



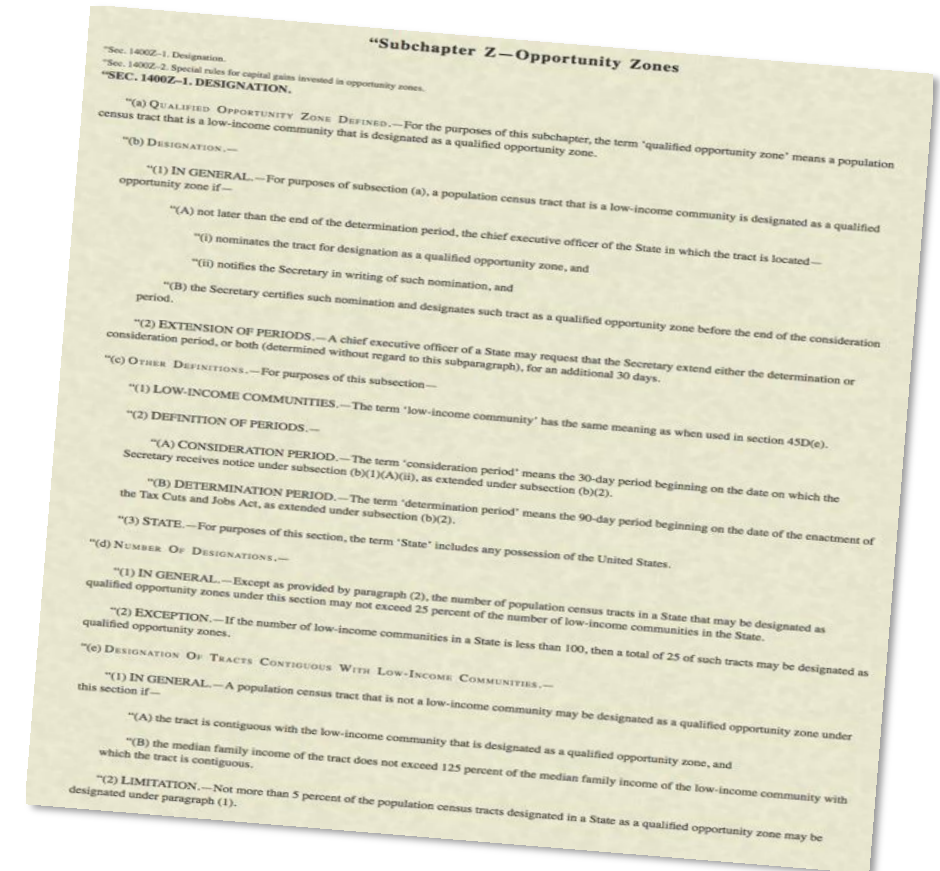
M A R Y L A N D OPPORTUNITY ZONES



Talbot County Resource Fair
Opportunity Zones Review
September 18, 2019
114 S. Washington Street, Suite 101
Easton, Maryland 21601

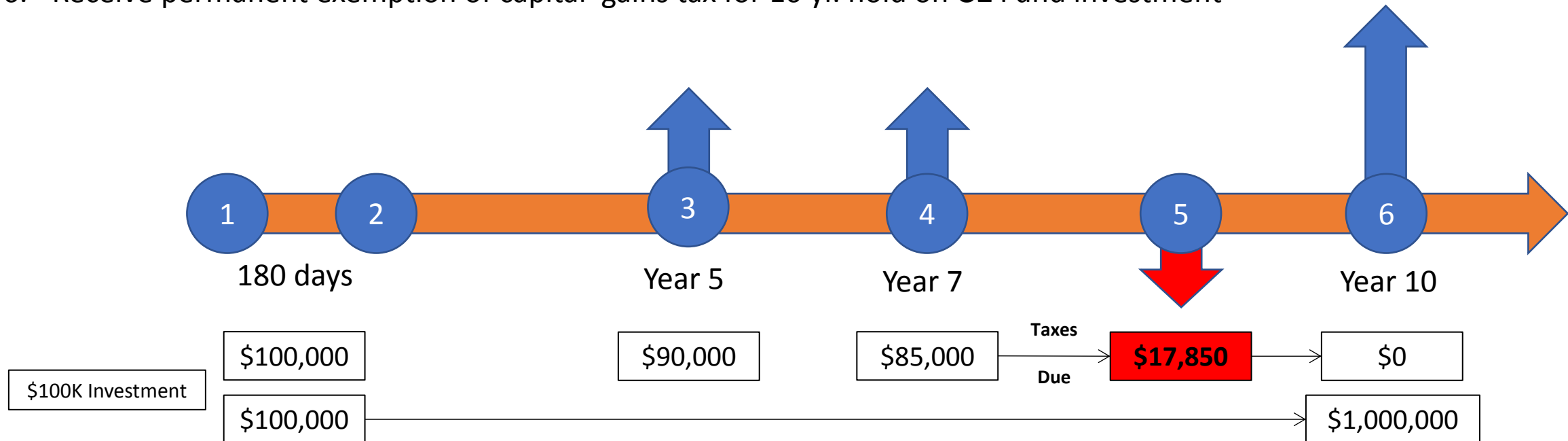
Opportunity Zones will help connect low-income communities with needed capital.

- **Capital** – U.S. households and corporations were sitting on an estimated **\$6.1 trillion** in unrealized capital gains at the end of 2017.
- **Connect** – Opportunity Zones offer a frictionless way for investors to dedicate all or a portion of their winnings to seeding the next generation of enterprise in distressed communities all across the country. In exchange, investors get a graduated series of federal tax incentives tied to **long-term holdings**.



Source: EIG analysis of the Federal Reserve's Survey of Consumer Finances and Financial Accounts of the United States

1. Realize gain from any capital gain triggering event
2. Invest in OZ Fund within 180 days
3. Receive 10% step up basis for 5 yr. hold of OZ Fund investment
4. Receive additional 5% step up basis for 7 yr. hold of OZ Fund investment
5. Pay deferred capital gain taxes due for Step 1(85% of original) by 12/31/2026
6. Receive permanent exemption of capital gains tax for 10 yr. hold on OZ Fund investment





Investor
(Capital Gain)



180 days



OZ Fund
(Partnership / Corporation)



180 days



Tech Startup

- Realize gain from any capital gain triggering event
- Investor elects for deferral by completing IRS **Form 8949**
- Invest into OZ fund within 180 days

- Invest 90% of funds into QOZB
- Funds self certify with IRS **Form 8996**
- Annual Reporting

- 50% Revenue within OZ
- 70% Assets within OZ
- <5% of assets in cash
- Not a “sin business”
- Substantial portion of intangible property is used in the active conduct of the business

Benefits:

- 5 YR HOLD - tax deferral, 10% step up
- 7 YR HOLD – tax deferral, 15% step up
- 10 YR HOLD – tax deferral, 15% step up, 100% cap gain exemption



Investor
(Capital Gain)



180 days



OZ Fund
(Partnership /
Corporation)



180 days



Single Asset
Real Estate

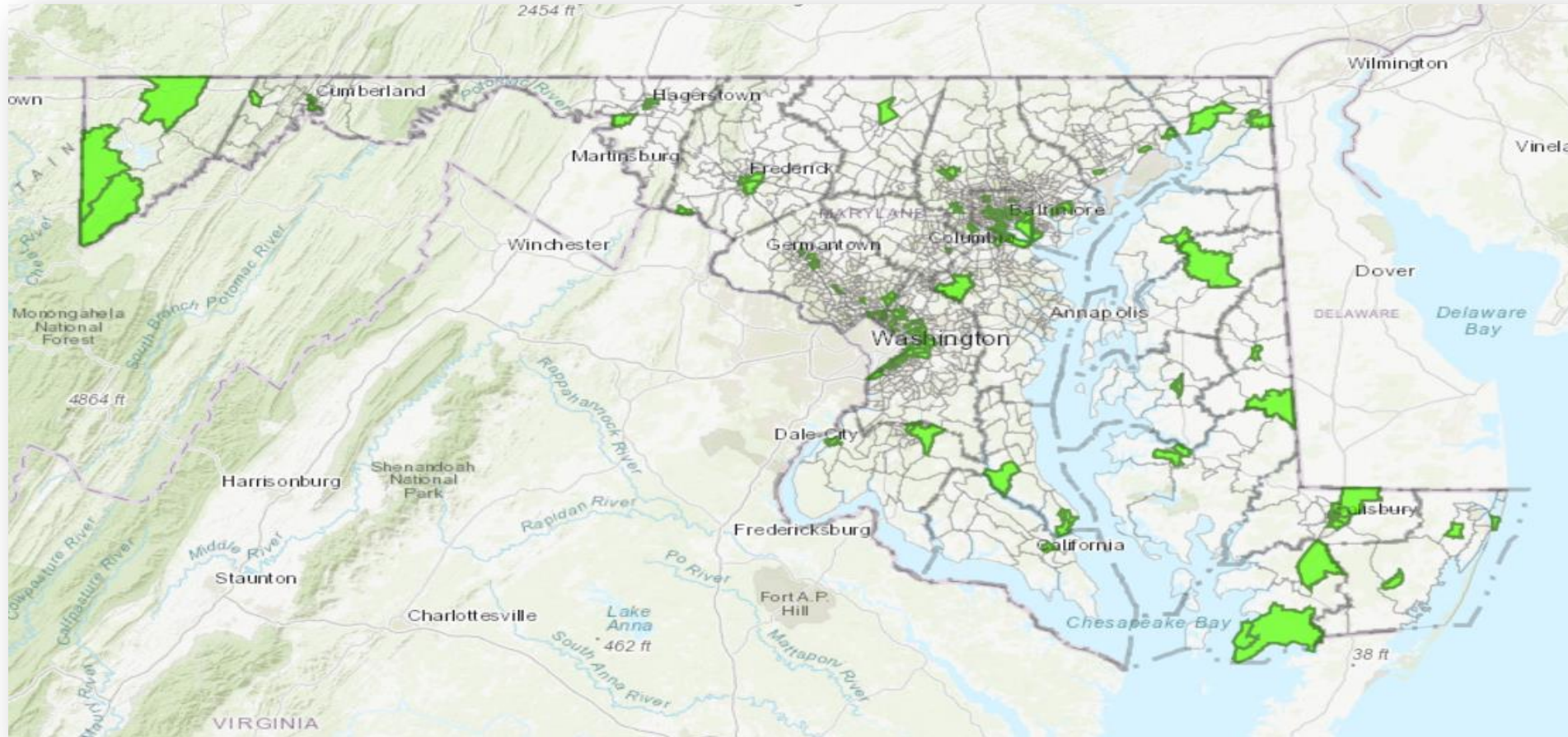
- Realize gain from any capital gain triggering event
- Investor elects for deferral by completing IRS **Form 8949**
- Invest into OZ fund within 180 days

- Invest 90% of funds into QOZB
- Funds self certify with IRS **Form 8996**
- Annual Reporting

- Substantially Improve real estate (100% of Building value)
- 31 month written expenditure plan for cash invested

Benefits:

- 5 YR HOLD - tax deferral, 10% step up
- 7 YR HOLD – tax deferral, 15% step up
- 10 YR HOLD – tax deferral, 15% step up, 100% cap gain exemption



# of Designated Opportunity Zones	
County	
Allegany	4
Anne Arundel	4
Baltimore County	10
Baltimore City	42
Calvert	3
Caroline	2
Carroll	1
Cecil	3
Charles	3
Dorchester	2
Frederick	5
Garrett	3
Harford	4
Howard	1
Kent	1
Montgomery	14
Prince George's	25
Queen Anne's	1
Somerset	3
St. Mary's	1
Talbot	2
Washington	5
Wicomico	7
Worcester	3
Total	149

Talbot County

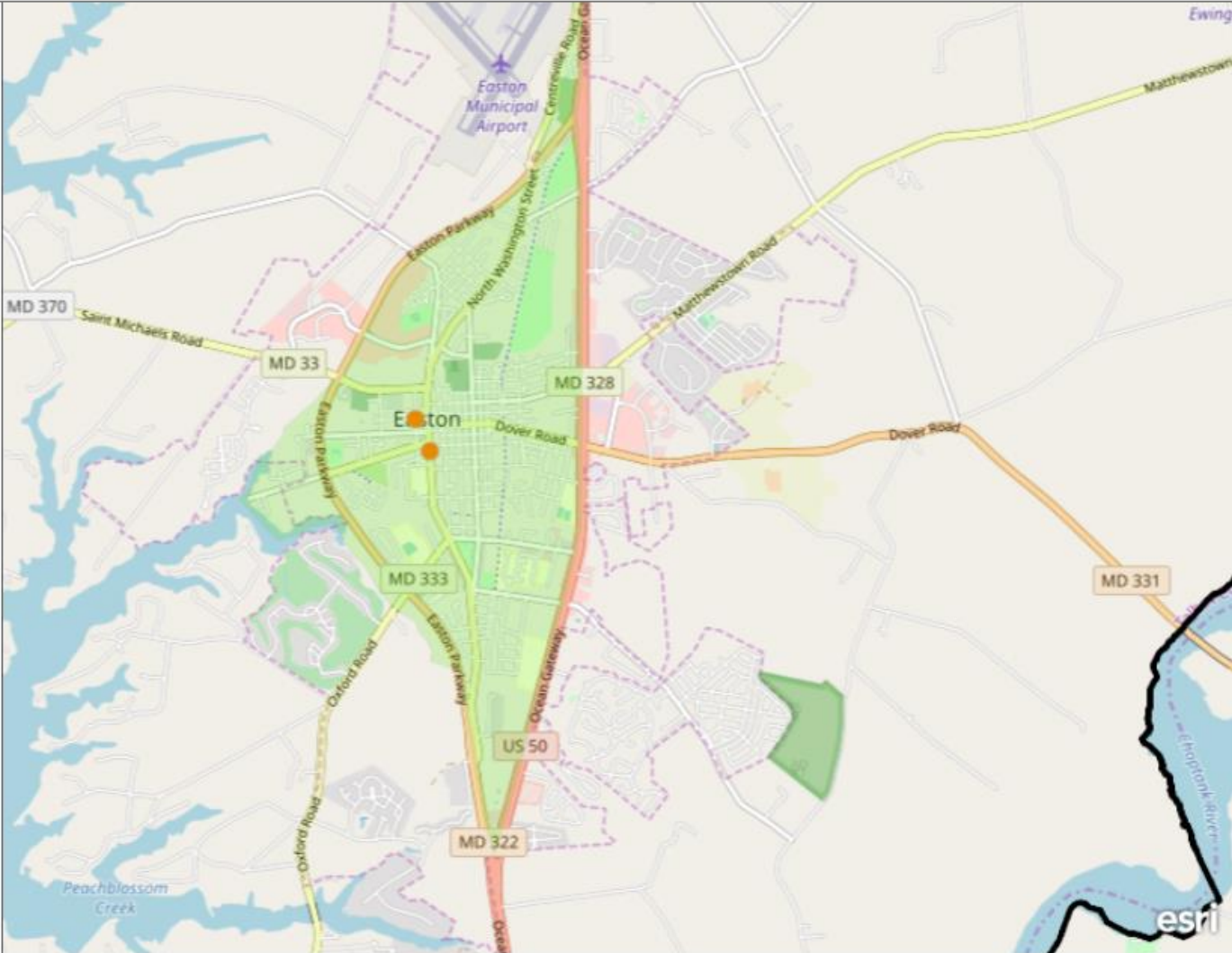
Maryland Physical
Boundaries - County
Boundaries
(Generalized) - County
Boundaries - Generalized



EPA Brownfields
Properties 2018

● EPA Brownfields
Properties

Maryland Incentive
Zones - Opportunity
Zones - Opportunity
Zones

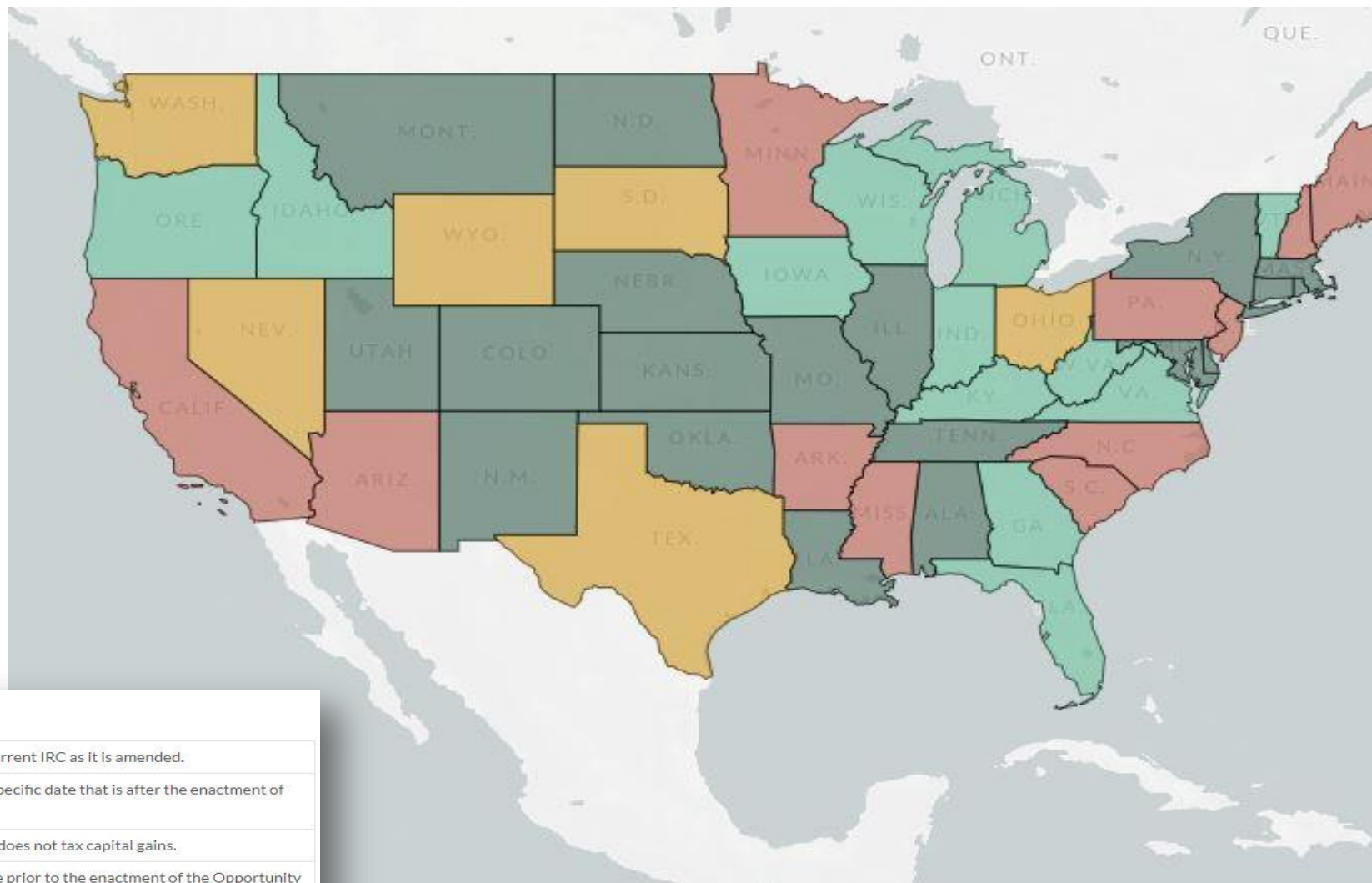


Talbot County has 2 Opportunity Zones

24041960400
24041960300

Talbot County - Opportunity Zones

- In Maryland, both personal and corporate income taxes use federally calculated AGI as the starting point
- Maryland automatically conforms to the current federal tax code



Legend

	Conforming - Rolling: The state automatically conforms to the current IRC as it is amended.
	Conforming - Fixed Date: The state conforms to the IRC as of a specific date that is after the enactment of the Opportunity Zones legislation.
	No Capital Gains: The state has no state income tax or generally does not tax capital gains.
	Nonconforming: The state conforms to the IRC as of specific date prior to the enactment of the Opportunity Zones legislation or the state has specifically decoupled from the Opportunity Zones provisions of the IRC.

Source – Novogradac website

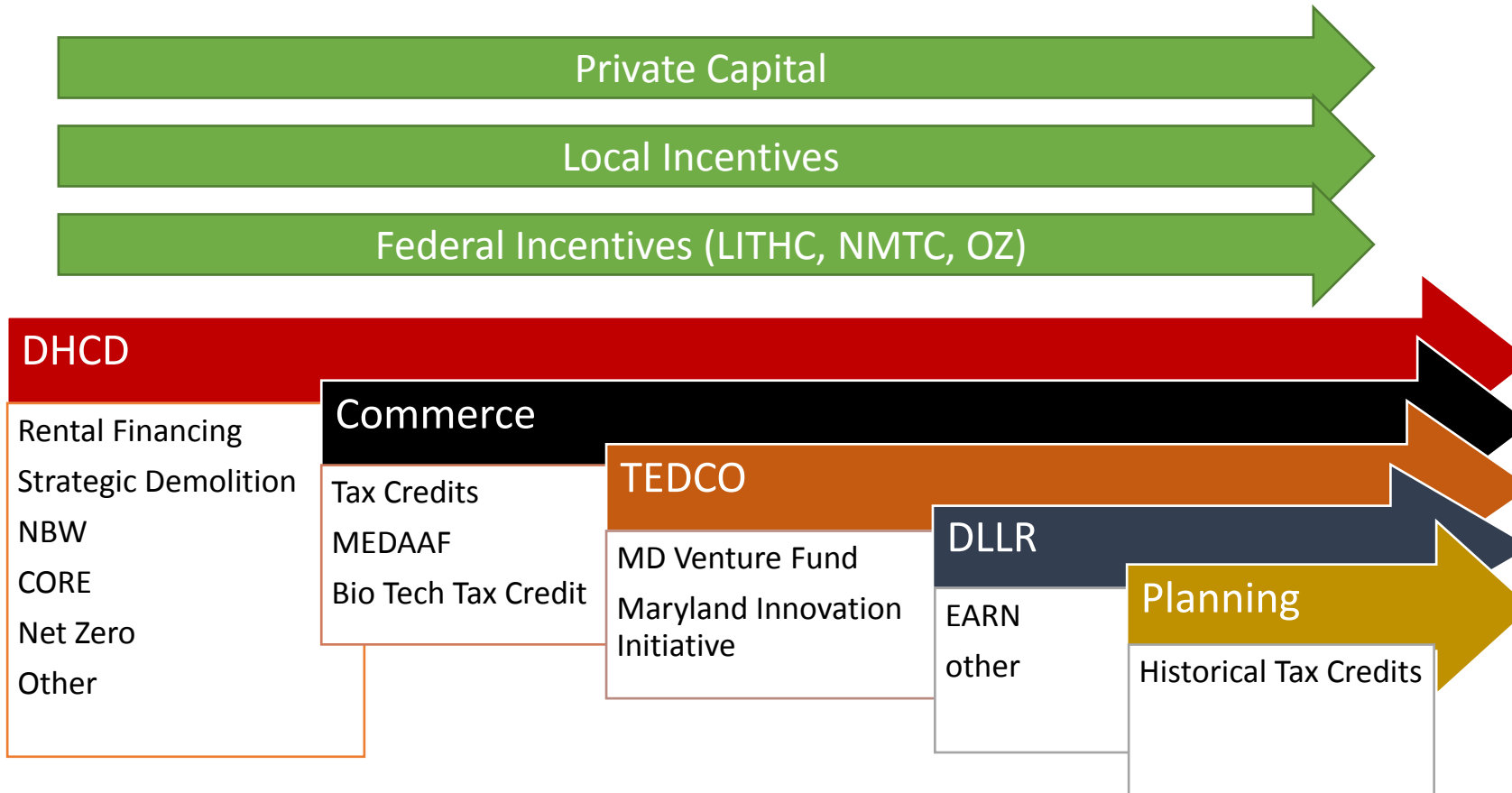
Governor Hogan signed Executive Order 01.01.2019.01

“Creates Maryland Opportunity Zone Leadership Task Force chaired by Lt. Governor Rutherford.”

- Hosts regional summits for local stakeholders input
- Develops a plan to optimize federal, state and local investment

OZ Legislative / Funding - “More Opportunities for Maryland”

- COMMERCE – “More Jobs for Marylanders” - Tax credits for creating new jobs / expanding job in OZs
- LABOR - Workforce training
- HOUSING – Grants & loans
 - Rental Financing, Strategic Demolition, Neighborhood Business Works



Project



Hi-tech business

DHCD's multiple funding programs can make a concentrated impact in OZs when combined with other State agencies and the private marketplace.

Opportunity Zones – Information Exchange



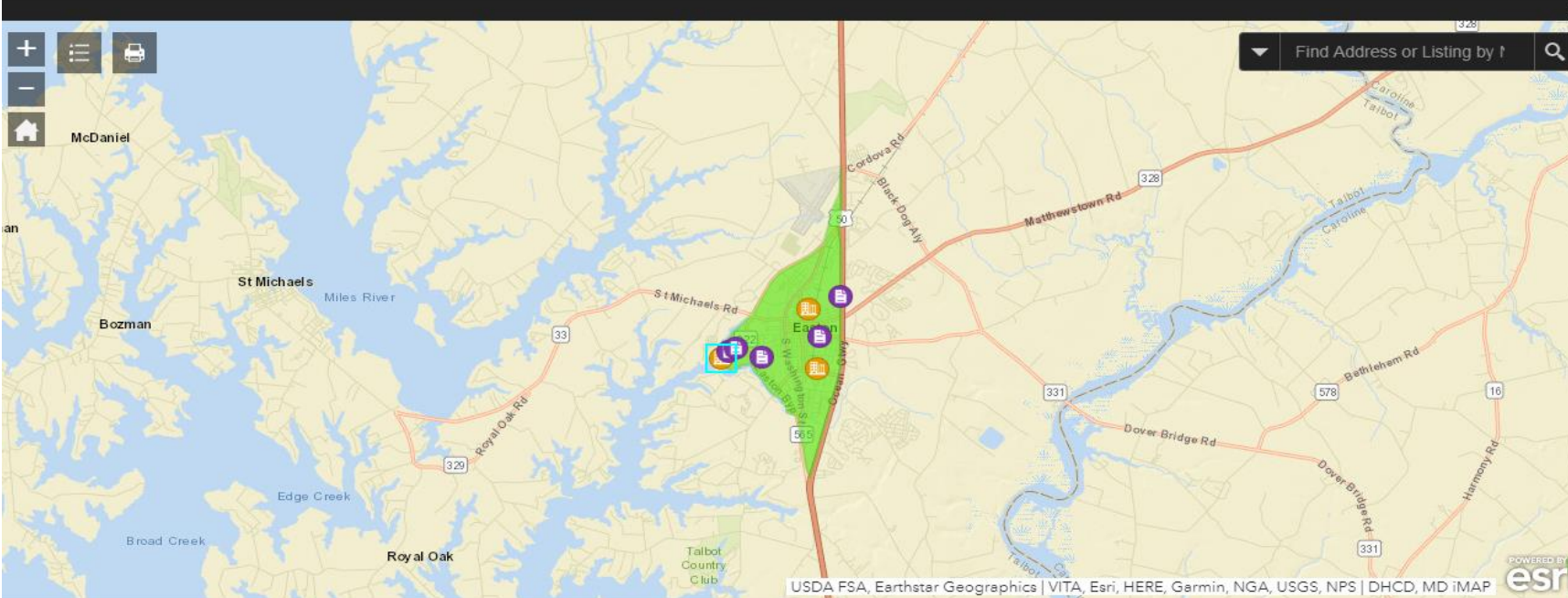
MARYLAND OPPORTUNITY ZONES



OZ Information Exchange

Maryland Department of Housing and Community Development

+ Add a new OZ listing to the Exchange



Info. Summary



Listings

9

- Business - Office Space - Talbot
- Business - Brewery - Talbot
- Business - Waterfront Brewery in Easton - Talbot
- Fund - Downtown Housing Fund - Talbot
- Project - Building Investment Opportunity - Talbot
- Project - Mixed Use Waterfront Development Parcel in Easton MD - Talbot
- Project - Easton MD 14,000 Square Foot Former Knights of Columbus Building - Talbot
- Project - Port Street Redevelopment Project - Talbot

Opportunity Zone

Filter Criteria

Listing type is

- empty -

Listing Industry is

- empty -

Listing Jurisdiction is

Talbot

Listing Description

(1 of 1)

Clear

Waterfront Brewery in Easton - (Business)

Contact Info:

Tim Miller
tmiller@nationalpremiumbeer.com
[Website](#)

Description:

Existing brewery business seeking to build and rehabilitate and old industrial waterfront site into a production brewery, tasting room and restaurant. Wild Goose Brewery currently contract brews its products and distributes throughout Maryland. Property is also in the Enterprise Zone.

Listing Financials:

Funds Sought: \$2,500,000
Funds Raised: \$0





M A R Y L A N D OPPORTUNITY ZONES



OZ Important Links:

- Task Force contact Email:
MD.OpportunityZones@maryland.gov
- Lt. Governor's webpage:
ltgovernor.maryland.gov/opportunityzones
- DHCD information exchange:
<https://dhcd.maryland.gov/Pages/OpportunityZones.aspx>

Questions Contact:

Frank Dickson
Director, Strategic Business Initiatives
Department of Housing and Community Development
Frank.dickson1@maryland.gov
301.429.7425