



ENTERPRISE ZONE

PROPOSED RE-CERTIFICATION AREAS AND APPLICATION PROCESS

Prince George's County Council Committee of the Whole

July 14, 2020

Presented by:
David Iannucci, President & CEO
Ebony Stocks, Executive Vice President
Andre Plummer, Financial Services Manager



EDC'S ECONOMIC DEVELOPMENT PRIORITIES

- ✓ Retain and Grow Our Existing 16,000 Employers
- ✓ Promote Entrepreneurship and Innovation
- ✓ Execute a Tailored Acquisition Strategy Targeting Four Industry Clusters
- ✓ Launch A Proactive Outreach Marketing Campaign
- ✓ Target Economic Development Resources to Support Targeted Clusters

Maryland Enterprise Zone

- ADOPTED IN 1982 THROUGH STATE LEGISLATION
- THE ENTERPRISE ZONE (EZ) TAX CREDIT PROGRAM ENCOURAGES JOB CREATION AND INVESTMENT IN REAL PROPERTY IN ECONOMICALLY DISTRESSED AREAS
- MARYLAND DEPARTMENT OF COMMERCE DETERMINES ELIGIBILITY AND DESIGNATES ZONES
- COUNTIES AND MUNICIPALITIES ARE RESPONSIBLE FOR ADMINISTERING THE EZ AND CERTIFYING BUSINESSES FOR THE TAX CREDITS
- 36 ENTERPRISE ZONES IN 18 COUNTIES AND BALTIMORE CITY
- FOCUS AREAS IN BALTIMORE CITY AND PRINCE GEORGE'S COUNTY



Maryland Historical Highlights

- In FY 2018, 684 BUSINESSES WILL RECEIVE PROPERTY TAX CREDITS TOTALING \$44.76 MILLION
- REAL PROPERTY INVESTMENTS MADE BY BUSINESSES IN FY2017 WERE \$3 BILLION – AN AVERAGE CAPITAL INVESTMENT OF \$4.5 MILLION PER BUSINESS
- LOCAL ZONE ADMINISTRATORS CERTIFIED 151 NEW BUSINESSES FOR THE PROPERTY AND/OR INCOME TAX CREDITS IN 2014

ENTERPRISE ZONE BENEFITS

- **Real Property Tax Credit** – based on improvements to real property that increase its assessed value, as determined by SDAT (Residential Real Property not eligible)
- **Income Tax Credit** – based on hiring “qualified employees”
 - Hired by the business after the later of:
 - Date on which EZ is designated or Date on which business locates in the EZ
 - Paid 150% of Federal minimum wage
 - Full-time (35 hours/week)
 - Is a new employee

ENTERPRISE ZONES

- State Income Tax Credits for New Job Creation
 - One-time tax credit of \$1,000 - \$6,000 per new worker
- Real Property Tax Credit
 - Ten year real property tax credit on the value of a portion of real property improvements. The credit is 80% for the first five years and decreases 10% annually thereafter to 30% in the 10th year

FOCUS AREA ENTERPRISE ZONE

- State Income Tax Credits for New Job Creation
 - One-time tax credit of \$1,500 - \$9,000 per new worker
- Real Property Tax Credit
 - Ten year real property tax credit at 80% for the full ten years
- Personal Property Tax Credit
- Ten year, 80% credit against County personal property taxes on new investment in personal property within a focus area

Economic Development Benefits

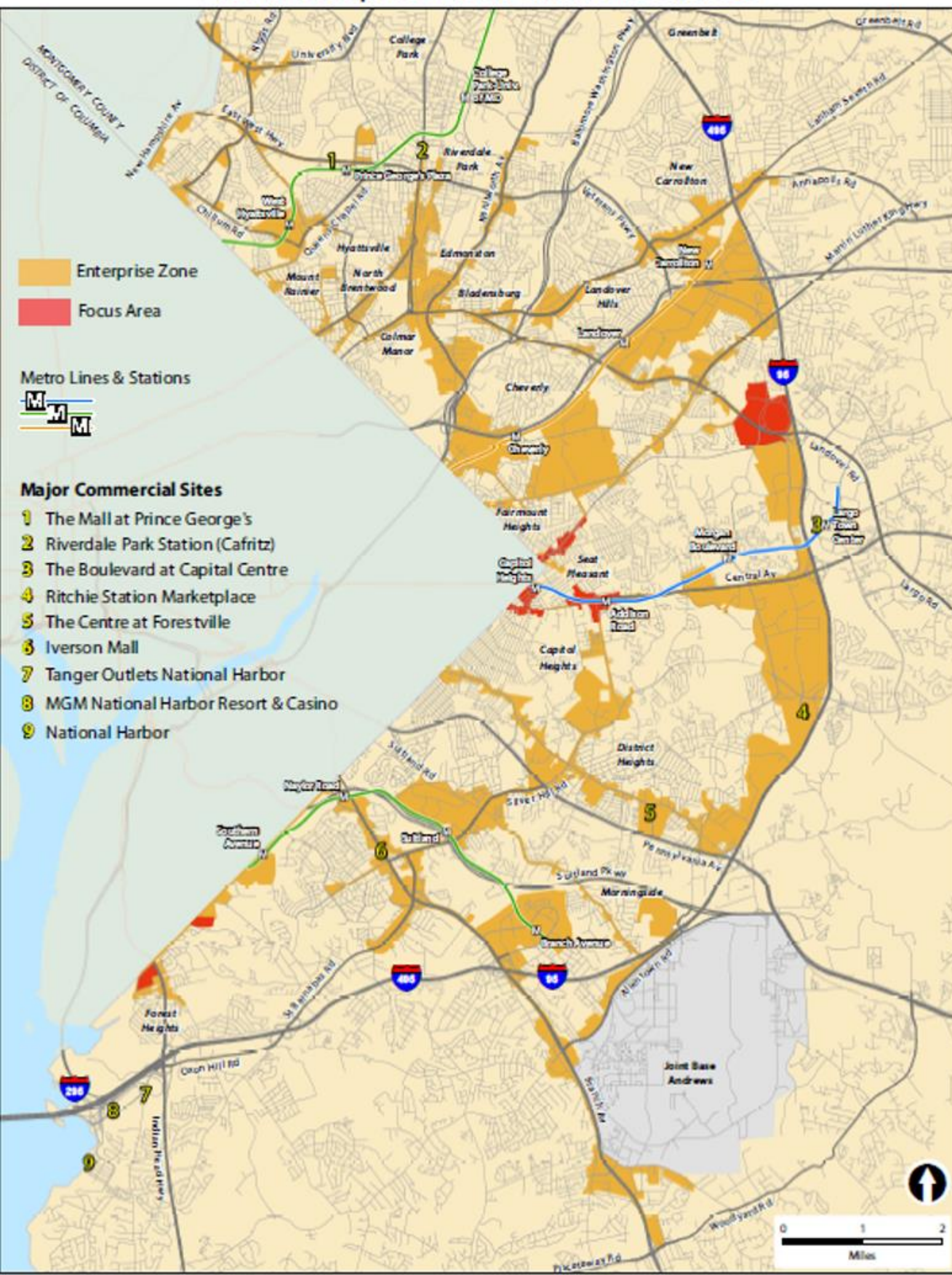
COUNTY AND MUNICIPALITY

- Directs investment into communities
- Improves real property
- Increases area land values
- Attracts additional development
- Increases competitiveness

BUSINESS

- Improves expansion feasibility
- Improves cash flow by lowering operating costs
- Meets community service goals
- Increases marketability for building owner

Current Enterprise Zone and Focus Area Map



Enterprise Zone 8,833.26 acres
 Focus Areas 414.46 acres

Enterprise Zone designated 2009
 (10 year designation)
 Focus Area designated 2014
 (5 year designation)

Enterprise Zone and Focus Area expiration
 12/14/2019

ENTERPRISE ZONE APPLICATION

- ✓ Expression of Consent
- ✓ Written confirmation for a State Priority Funding Area
- ✓ Documentation of Eligibility of area (data and computation)
- ✓ Maps (Vicinity, Parcel, Zoning)
- ✓ Written Narrative
- ✓ Feasibility of creating educational or training opportunities for employers and employees in the Zone
- ✓ Public Hearing
- ✓ Evaluation of the history and benefits of the existing zone
- ✓ Comparison of the strategy for the re-designation or expansion

Eligibility Criteria of an Enterprise Zone

The area which satisfies at least one of the following:

- Average rate of unemployment is at least 150 percent of the average rate of unemployment in Maryland.
- Low-income poverty in which the proportion of families with less than poverty level incomes is at least 1.25 times the national proportion.
- Median family income (at least 70 percent of the families have incomes that are less than an amount equal to 80 percent) of the median family income within Prince George's County).
- 10 percent population decrease, and chronic abandonment or demolition of the property, or substantial property tax arrearages.

Eligibility Criteria of a Focus Area Enterprise Zone







The area which satisfies at least three of the following:

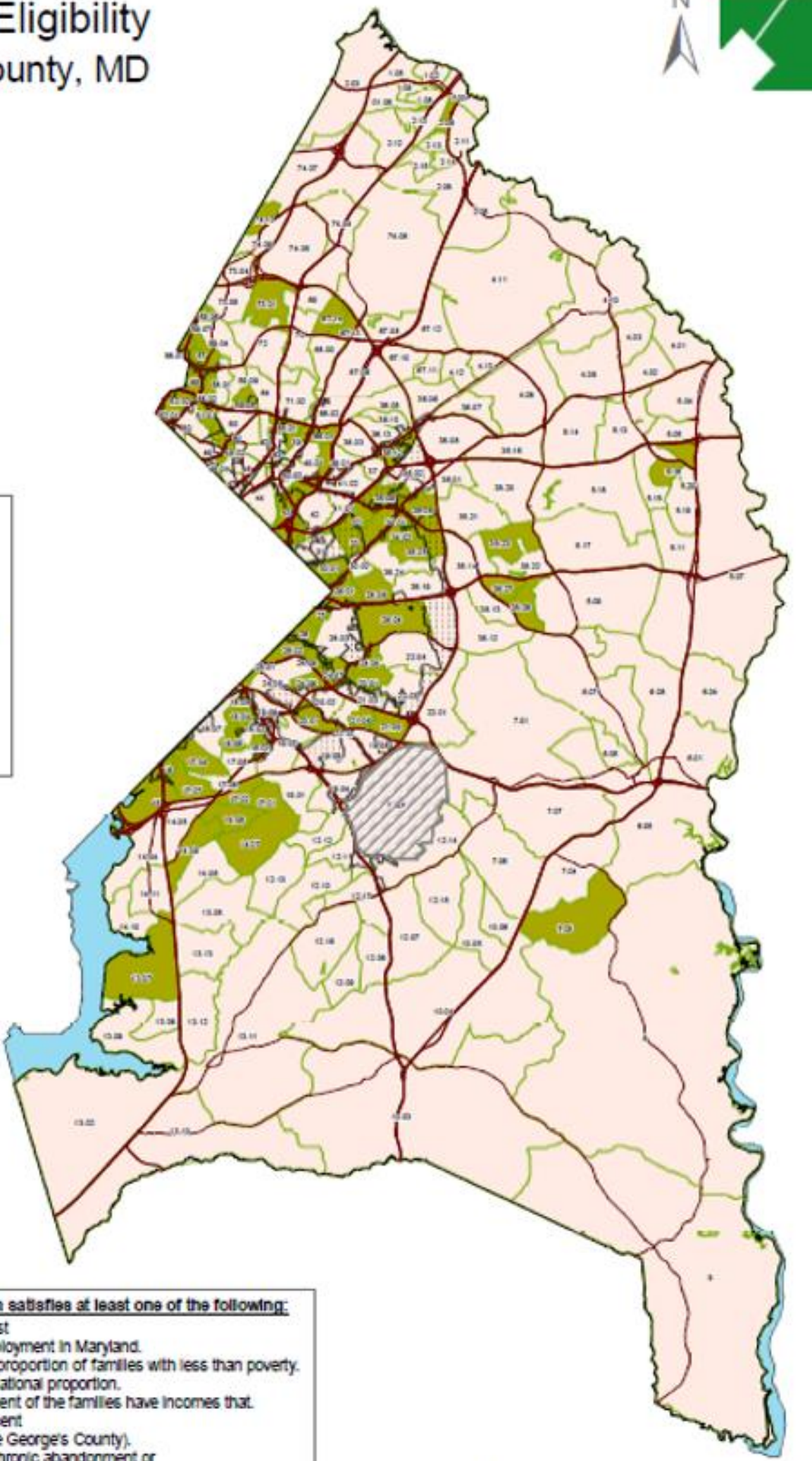
- Average rate of unemployment is at least 150 percent of the average rate of unemployment in Maryland.
- Population has an incidence of poverty that is 150 percent of the national average.
- Crime rate in the area is at least 150 percent of the crime rate in the political subdivision in which the area is located, based on crime statistics.
- Percentage of substandard housing in the area is at least 200 percent of the percentage of housing units in MD.
- The percentage of square footage of commercial property that is vacant is at least 20 percent.

Enterprise Zone Eligibility Prince George's County, MD

2019 Eligible Census Tracts

Some current Enterprise Zone areas
no longer qualify for re-designation

 Enterprise Zone
 Census Tract
 *Meets at least 1 of 4 Enterprise Zone Criteria
 Joint Base Andrews
 Major Roads
 Water



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Date Created: 8/23/2019
Created By: Nick Ward, CWPD


***Enterprise Zone Criteria – The area which satisfies at least one of the following:**


- Average rate of unemployment is at least 150 percent of the average rate of unemployment in Maryland.
- Low-income poverty area in which the proportion of families with less than poverty level incomes is at least 1.25 times the national proportion.
- Median family income (At least 70 percent of the families have incomes that are less than an amount equal to 80 percent of the median family income within Prince George's County).
- 10 percent Population decrease, and chronic abandonment or demolition of the property, or substantial property tax arrearages.





Enterprise Zone Focus Area Eligibility Prince George's County, MD


 Enterprise Zone Focus Area

 Census Tract

*Meets at least 3 of 5
 Enterprise Zone Focus Area Criteria

 Joint Base Andrews

 Major Roads

 Water



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Enterprise Zone Focus Area - The area which satisfies at least one of the following:

- Average rate of unemployment is at least 150 percent of the average rate of unemployment in Maryland.
- Population has an incidence of poverty that is 150 percent of the national average.
- Crime rate in the area is at least 150 percent of the crime rate in the political subdivision in which the area is located, based on crime statistics that:
 - Conform with standards set forth under the F.B.I. Uniform Crime Reporting Program or the National Crime Victimization Survey, and
 - Are "aggregated categories" that include both violent crimes and crimes against property.
- Percentage of substandard housing in the area is at least 200 percent of the percentage of housing units in MD.
- The percentage of square footage of commercial property that is vacant is at least 20 percent.

2019 Eligible Census Tracts

Some current Enterprise Zone Focus Areas no longer qualify for re-designation



Additional Evaluation Criteria

EDC & MNCPPC went through each census tract and selected areas with the following considerations:

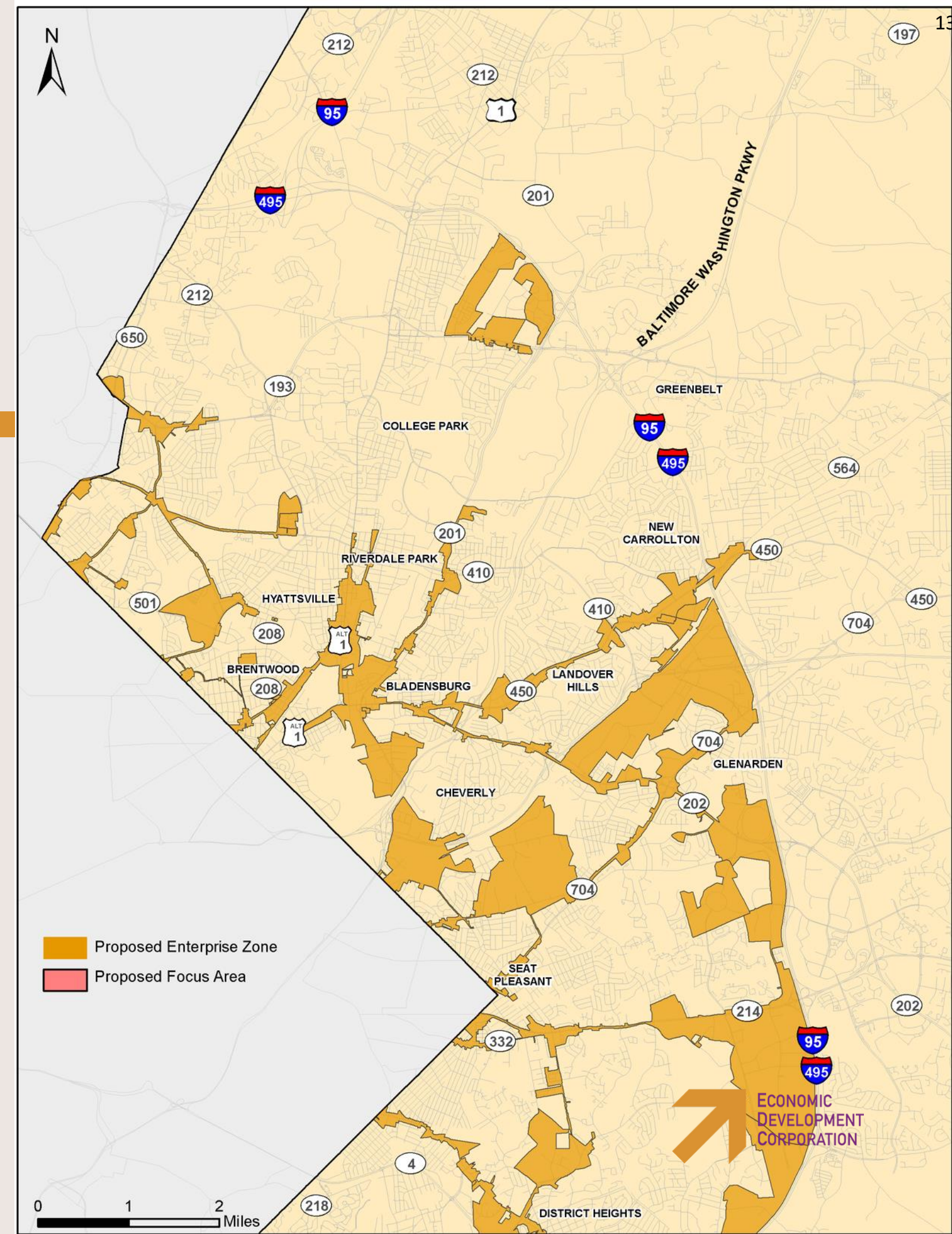
- Current Commercial and Mixed-Use Zoning
- Zoning Re-Write
- Plan 2035
- TOD Priorities
- Commercial activity centers
- Economic Development Priorities
- Inside the Beltway
- Balance Tax Credit incentives with future development that will naturally occur

RE-DESIGNATED SITES LARGELY UNCHANGED



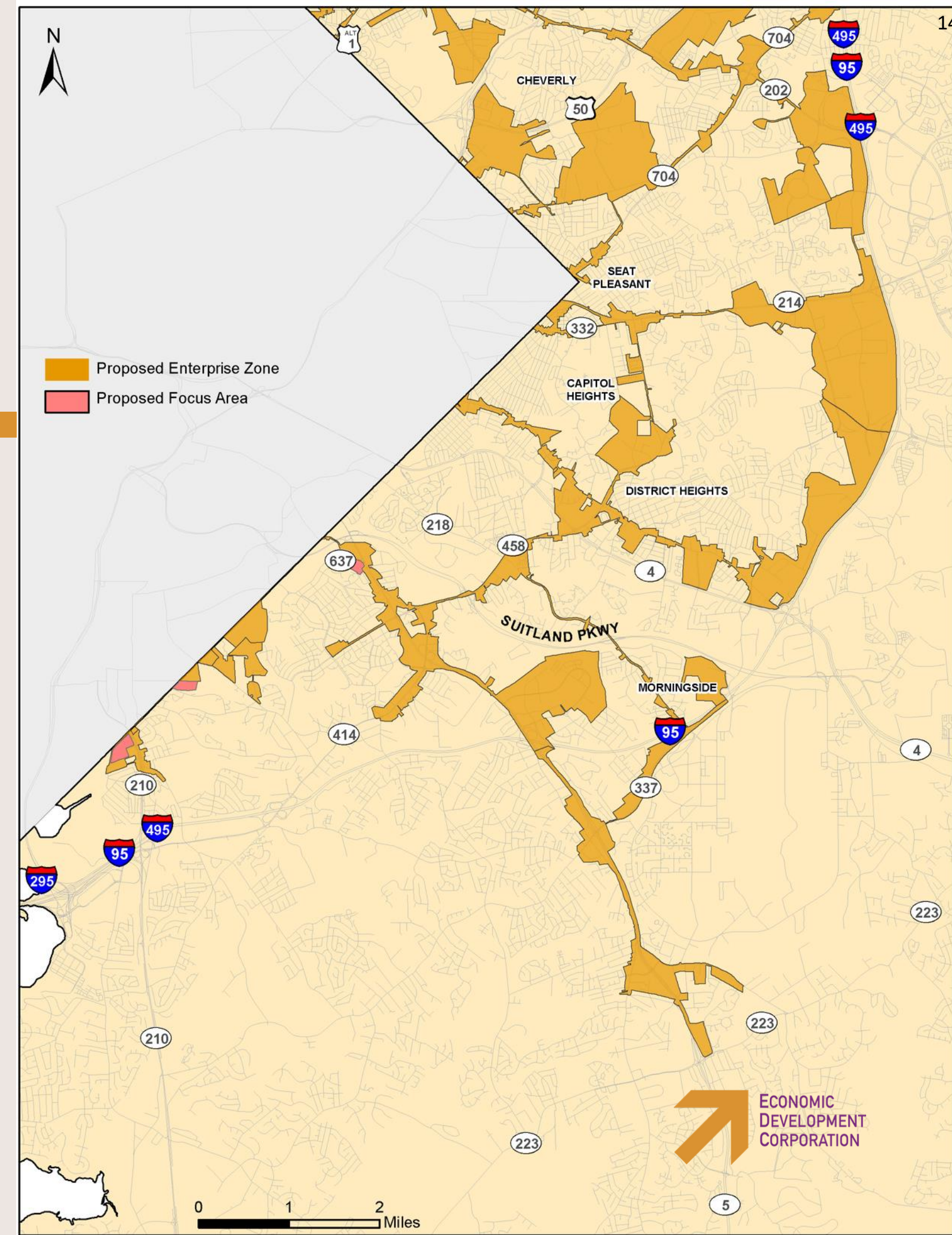
Proposed 2020

EZ Designations - North Map



Proposed 2020

EZ Designations - South Map



METRO LAUNDRY SERVICE

Minority owned, family owned business established in 2002. Commercial launderer serving area hotels.



New facility is 24,000 square feet, can process between 26,000 to 30,000 lbs. per day



Employs over 50 FT and PT employees



Expansion enabled the company to service more clients (including MGM hotel)

SUSAN GAGE CATERERS

A self-taught chef, Susan Gage started the company in her Ft. Washington home in 1986 and was later joined by her son, a former Airborne Ranger Army Officer with an MBA.



Catering company leased and improved a 30,678 SF facility which include tasting rooms, commercial kitchens, warehouse, office space, and a charging station for electric cars



Retained 110 Jobs and 25 New Jobs



TPC \$4.6 million - \$3 million in leasehold improvements and \$1.2 million in new equipment

Follow up Analysis

- The company was expected to retain a total of 110 FT employees and add 25 new FT employees by 2018 with at least 40% of these employees being County residents
- Currently has a total of 299 employees with 139 FT and 160 PT. Susan Gage retained 110 FT employees and has already added a total of 29 FT employees (exceeding the 25% required) of which 62% are County residents
- Over a ten year period, the business is projected to create a NPV of \$429,000 in local tax receipts (County personal income tax, real property tax, business personal property tax, and other tax receipts)

SUSAN GAGE
CATERERS

COUNCIL RESOLUTION

Obtain a Resolution of the County Council

Next Steps to Complete the Application Package

PUBLIC HEARINGS

Hold Public Hearings (Per Economic Development Article, §2-108 and Title 5, Subtitle 7, Annotated Code of Maryland: Evidence and certification that the political subdivision, before submission, held a public hearing with adequate notice and publicity on the application)

MUNICIPALITY RESOLUTION

17 Received

4 Outstanding

- Cheverly
- Glenarden
- Colmar Manor
- Capitol Heights

Thank You

Contact Us

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