
- **Maryland Department of Planning and Maryland Department of the Environment**
 - Determine if a proposed EZ is located in a Municipal Priority Funding area and determine if the project is consistent with state and local policies.
- **Comptroller of the Treasury (Comptroller)**
 - The business must include certification with the electronic return which shows the business is located in a Maryland enterprise zone. This credit must be claimed by submitting Form 500CR with your tax return.
 - Counties and municipalities are responsible for certifying a business as eligible for the tax credits.

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- **Enterprise Zone Application**
 - Description of the proposed zone
 - Economic, Social and Demographic Nature of the Zone
 - Economy of the Zone
 - Goals and Objectives of the Zone
 - Local Standards
 - Proposed Capital Improvements
 - Resolution, Public Hearing and Timeline

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- **The Town of Eaton and Talbot County**
 - Jointly applied to expand the existing Easton Talbot County EZ. The expansion area consists of 316 acres, which are entirely within the Town limits.
 - Easton Point, Talbot Commerce Park and Mistletoe Hall Farm.
- **Tilghman – Talbot County**
 - The designation area consists 85 acres.