

OFFICE OF FINANCE PROGRAMS

ENTERPRISE ZONES

ANNUAL STATUS REPORT
CALENDAR YEAR 2023
Economic Development Article

SECTION 5-709

Submitted by:

Maryland Department of Commerce

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MARYLAND ENTERPRISE ZONE PROGRAM

The Maryland Enterprise Zone tax credit program has been one of the most widely used economic development tax credit programs in the State. The Program was created in 1982 with two enterprise zones (EZ) in two jurisdictions and has grown to include 36 EZs. The purpose of the program is to encourage revitalization through commercial development in economically distressed areas of the State, in partnership with political subdivisions, by incentivizing capital investment and job creation through real property and income tax credits. Legislation passed in 2022 made several changes to the EZ program which are detailed in the Metrics and Evaluation section on page 10.

The Enterprise Zone tax credit program is unique as it requires not only coordination between businesses and a local jurisdiction Administrator, but it also requires coordination between the local Administrators and multiple State agencies. Each agency plays a defined role in the program pursuant to its various rules and requirements. The Maryland Department of Commerce (Commerce) approves the State's Enterprise Zones, while local governments are responsible for their administration.

The primary benefits to businesses that are located within a Maryland EZ are eligibility for local property tax credits and State income tax credits. Businesses are eligible for these credits based on capital improvements and job creation, respectively. The property tax credit is a ten-year credit against local real property taxes on the portion of real property improvements. By statute, the State reimburses one-half of the foregone local property tax revenue to the local jurisdictions. The income tax credit is a nonrefundable credit against State income tax for each new job created within the EZ, and the amount of the credit increases if an economically disadvantaged individual fills the position. The income tax credit represents foregone State income tax revenue. To obtain the property tax credit and or the income tax credit, a business located within a designated enterprise zone must contact the local enterprise zone administrator to determine whether a particular property meets specific requirements within a given enterprise zone. While State law indicates that businesses may qualify for the credit by making capital improvements or hiring new employees, local jurisdictions may establish additional requirements (e.g., qualifying businesses must hire a certain number of new employees or that the jobs created must be in certain industries).

Commerce wishes to acknowledge the efforts of the Comptroller of Maryland, the State Department of Assessments and Taxation (SDAT), the Maryland Department of Labor (DOL) and county and municipal Enterprise Zone (EZ) administrators for providing valuable information for this report.

As of December 31, 2023, there are thirty-six EZs across the State and seven focus areas (FA) located in Baltimore City and Prince George's County. During 2023, Commerce designated three EZs, redesignated/expanded one EZ, and re-designated three EZs (See Table 1).

Table 1: Enterprise Zones			
County	Enterprise Zone	Acres	Expires
Allegany	Rt. 220 South	380	06/14/2029
	Frostburg	346	12/14/2024
Anne Arundel	Brooklyn Park	472	6/14/2032
Baltimore City	Baltimore City	16,674	6/14/2032
Baltimore County	Chesapeake (former North Point)	6,988	6/14/2025
	Southwest	1,720	6/14/2033
	Woodlawn	756	6/14/2033
Caroline	Federalsburg	534	6/14/2025
	North County	710	12/14/2028
Cecil	Cecil County	8,126	6/14/2033
Dorchester	Cambridge	1,810	6/14/2033
Frederick	City of Brunswick	1,371	6/14/2026
	City of Frederick	525	6/14/2028
Garrett	Southern Garrett Industrial Park	247	6/14/2027
	Northern Garret Industrial Park	109	12/14/2028
	Keyser's Ridge	262	6/14/2028
Harford	Aberdeen/Havre de Grace	9,797	6/14/2026
	Edgewood-Joppa	4,297	6/14/2024
Montgomery	Olde Towne-Gaithersburg	350	6/14/2028
	Long Branch –Takoma Park	125	6/14/2023
	Burtonsville/Briggs Chaney	231	6/14/2027
Queen Anne's	Queen Anne's County	1,349	12/14/2026
Prince George's	Prince George's County	9,385	1/3/2030
Kent	Town of Chesterfield	1,089	6/14/2026
	Rock Hall	1,532	12/14/2031
	Town of Betterton/Worton Industrial	2,047	12/14/2033
Somerset	Crisfield	776	6/14/2026
	Princess Anne	1,500	6/14/2033
Talbot	Easton Talbot	316	6/14/2027
	Tilghman	85	12/14/2027
Washington	Hancock	1,871	12/14/2025
	Hagerstown	4,410	12/14/2022
Wicomico	Salisbury	5,196	12/14/2032
	Fruitland	129	6/14/2025
Worcester	Berlin	1,195	12/14/2026
	City of Pocomoke	926	12/14/2032
	Town of Snow Hill	230	6/14/2033

Focus Areas		
Baltimore City	Jones Falls Area	6/14/2032
	Oldtown	6/14/2032
	Carrol Camden Industrial	6/14/2032
	Central West	6/14/2032
	Holabird-Orangeville	6/14/2032
	South Industrial	6/14/2032
Prince George's County	Four Locations	1/31/2030

2023 Enterprise Zone Designations

Designation Applicant: Baltimore County - Southwest (redesignation with expansion)

On April 5, 2023, the Department received an EZ application for Baltimore County - Southwest. At the time of application, Baltimore County - Southwest had an Enterprise Zone consisting of 1,304 acres that expired on June 14, 2023. Baltimore County - Southwest proposed to redesignate and expand the area to approximately 1,600 acres. The area includes Lansdowne, Halethorpe, and Arbutus.

Baltimore County advertised in the Baltimore Sun on April 9-10, 2023 and March 9, 2022, and held its public hearing on April 25, 2023. The County Council passed the resolution to approve of the redesignation with expansion on May 1, 2022.

The State Clearinghouse coordinated the intergovernmental review of the Baltimore County – Southwest redesignation with expansion Enterprise Zone Application and confirmed that this redesignation with expansion project is consistent with the plans, programs, and objectives of State agencies and local governments. Commerce reviewed the American Community Survey for the provided census tracts and confirmed that the eligibility requirements for redesignation based on unemployment, low income poverty areas and the adjacent tracts are acceptable.

Baltimore County - Southwest met the location, demographic and other requirements per COMAR 24.05.01.14. Commerce approved the redesignation with expansion designation for Baltimore County – Southwest. The redesignation with expansion is for ten years and expires June 14, 2033.

Designation Applicant: Baltimore County - Woodlawn (new designation)

On April 5, 2023, the Department received an EZ application for Baltimore County - Woodlawn. Previously, Baltimore County - Woodlawn had an Enterprise Zone consisting of 395 acres which expired June 14, 2021. In the application for new designation, Baltimore County - Woodlawn is proposed to designate a new enterprise zone consisting of the original 395 acres.

Baltimore County - Woodlawn advertised in the Baltimore Sun April 9 through 10, 2023, and held its public hearing on April 25, 2023. The County Council passed the resolution to approve of the designation on May 1, 2023.

The State Clearinghouse coordinated the intergovernmental review of the Baltimore County - Woodlawn Enterprise Zone Application and confirmed that this expansion project is consistent with the plans, programs, and objectives of State agencies and local governments. Commerce reviewed the American Community Survey for the provided census tracts and confirmed that the eligibility requirements for new designation based on unemployment, low income poverty areas and the adjacent tracts are acceptable.

Baltimore County - Woodlawn met the location, demographic and other requirements per COMAR 24.05.01.14. Baltimore County – Woodlawn qualifies because it is located in a federal Historically Underutilized Business Zone (HUBZone). Commerce approved the new designation for Baltimore County - Woodlawn. The new designation is for ten years and expires June 14, 2033.

Designation Applicant: Cecil County (redesignation)

On April 14, 2023, the Department received an EZ redesignation application for Cecil County. Cecil County proposed to re-designate its Enterprise Zone. At the time of application, the zone was 8,051 acres and the county was requesting to renew seventeen (17) sub zones within the Town of Elkton, Town of North East, Town of Perryville and Town of Port Deposit.

Cecil County advertised in the Cecil Whig on April 19, 2023 and April 26, 2023, and held its public hearing on May 9, 2023. The County Council passed the resolution to approve of the redesignation on May 16, 2023, Town of Elkton passed the resolution to approve of the redesignation on April 19, 2023, Town of North East passed the resolution to approve of the redesignation on June 7, 2023, Town of Perryville passed the resolution to approve the redesignation on June 6, 2023 and the Town of Port Deposit passed the resolution to approve the redesignation on May 2, 2023.

The State Clearinghouse coordinated the intergovernmental review of the Cecil County Expansion Enterprise Zone Application and confirmed that this expansion project is consistent with the plans, programs, and objectives of State agencies and local governments. Commerce reviewed the American Community Survey for the provided census tracts and confirmed that the eligibility requirements for designation based on the unemployment, low-income poverty areas and adjacent tracts are acceptable.

Cecil County met the location, demographic and other requirements per COMAR 24.05.01.14. Commerce approved the expansion designation for Cecil County. The redesignation is for ten years and expires June 14, 2033.

Designation Applicant: Dorchester County – City of Cambridge (redesignation)

On April 14, 2023, the Department received an EZ application for Dorchester County – City of Cambridge. Dorchester County and the City of Cambridge proposed to redesignate its Enterprise Zone. At the time of application, the zone was 1,661 acres and the county and city were requesting to redesignate approximately 1,800 acres. The proposed zone includes the City of Cambridge downtown, mixed-use zoning district, the industrial /commercial development areas, and the residential areas adjacent to downtown.

The City of Cambridge advertised in the The Star Democrat on March 12, 2023 through March 19, 2023 and held its public hearing on March 27, 2023, and the City of Cambridge passed the resolution of the redesignation on March 27, 2023.

The State Clearinghouse coordinated the intergovernmental review of the Cecil County Expansion Enterprise Zone Application and confirmed that this expansion project is consistent with the plans, programs, and objectives of State agencies and local governments. Commerce reviewed the American Community Survey for the provided census tracts, and confirmed that the eligibility requirements for redesignation based on the unemployment, low income poverty and family income areas and adjacent tracts are acceptable.

Dorchester County and City of Cambridge met the location, demographic and other requirements per COMAR 24.05.01.14. Commerce approved the redesignation designation for Dorchester County and City of Cambridge. The redesignation is for ten years and expires June 14, 2033.

Designation Applicant: Kent County – Town of Betterton and Worton (new designation)

On April 14, 2022, the Department received an EZ application for Kent County – Town of Betterton and Worton industrial park. Kent County and the Town of Betterton proposed a new Enterprise Zone. The County and the Town of Betterton requested 1,971.601 acres - 525.28 in the Town of Betterton and 1,446.321 in Kent County, that includes the Worton industrial park. The purpose of the new designation is to increase the employment base, retain and expand their current businesses, encourage capital investment, and stimulate development and the Town of Betterton and the Worton Industrial Park.

Kent County and the Town of Betterton and Worton advertised in the Kent County newspaper on March 23, 2023, and held their public hearing on April 4, 2023. The Kent County Council passed the resolution to approve of the new designation on April 4, 2023 and the Town of Betterton passed the resolution to approve of the new designation on April 11, 2023.

The State Clearinghouse coordinated the intergovernmental review of the Cecil County Expansion Enterprise Zone Application and has confirmed that this expansion project is consistent with the plans, programs, and objectives of State agencies and local governments. Commerce reviewed the American Community Survey for the provided census tracts, and confirmed that the eligibility requirements for new designation based on the unemployment area is acceptable.

Kent County and the Town of Betterton met the location, demographic and other requirements per COMAR 24.05.01.14. Commerce approved the new designation for Kent County and the Town of Betterton. The new designation is for ten years and expires June 14, 2033.

Designation Applicant: Somerset County – Town of Princess Anne (redesignation and expansion)

On April 13, 2023, the Department received an EZ application for Somerset County and the Town of Princess Anne. Somerset County and the Town of Princess Anne proposed to redesignate and expand its Enterprise Zone. At the time of application, the zone was 1,269 acres and the county and the town were requesting to expand the zone to 1,448 acres. The area extends

along Route 13 and the incorporated City limits of Princess Anne, and includes the Revells Neck Road which will be developed into an Industrial Park.

Somerset County and the Town of Princess Anne advertised in the Crisfield-Somerset County Times on March 22, 2023, and held its public hearing on March 28, 2023. The County Council passed the resolution to approve the redesignation and expansion on April 11, 2023, and the Town of Princess Anne passed the resolution to approve the redesignation and expansion on April 3, 2023.

The State Clearinghouse coordinated the intergovernmental review of the Cecil County Expansion Enterprise Zone Application and has confirmed that this expansion project is consistent with the plans, programs, and objectives of State agencies and local governments. Commerce reviewed the American Community Survey for the provided census tracts and confirmed that the eligibility requirements for designation based on the unemployment, low-income poverty and family income areas are acceptable.

Somerset County and the Town of Princess Anne met the location, demographic and other requirements per COMAR 24.05.01.14. Commerce approved the redesignation and expansion designation for Somerset County and the Town of Princess Anne. The redesignation/expansion area is for ten years and expires June 14, 2033.

Designation Applicant: Worcester County – Town of Snow Hill (new designation)

On April 12, 2023, the Department received an enterprise zone (EZ) application for Worcester County and the Town of Snow Hill. Previously, Worcester County and the Town of Snow Hill had an Enterprise Zone consisting of 233 acres which expired June 14, 2022. In this application, Worcester County and the Town of Snow Hill proposed to designate a new Enterprise Zone consisting of 230 acres. The purpose of the new designation is to restore economic vitality to the Town of Snow Hill by supporting and fostering growth of existing businesses/attracting new businesses to create more job opportunities.

Worcester County and the Town of Snow Hill advertised in the Ocean City Digest on March 16, 2023 and March 23, 2023, and held its public hearing on March 28, 2023. The County Council passed the resolution to approve of the expansion on March 28, 2023.

The State Clearinghouse coordinated the intergovernmental review of the Cecil County Expansion Enterprise Zone Application and has confirmed that this expansion project is consistent with the plans, programs, and objectives of State agencies and local governments. Commerce reviewed the American Community Survey for the provided census tracts and confirmed that the eligibility requirements for designation based on the unemployment, low-income poverty and family income areas are acceptable.

Worcester County and the Town of Snow Hill met the location, demographic and other requirements per COMAR 24.05.01.14. Commerce approved the new designation for Worcester County and the Town of Snow Hill. The new designation is for ten years and expires June 14, 2033.

Real Property and Income Tax Credit Usage

The primary benefits to businesses that are located within a Maryland EZ are eligibility for local property tax credits and State income tax credits. The Maryland General Assembly requires Commerce, the Comptroller of Maryland and the State Department of Assessments and Taxation to assess the effectiveness of tax credits provided to businesses in EZs, including the number and amount of credits granted annually and the success of the tax credits in attracting and retaining businesses within EZs.

The following sections address the number and amount of credits granted annually for each program credit followed by a discussion of the information provided by the county and/or municipal administrators on how the credits are used to attract and retain businesses.

Real Property Tax Credits – Enterprise Zone

Real Property Tax Credit – A ten-year tax credit against local real property taxes on a portion of real property expansion, renovation, or capital improvement. The amount of credit is 80% of the "eligible assessment" in each of the first 5 taxable years, and the credit decreases 10% annually (70%, 60%, 50%, 40%, 30%) for the subsequent 5 years.

For newly constructed qualified property that provides both office and retail space and became eligible for the real property tax credit on or after January 1, 2019, but before January 1, 2022, the benefit is a 13-year tax credit. The amount of the credit is 80% of the eligible assessment in each of the first 8 taxable years, and the credit decreases 10% annually for the subsequent 5 taxable years.

SDAT reports on the real property investment made in the EZ, the number of businesses receiving property tax credits and the State's one-half reimbursement back to the local jurisdictions for the property taxes abated as a result of the credits. Businesses will receive property tax credits totaling \$49 million in FY 2024, based on real property investments made by those businesses in FY 2024 totaling \$4.4 billion. This translates to an average capital investment of \$7.2 million. Reimbursement to the participating local jurisdictions will cost the State \$25M.

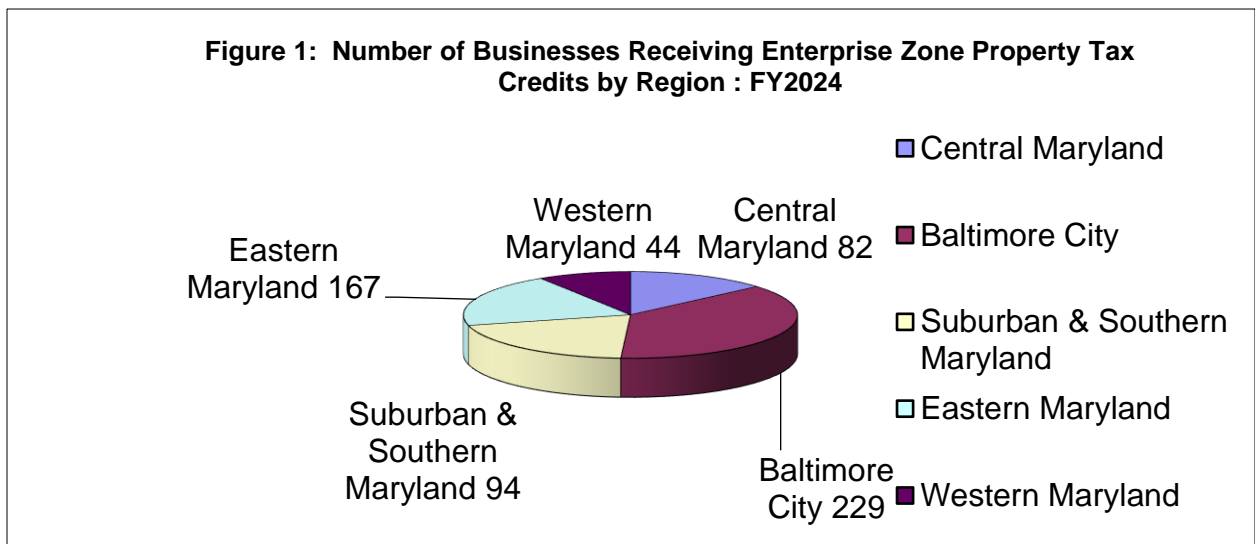
Table 2 shows the overall amount of capital investment from FY 2021 to FY 2025. The top five largest amounts of capital investments in a jurisdiction were Baltimore City, Baltimore, Cecil, Harford, and Prince George's Counties. Among jurisdictions that have had the largest percentage increase in investment dollars over the five-year period are Baltimore City, Cecil, Harford, Prince George's, and Montgomery Counties.

Table 2: Capital Investment Made in Enterprise Zone					
County	FY2021	FY2022	FY2023	FY2024	FY2025*
Allegany	36,128,495	18,328,567	10,349,162	9,242,001	14,642,295
Baltimore City	2,165,748,705	1,879,860,016	1,758,113,350	1,742,903,570	1,807,827,735
Baltimore County	364,771,933	599,876,034	629,878,667	699,937,110	904,152,500
Caroline				92,000	0.00
Calvert	141,800				

Cecil	209,799,333	390,391,166	464,843,298	561,730,068	879,434,098
Dorchester	4,332,568	259,834	0.00	4,333,200	4,486,300
Frederick				3,875,634	4,119,333
Garrett	11,697,300	10,993,832	10,141,767	10,295,634	9,504,266
Harford	356,557,449	350,423,732	487,151,536	479,032,170	456,614,708
Kent	11,173,000	17,285,200	25,033,600	24,846,067	26,872,194
Montgomery	231,524,200	208,132,600	187,949,899	134,498,833	116,842,266
Prince George's	294,735,686	321,267,324	454,839,977	469,950,138	510,853,339
Queen Anne's	8,739,698	13,900,500	15,533,077	17,826,717	18,338,784
St. Mary's	10,871,100	10,900,500	4,185,133	4,242,867	
Somerset	806,900	822,766	1,070,000	1,263,000	3,392,200
Talbot	433,900	580,600	727,300	874,000	1,349,040
Washington	67,978,267	98,312,267	176,293,766	214,384,032	212,197,299
Wicomico	22,013,659	27,742,452	32,254,111	36,009,955	35,566,489
Worcester	1,544,667	1,583,333	1,608,767	1,744,000	1,873,433
					\$5,008,066,279
Maryland	\$3,798,998,661	\$3,950,878,823	\$4,264,726,710	\$4,417,077,996	

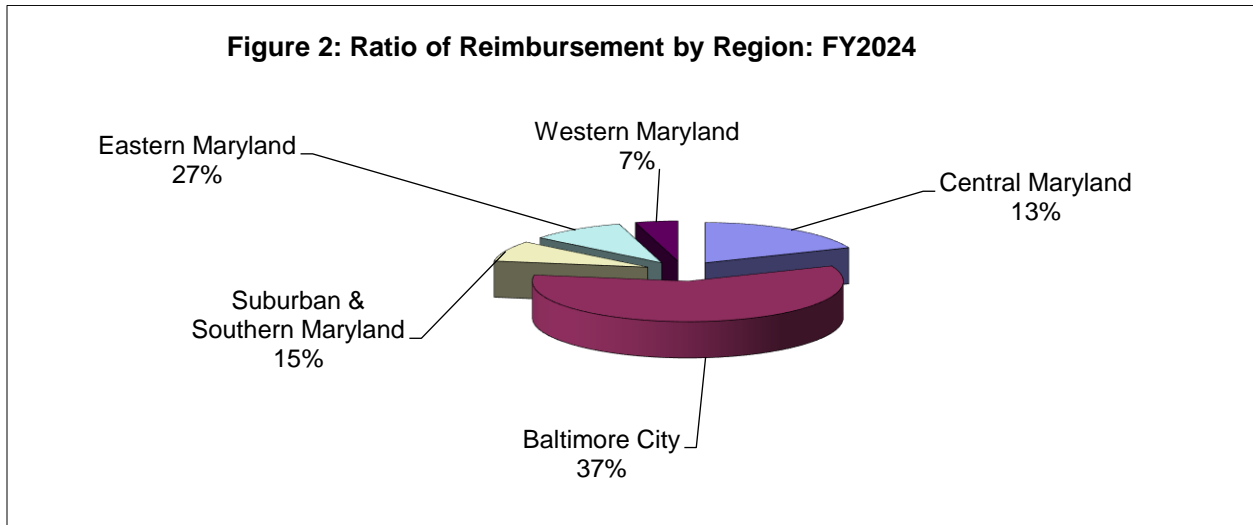
Sources: SDAT * FY 2025 are estimated capital investments based on FY 2023 to FY 2024.

There is considerable variation by region in the usage of the Program. This variance is attributable to three factors: 1) eligibility for the Program—poorer areas can more readily meet the eligibility criteria for participation in the Program; 2) political choice to participate in the Program—the governing bodies of counties and their municipalities have sole authority to request creation of an EZ, and sole discretion to establish local standards that govern access by businesses to the program’s credits; and 3) private sector business expansion—the EZ has no costs unless businesses make new investments in real property. In FY 2024, businesses across the State will receive property tax credits for investments in EZs. Figure 1 shows the location of these businesses by region.



Source: SDAT

Figure 2 presents the projected distribution of property tax credit reimbursements by region for the upcoming fiscal year (FY 2024). The total reimbursement for FY 2024 is \$48.52 million; 37% of the reimbursement will go to Baltimore City, or \$27.37 million. This is followed by Central Maryland (\$9.36 million), Suburban and Southern Maryland (\$3.55 million), Eastern Maryland (\$5.78 million) and Western Maryland (\$2.44 million).



Source: SDAT

Personal Property Tax Credits – Enterprise Zone Focus Area

Eligible businesses in an EZ Focus Area (Baltimore City and Prince George’s County) may claim a ten-year credit against local personal property taxes on new investment in personal property within a focus area. The amount is 80% of the “eligible assessment” in each year of the entire ten-year period.

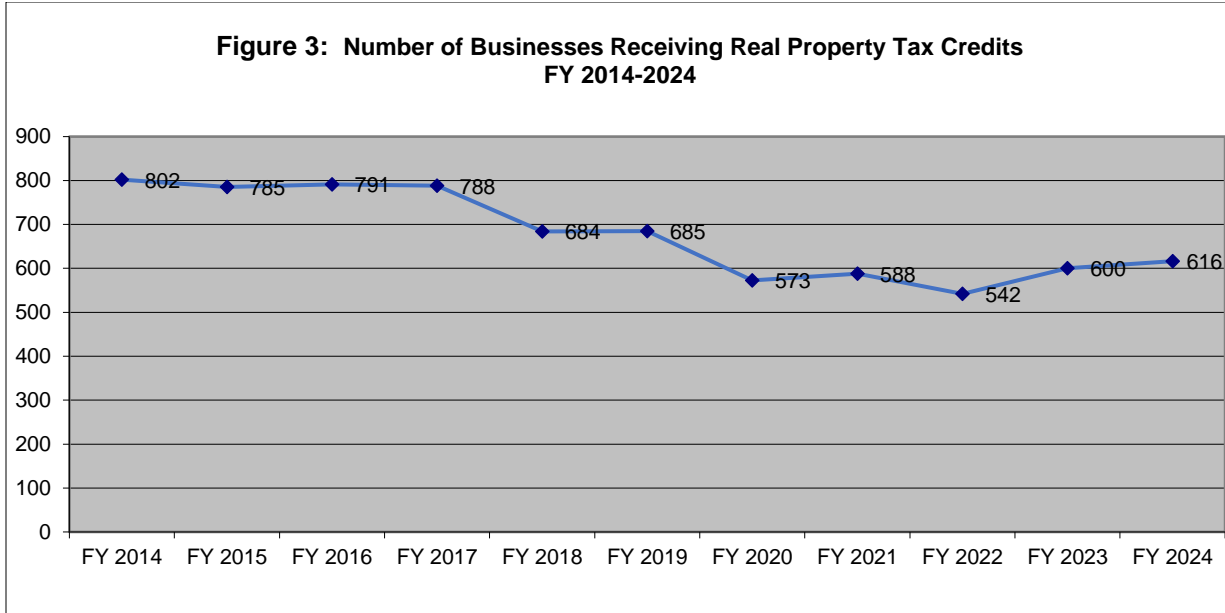
SDAT reports on the personal property investment made in the EZ Focus Area, the number of businesses receiving personal property tax credits and the State’s one-half reimbursement back to local jurisdictions for the property taxes abated as a result of the credits. In FY 2024, 16 businesses located in an EZ Focus Area will receive personal property tax credits totaling \$2.6 million.

Business Activity in the Enterprise Zones

Growth in Enterprise Zone Activity

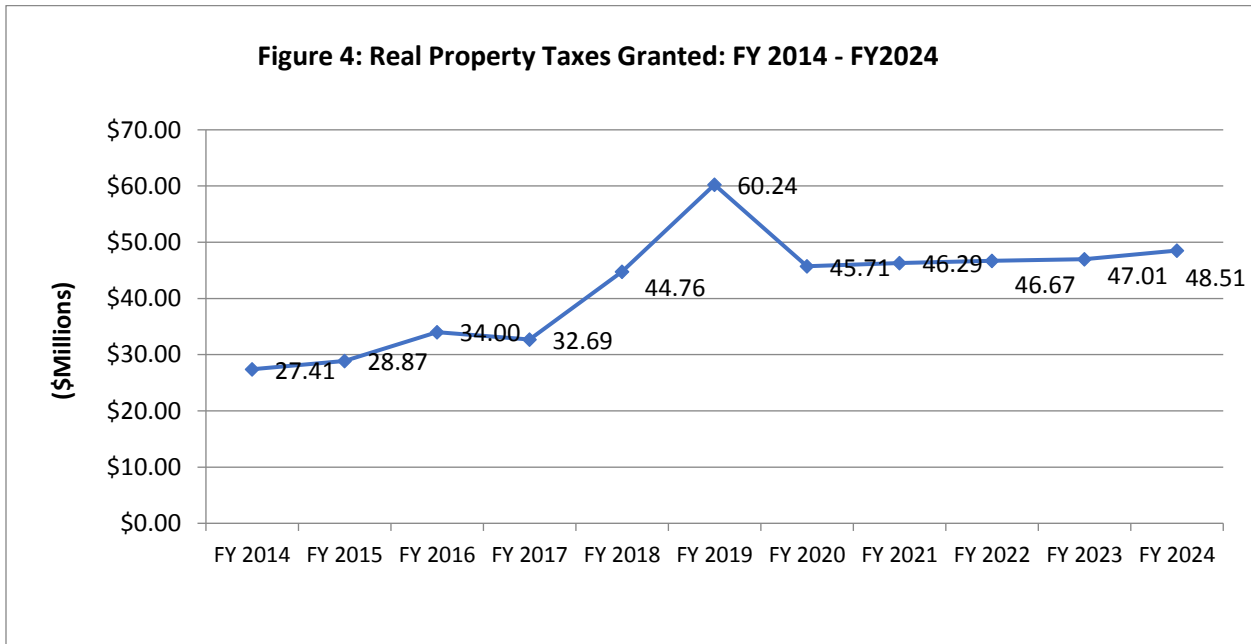
The program has been in existence for over thirty years, and since FY 1985 it has grown from two businesses in two zones receiving property tax credits to 616 businesses. Qualified businesses in an EZ receive property tax credits for a 10-year period. In recent years, the trend has been for jurisdictions to apply to expand their existing zones.

Figure 3 illustrates the number of businesses receiving real property credits on an annual basis over the last ten years.



Source: SDAT

As investment has grown, so has the amount of property tax credits granted to businesses in the zones. Real property taxes abated have grown from approximately \$58,000 in the first year to over \$48.5 million. Over the last ten years, the amount of property tax credits granted increased from almost \$27 million to \$48.5 million (Figure 4). The drop in FY 2020 in the amount of property tax credits is due both to the decrease of businesses receiving the credit and the reassessment downward of some properties. Property tax credits peaked in FY 2019 but have remained constant during the period FY 2021 to FY 2024.



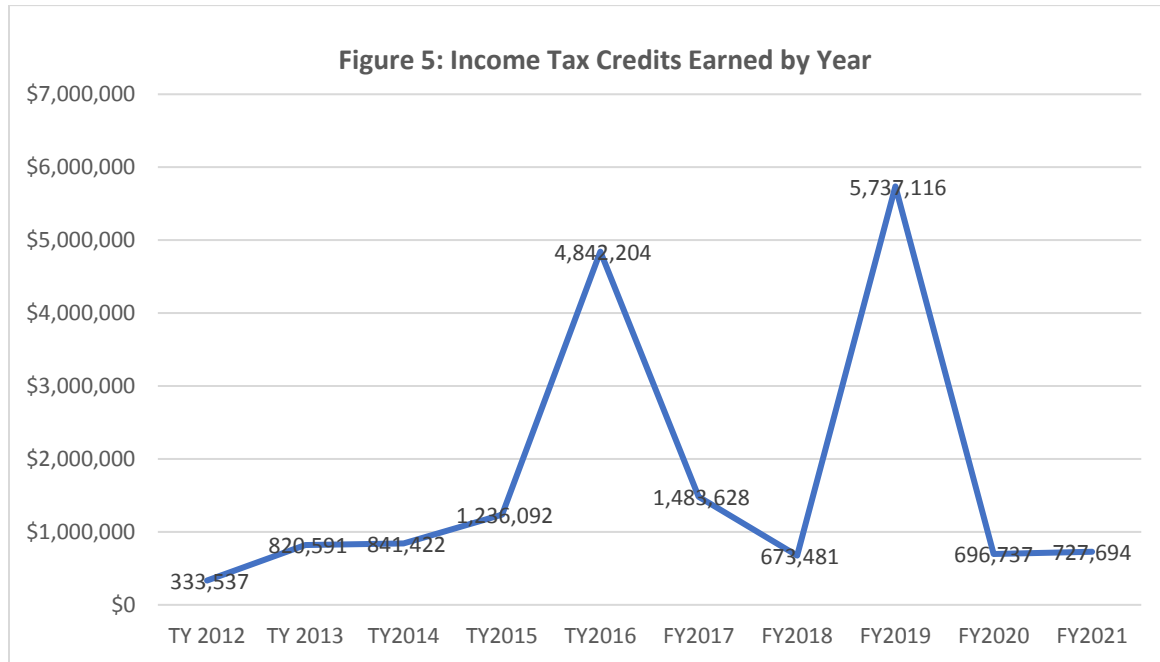
Source: SDAT

Income Tax Credits

Eligible businesses in an EZ may claim one-year or three-year income tax credits for wages paid to new employees in new positions. The general credit is a one-time \$1,000 credit for each new qualified employee filling a newly created position in an EZ, or \$1,500 for each new qualified employee in a focus area. For economically disadvantaged employees, the credit increases to a total of \$6,000 per worker in an EZ or a total of \$9,000 per worker in a focus area distributed over three years. Businesses claim the EZ income tax credits on the Maryland Form 500CR when they submit their business or individual income tax returns to the Comptroller. If the credit allowed in any tax year exceeds the State income tax liability for that tax year, a business entity may apply the excess as a credit against the State income tax for succeeding tax years until the earlier of the full amount of the excess is used or the expiration or the 5th tax year from the date on which the business entity hired the qualified employee to whom the credit first applies. The Comptroller collects and compiles this tax return data.

The Comptroller has provided consistent tax return data on the EZ income tax credits from calendar tax years 1995 to 2016. The Comptroller changed their reporting system and has provided data on a fiscal year basis beginning with fiscal year 2017 through 2021. As shown in Figure 5, the usage of the credits varies from year-to-year and hit the highest in FY 2019. Businesses in EZs have earned a total of over \$29 million in income tax credits from 1995 to FY 2021.

According to the Maryland Department of Labor, even though larger State income tax credits are given to businesses hiring economically disadvantaged employees, only a dozen employers have received Tax Credit Employer Certification in the last five years.



Source: Comptroller of Maryland

*The Comptroller updated their reporting system and provided income tax credit data on FY basis from FY 2017 through FY 2021.

** FY 2022 and FY 2023 Unavailable

General Comments from Program Administrators

EZ administrators generally agree that the EZ real property tax credit is the most useful and effective EZ credit available to businesses that locate or expand in an EZ. Counties that have few other incentives to offer find that the property tax credits are very important. Several counties also noted that the credits are useful in retaining companies in the zone. Companies considering an expansion often decide to expand within the zone rather than move to another location outside of the zone.

The income tax credits are perceived as secondary in importance in attracting businesses. Most of the businesses are small employers who do not always take advantage of the incentive due to wages paid and the application process involved with obtaining the credits. Administrators report a large degree of interest in the credits and find them useful in marketing their areas to prospective businesses. In summary, the program continues to favorably impact the EZ community and both real property and income tax credits give businesses an incentive to select and stay in the EZ. The Enterprise Zone (EZ) program has multiple components and credits within it designed to assist in the attraction, retention, and expansion of commercial enterprise. The program also provides for individual zones to be established allowing for multiple zones to be created across the State. The purpose of the Enterprise Zones is to attract, retain, and encourage commercial development in economically distressed areas of the State, in partnership with political subdivisions, by incentivizing capital investment and job creation through real property and income tax credits.

The Enterprise Zone tax credit program is unique. The program requires not only coordination between businesses and a local Administrator, but it also requires coordination between the local Administrators and multiple State agencies. Each agency plays a separate role in the program and is impacted by various rules and requirements. The EZ program has also seen many changes throughout its history, including most recently in 2022. These changes to the program were made to better understand the businesses claiming the credits and the effectiveness of these credits to meet the program's purpose. By understanding the businesses who participate in the program, which credits they utilize, and more about the program overall, then it is possible to ensure that the program is meeting its purpose.

This report seeks to accomplish the following goals:

1. Comply with the statutory requirement to evaluate the EZ program.
2. Examine the certifications of the EZ program over the past several years.
3. Provide an evaluation of the EZ program.
4. Identify ways to improve evaluating the EZ program in subsequent years.

STATUTE CHANGES

Chapter 732, Acts of 2022 made several alterations to the existing Enterprise Zone tax credit program. These changes took effect in June 2022 and included (1) altering the authority of the Secretary of Commerce to designate areas as enterprise zones; (2) altering the definitions of "focus area employee" and "qualified employee" for the income tax credit; (3) establishing the purpose of the program; and (4) altering certain eligibility and reporting requirements.

Additionally, this bill required new reporting requirements. These requirements included:

1. Removing the Comptroller from evaluating the effectiveness of tax credits in the annual mandated report of the enterprise zone.
2. Requiring SDAT to submit a report to Commerce by September 15th of each year on the number of properties claiming a property tax credit, number of newly certified qualified properties for the property tax credit, and the name, location and amount of tax savings received by each taxpayer receiving a property tax credit.
3. Requiring the Comptroller to report to Commerce by September 15th of each year on the name and address of each business entity that claimed an income tax credit, the business activity of the business entity, the number of qualified employees by the business entity, the number of economically disadvantaged individuals employed by the business entity, and the total amount of income tax credit claimed by the business entity.
4. Requiring “the County” to report notable examples of redevelopment or new businesses in the enterprise zone due to tax credits, and a description of future economic development projects that might claim the tax credits including whether the project may qualify for tax credits and the anticipated capital or personal property expenditures for the project. Requiring the Secretary of Commerce to withhold designation if the enterprise zone fails to submit the report.
5. Requiring Commerce to develop “formal metrics and a framework for analyzing the cost effectiveness of each enterprise zone; and the effectiveness of each enterprise zone in attracting businesses and increasing employment.”

DATA LIMITATIONS

This report marks the second evaluation of the EZ program and not only adds an additional year of data to include in the report, but it also adds a new piece of data, State tax revenue generated. Despite this, data limitations persist. The ability to evaluate the program is dependent on the data and information from the program. This section of the report describes these limitations and issues.

The statutory requirement to evaluate the program was established before it was known if the data needed for the evaluation was available. Because the program requires multiple agencies at both the State and local level to participate, each of these agencies continue to collect only the data they feel is needed. There is no requirement for each of these agencies to change how they collect or share the data and information. This creates gaps in both what data is collected, how it is collected, and if it can be shared. Additionally, while Commerce provides EZ workshops for local administrators addressing state requirements, there is often little to no formal training on local issues and requirements available to local Administrators. Each jurisdiction is responsible for having a local Zone Administrator and this person often does not understand the intricacies of the program, processes, data tracking, or reporting.

Due to timing issues, not every agency looks at the same period. For instance, the Comptroller uses tax years while SDAT uses fiscal years. There is no requirement for a specific time period to be used when collecting or providing EZ data. This can create issues when trying to examine the data and provide a consistent evaluation. Additionally, businesses can amend tax returns meaning they could claim a credit for a prior year, or they can dispute a property assessment, affecting the timing of a possible real property credit.

Another issue is data quality. Even after having meetings with multiple agencies and seeking to understand their processes and procedures for the EZ program and data, there can be issues surrounding the quality and accuracy of the data. Potential examples of data issues could be the address of a company that is claiming the credit, the location of the EZ where they are claiming the credit, the completeness of the certification applications, whether the data submitted was accurate, and the year which the credit is applied and ends.

Another complicated factor is that the EZ program has multiple time periods and levels of tax credits. The real property tax credit is for 10 years with the amount of the credit decreasing in the later years of the program. For FA, the real property tax credit is also 10 years, but the amount of credit remains constant. The amount of the credit is also complicated through taxes not only issued by the jurisdiction, but if there are municipal or city taxes collected as well. Additionally, the corporate income tax credit (jobs credit) is for a single year, but this becomes three years when the employee is certified as being economically disadvantaged and the credit per year changes for both employees within an EZ or FA.

All this points to an additional complication in evaluating the EZ program. The impacts of the program vary based on the tax credit and for the real property tax credit, it is necessary to examine the program over a much longer timeframe to fully understand the impact of the program on the real property taxes paid by the business and collected by the State and County. Going forward, it is key to not only ensure that the data and information needed to track and evaluate this program is collected and shared, but to provide local Administrators with understanding and training in the program and to continue to build relationships between all the various state and local partners so improve the effectiveness of the EZ program.

PROGRAM STATISTICS

The EZ program is one of the most widely used tax credit programs within Maryland. In 2023, 596 companies were certified by the EZ program. It is among only a handful of economic development tax credit programs that have multiple goals and impacts multiple state and local government agencies. This examination and evaluation of the EZ program focuses on providing data on each of the tax credits available through the program from FY20 to FY24.

Real Property Credits

A total of 20 jurisdictions in Maryland have an EZ. Only two jurisdictions, Baltimore City and Prince George's County, have Focus Areas (FA). In FY23, there were a total of 596 active certifications for the real property tax credit. Of these, 92% were in an EZ and 8% were within a FA. Of the total real property certifications in FY23, 32% were in Baltimore City, 13% were in Prince George's County, 8% were in Harford County, 7% were in Queen Anne's County, and 7% were in Wicomico County.

From FY20 to FY23, the total number of real property certifications increased by 6%. EZ certifications increased by 2% but certifications within FA doubled from 23 to 46. Total certifications decreased in nine jurisdictions with Baltimore City experiencing the greatest decrease in real property certifications. The jurisdictions with the greatest increase in the number of certifications included Queen Anne's County, Prince George's County and Talbot County.

Total Number of Enterprise Zone Certifications by County

County	FY20	FY21	FY22	FY23	Change	% Change
Total	562	504	538	596	34	6%
Enterprise Zone Only	539	464	492	550	11	2%
Focus Area Only	23	40	46	46	23	100%
Allegany County	16	15	11	10	(6)	-38%
Baltimore City	251	189	172	193	(58)	-23%
Baltimore City (Focus Area)	20	22	28	28	8	40%
Baltimore County	29	19	23	24	(5)	-17%
Calvert County	1	-	-	-	(1)	-100%
Caroline County	-	12	1	2	2	
Cecil County	9	-	14	15	6	67%
Dorchester County	9	4	3	1	(8)	-89%
Frederick County	1	1	3	4	3	300%
Garrett County	7	6	6	5	(2)	-29%
Harford County	59	52	49	49	(10)	-17%
Kent County	-	2	5	7	7	
Montgomery County	16	12	11	11	(5)	-31%
Prince George's County	51	57	77	76	25	49%
Prince George's County (Focus Area)	3	18	18	18	15	500%
Queen Anne's County	13	26	31	44	31	238%
St. Mary's County	6	4	3	1	(5)	-83%
Somerset County	4	5	8	9	5	125%
Talbot County	1	1	1	21	20	2000%
Washington County	28	25	29	29	1	4%
Wicomico County	34	30	39	43	9	26%
Worcester County	4	4	6	6	2	50%

It is important to also examine the number of new real property tax credit certifications. These are an indicator of economic activity and real estate investment. Since the EZ program has a 10-year real property tax credit these new certifications also provide insight into future impacts of the program. In FY22 there were 75 new real property tax credit certifications. This was 13% of the total real property certifications. Over the past four fiscal years, the share of new certifications has increased. The greatest number of new certifications in FY23 was in Baltimore City followed by Talbot County and Queen Anne's County. From FY20 to FY23, Baltimore City experienced the greatest decrease in the number of new real property certifications followed by Prince George's County.

Total Number of New Enterprise Zone Certifications by County

County	FY20	FY21	FY22	FY23	Change	% Change
Total	68	70	85	75	7	10%
Enterprise Zone Only	66	53	80	75	9	14%
Focus Area Only	2	17	5	-	(2)	-100%
Allegany County	1	2	1	1	-	0%
Baltimore City	33	12	14	21	(12)	-36%
Baltimore City (Focus Area)	1	1	5	-	(1)	-100%
Baltimore County	6	2	6	1	(5)	-83%
Calvert County	-	-	-	-	-	
Caroline County	-	4	1	1	1	
Cecil County	1	-	2	2	1	100%
Dorchester County	-	-	-	-	-	
Frederick County	1	-	2	1	-	0%
Garrett County	-	-	-	-	-	
Harford County	1	8	9	4	3	300%
Kent County	-	2	3	2	2	
Montgomery County	1	-	-	-	(1)	-100%
Prince George's County	9	6	22	-	(9)	-100%
Prince George's County (Focus Area)	1	16	-	-	(1)	-100%
Queen Anne's County	6	13	5	11	5	83%
St. Mary's County	-	-	-	-	-	
Somerset County	2	1	-	1	(1)	-50%
Talbot County	1	-	-	20	19	1900%
Washington County	-	2	2	4	4	
Wicomico County	-	1	11	6	6	
Worcester County	4	-	2	-	(4)	-100%

The EZ real property tax credit is based off the increase in assessed value to a property resulting from property improvements. Property improvements can be made when a company is expanding and are typically done as part of a firm's plan to reinvest within its location instead of seeking to locate elsewhere.

In FY23, there was nearly \$4.3 billion in property improvements made by EZ certified companies. It is also important that there was a total of 101 certifications in FY23 where there was no investment made at that time and no credits issued. This is potentially because the investments they were making in these properties had not yet been completed or had been reassessed. From FY20 to FY23, the amount of property improvements increased by \$634 million (17%). The jurisdictions with the greatest value of property improvements in FY23 include Baltimore City (\$1.8 billion), Baltimore County (\$629 million), Prince George's County (\$453 million), Cecil County (\$484 million), and Harford County (\$464 million).

Total Value of Enterprise Zone Investment by County						
County	FY20	FY21	FY22	FY23	Change	% Change
Total	\$ 3,646,775,205	\$ 3,541,175,864	\$ 4,155,075,702	\$ 4,280,695,720	\$ 633,920,515	17%
Enterprise Zone Only	\$ 3,018,450,697	\$ 3,307,963,995	\$ 3,556,103,901	\$ 3,720,587,240	\$ 702,136,543	23%
Focus Area Only	\$ 628,324,508	\$ 233,211,869	\$ 598,971,801	\$ 560,108,480	\$ (68,216,028)	-11%
Allegany County	\$ 29,824,429	\$ 36,128,496	\$ 18,328,567	\$ 10,349,162	\$ (19,475,267)	-65%
Baltimore City	\$ 1,457,020,885	\$ 1,512,253,387	\$ 1,302,475,003	\$ 1,289,988,363	\$ (167,032,522)	-11%
Baltimore City (Focus Area)	\$ 608,879,465	\$ 214,788,783	\$ 564,280,205	\$ 520,646,516	\$ (88,232,949)	-14%
Baltimore County	\$ 329,649,579	\$ 356,445,500	\$ 593,163,867	\$ 628,606,767	\$ 298,957,188	91%
Calvert County	\$ 141,800	\$ -	\$ -	\$ -	\$ (141,800)	-100%
Caroline County	\$ -	\$ 375,913,089	\$ -	\$ -	\$ -	-
Cecil County	\$ 209,779,333	\$ -	\$ 390,391,166	\$ 484,390,648	\$ 274,611,315	131%
Dorchester County	\$ 4,319,068	\$ 531,294	\$ 259,834	\$ -	\$ (4,319,068)	-100%
Frederick County	\$ -	\$ -	\$ 1,023,900	\$ 3,753,300	\$ 3,753,300	
Garrett County	\$ 11,697,300	\$ 10,864,001	\$ 10,993,832	\$ 10,141,767	\$ (1,555,533)	-13%
Harford County	\$ 356,577,449	\$ 394,951,747	\$ 444,661,565	\$ 463,543,002	\$ 106,965,553	30%
Kent County	\$ -	\$ 11,173,000	\$ 17,285,200	\$ 24,466,133	\$ 24,466,133	
Montgomery County	\$ 230,979,867	\$ 207,661,598	\$ 207,471,400	\$ 160,124,799	\$ (70,855,068)	-31%
Prince George's County	\$ 276,072,796	\$ 283,622,096	\$ 416,929,049	\$ 413,342,238	\$ 137,269,442	50%
Prince George's County (Focus Area)	\$ 19,445,043	\$ 18,423,086	\$ 34,691,596	\$ 39,461,964	\$ 20,016,921	103%
Queen Anne's County	\$ 8,739,698	\$ 13,177,500	\$ 13,984,400	\$ 17,107,517	\$ 8,367,819	96%
St. Mary's County	\$ 10,871,100	\$ 10,978,567	\$ 10,094,700	\$ 4,185,133	\$ (6,685,967)	-62%
Somerset County	\$ 806,900	\$ 806,900	\$ 822,766	\$ 1,070,000	\$ 263,100	33%
Talbot County	\$ 433,900	\$ 433,900	\$ 580,600	\$ 727,300	\$ 293,400	68%
Washington County	\$ 67,978,267	\$ 69,871,566	\$ 98,312,267	\$ 175,283,733	\$ 107,305,466	158%
Wicomico County	\$ 22,013,659	\$ 21,593,454	\$ 27,742,452	\$ 31,898,611	\$ 9,884,952	45%
Worcester County	\$ 1,544,667	\$ 1,557,900	\$ 1,583,333	\$ 1,608,767	\$ 64,100	4%

The EZ real property tax credit is not a by-right credit. The EZ certified company is required to make capital improvements that increase the assessed value of the property. The credit is a partial reduction of the total increase that the business/property owner would pay on the new and higher property assessed value. The credit is only applied to the local and any municipal real property taxes.

In FY23, the value of the EZ real property tax credit was \$49.3 million dollars. Of this total, \$38.3 million was in EZ certified properties and \$10.9 million was in FA certified properties. From FY20 to FY23, the total amount of real property credits increased by \$5.3 million (12%). The jurisdictions with the highest tax credit value in FY22 included Baltimore City (\$29.9 million – includes both EZ and FA), Baltimore County (\$5.0 million), Cecil County (\$4.1 million), Harford County (\$3.7 million), and Prince George's County (\$3.2 million).

From FY20 to FY24, several jurisdictions experienced a decline in the total real property tax credit value. The jurisdictions with the greatest decrease in tax credit value include Baltimore City (\$2.6 million), Montgomery County (\$759,172), and Allegany County (\$129,921).

Total Value of Enterprise Zone Credit by County						
County	FY20	FY21	FY22	FY23	Change	% Change
Total	\$43,923,148	\$45,442,008	\$48,190,137	\$49,253,298	\$ 5,330,150	12%
Enterprise Zone Only	\$32,817,500	\$35,257,322	\$37,764,589	\$38,316,134	\$ 5,498,635	17%
Focus Area Only	\$11,105,649	\$10,184,686	\$10,425,548	\$10,937,164	\$ (168,485)	-2%
Allegany County	\$ 238,527	\$ 270,440	\$ 158,246	\$ 108,606	\$ (129,921)	-54%
Baltimore City	\$21,503,783	\$22,050,095	\$20,639,455	\$19,251,754	\$ (2,252,029)	-10%
Baltimore City (Focus Area)	\$10,950,088	\$10,037,302	\$10,148,015	\$10,621,468	\$ (328,620)	-3%
Baltimore County	\$ 2,417,598	\$ 2,851,479	\$ 4,804,055	\$ 4,974,450	\$ 2,556,852	106%
Calvert County	\$ 3,309	\$ -	\$ -	\$ -	\$ (3,309)	-100%
Caroline County	\$ -	\$ 3,041,139	\$ -	\$ -	\$ -	
Cecil County	\$ 1,706,431	\$ -	\$ 3,108,570	\$ 4,071,926	\$ 2,365,495	139%
Dorchester County	\$ 18,760	\$ 2,589	\$ 1,383	\$ -	\$ (18,760)	-100%
Frederick County	\$ -	\$ -	\$ 13,710	\$ 50,474	\$ 50,474	
Garrett County	\$ 95,445	\$ 95,462	\$ 93,168	\$ 78,455	\$ (16,990)	-18%
Harford County	\$ 2,588,124	\$ 2,836,322	\$ 3,589,961	\$ 3,679,773	\$ 1,091,650	42%
Kent County	\$ -	\$ 110,718	\$ 201,227	\$ 282,868	\$ 282,868	
Montgomery County	\$ 1,290,298	\$ 1,015,051	\$ 860,542	\$ 531,127	\$ (759,172)	-59%
Prince George's County	\$ 2,032,506	\$ 2,030,068	\$ 2,958,510	\$ 2,897,701	\$ 865,195	43%
Prince George's County (Focus Area)	\$ 155,560	\$ 147,385	\$ 277,533	\$ 315,696	\$ 160,135	103%
Queen Anne's County	\$ 59,227	\$ 89,301	\$ 94,769	\$ 115,934	\$ 56,707	96%
St. Mary's County	\$ 51,149	\$ 42,947	\$ 32,673	\$ 14,193	\$ (36,956)	-72%
Somerset County	\$ 11,735	\$ 5,754	\$ 11,144	\$ 17,208	\$ 5,473	47%
Talbot County	\$ 2,104	\$ 2,212	\$ 2,960	\$ 3,820	\$ 1,716	82%
Washington County	\$ 479,195	\$ 493,049	\$ 810,132	\$ 1,824,619	\$ 1,345,423	281%
Wicomico County	\$ 300,553	\$ 300,141	\$ 363,151	\$ 391,732	\$ 91,179	30%
Worcester County	\$ 18,756	\$ 20,554	\$ 20,932	\$ 21,496	\$ 2,740	15%

State Tax Revenue Generated

The Maryland Department of Assessments and Taxation was able to provide Commerce with data on the total amount of State property tax revenue generated by EZ certified companies. Currently, only FY23 is available for analysis.

In total, EZ certified companies generated a total of \$4.8 million in State property tax revenue in FY23. Of this revenue, 86% was generated by firms within the EZ and 14% were from firms within a FA. The jurisdictions that generated the greatest amount of State property tax revenue included Baltimore City (\$2.1 million), Baltimore County (\$704,040), Cecil County (542,518), Harford County (\$519,168), and Prince George's County (\$507,141).

On average in FY23, EZ certified firms generated \$7,917 in State property taxes. When considering only those EZ certified firms that earned a property tax credit and also generated State property tax revenue, the average State property tax revenue per company increases to nearly \$9,800.

Maryland State Tax Value Generated, FY23

County	Total	Per Certification		
		Per Certification	with Credit Generated	
Total	\$ 4,845,088	\$ 7,917	\$ 9,788	\$ 9,788
Enterprise Zone Only	\$ 4,167,009	\$ 7,576	\$ 8,961	\$ 8,961
Focus Area Only	\$ 678,078	\$ 10,937	\$ 22,603	\$ 22,603
Allegany County	\$ 11,543	\$ 1,154	\$ 1,154	\$ 1,154
Baltimore City	\$ 1,444,787	\$ 7,486	\$ 7,938	\$ 7,938
Baltimore City (Focus Area)	\$ 633,881	\$ 22,639	\$ 23,477	\$ 23,477
Baltimore County	\$ 704,040	\$ 29,335	\$ 30,610	\$ 30,610
Calvert County	\$ -	\$ -	\$ -	\$ -
Caroline County	\$ -	\$ -	\$ -	\$ -
Cecil County	\$ 542,518	\$ 36,168	\$ 36,168	\$ 36,168
Dorchester County	\$ -	\$ -	\$ -	\$ -
Frederick County	\$ 4,204	\$ 1,051	\$ 1,401	\$ 1,401
Garrett County	\$ 11,359	\$ 2,272	\$ 2,272	\$ 2,272
Harford County	\$ 519,168	\$ 10,595	\$ 12,074	\$ 12,074
Kent County	\$ 27,402	\$ 3,915	\$ 3,915	\$ 3,915
Montgomery County	\$ 179,340	\$ 16,304	\$ 17,934	\$ 17,934
Prince George's County	\$ 462,943	\$ 6,091	\$ 8,417	\$ 8,417
Prince George's County (Focus Area)	\$ 44,197	\$ 2,455	\$ 14,732	\$ 14,732
Queen Anne's County	\$ 19,160	\$ 435	\$ 912	\$ 912
St. Mary's County	\$ 4,687	\$ 4,687	\$ 4,687	\$ 4,687
Somerset County	\$ 1,198	\$ 133	\$ 200	\$ 200
Talbot County	\$ 815	\$ 39	\$ 41	\$ 41
Washington County	\$ 196,318	\$ 6,770	\$ 8,180	\$ 8,180
Wicomico County	\$ 35,726	\$ 831	\$ 992	\$ 992
Worcester County	\$ 1,802	\$ 300	\$ 450	\$ 450

Personal Property Credits

The personal property tax credit is available to only those properties certified within Focus Areas and these firms increase the total taxable personal property that they possess. The total number of FA certifications decreased from 25 in FY20 to 16 in FY23.

Total Number of Focus Area Certifications by County

County	FY20	FY21	FY22	FY23	Change	% Change
Total	25	23	17	16	(9)	-36%
Baltimore City	17	19	13	12	(5)	-29%
Prince George's County	8	4	4	4	(4)	-50%

The total investment in taxable personal property by FA certified companies was \$116.6 million in FY23. Of this total amount, nearly all was made within Baltimore City.

Total Value of Personal Property Investment

County	FY20	FY21	FY22	FY23	Change	% Change
Total	\$ 138,536,874	\$ 136,356,140	\$ 129,404,690	\$ 116,618,030	\$ (21,918,844)	-16%
Baltimore City	\$ 138,518,480	\$ 136,013,910	\$ 129,279,070	\$ 116,514,660	\$ (22,003,820)	-16%
Prince George's County	\$ 18,394	\$ 342,230	\$ 125,620	\$ 103,370	\$ 84,976	462%

Like the real property credit, the personal property credit covers a portion of the increased personal property taxes due to additional taxable personal property in FA certified companies. The total tax credit value for the personal property credit in FY23 was \$5.2 million. From FY20 to FY23, the total tax credit value has decreased by 16%.

Total Value of Focus Area Personal Property Credit by County						
County	FY20	FY21	FY22	FY23	Change	% Change
Total	\$ 6,246,185	\$ 6,122,030	\$ 5,814,899	\$ 5,240,567	\$ (1,005,619)	-16%
Baltimore City	\$ 6,227,791	\$ 6,115,185	\$ 5,812,387	\$ 5,238,499	\$ (989,292)	-16%
Prince George's County	\$ 18,394	\$ 6,845	\$ 2,512	\$ 2,067	\$ (16,327)	-89%

Corporate Income Credits

The corporate income tax credit is available to certified EZ and FA companies that hire new employees that meet specific requirements. Over the four Tax Years, there were a total of 15 companies that claimed a tax credit. These companies hired an additional 297 workers. Of these, nearly all were located within the EZ with only 12 employees being within a Focus Area. Over the four Tax Years, these companies received a total of \$324,325 in tax credits.

It is important to note that it is possible that not all new employment at EZ and FA certified firms is captured in these statistics. There are several reasons why this might be the case. First, the firm must create a qualified new position. These positions have multiple requirements. A new employee might not meet all or even any of these requirements. Due to the job requirements, many firms may not have the capabilities to calculate whether the positions they created meet the program requirements. Also, the firm must be certified for this credit separately from the real property or personal property credits. The firm might perceive the administrative costs to apply for the program to exceed the total credit value of the job created. Finally, not every firm located within an EZ or FA might know about the program and the benefits available if they create a qualified position.

Enterprise Zone Corporate Income Tax Credit, TY2019-2021				
	Tax Year 2019	Tax Year 2020	Tax Year 2021	Tax Year 2022
Total Number of Companies Claiming Credit	4	8	1	2
Total Number of Employees Hired Claiming Credit	122	130	3	42
Total Number of Enterprise Zone Employees Hired	115	125	3	42
Total Number of Focus Area Employees Hired	7	5	-	-
Total Credit Amount	\$ 137,500	\$ 141,825	\$ 3,000	\$ 42,000

EVALUATION

Noting the multiple and various data limitations mentioned earlier in this report and issues surrounding the EZ program, it is still important to understand the effectiveness of the EZ program. Using the data currently available, this section of the report seeks to provide for an evaluation of the program.

As mentioned, for an EZ certified company to receive a tax credit, they must make capital improvements that result in an increase in assessed property value. In FY23, each EZ certified company made an average of \$7.2 million in capital improvements. This figure has increased from FY20 to FY23 but is below that average investment made by firms in FY22.

The resulting real property credit is a portion of the total increase in local jurisdiction real property taxes from the capital improvements made by these companies. In FY23, each company made an average of \$87 in capital improvements for each tax credit dollar they received. This is an increase of 4.7% from FY20 to FY23.

When examining the total tax credit value each EZ certified company receives, this has increased from \$78,155 in FY20 to \$82,640 in FY23. This is an increase of 5.7%. The amount of total tax credit value each EZ certified company receives has decreased from FY21 to FY23.

Enterprise Zone Real Property Evaluation				
	FY20	FY21	FY22	FY23
Investment per Certification	\$6,488,924	\$7,026,143	\$7,723,189	\$7,182,375
Investment per Credit Value	\$ 83	\$ 78	\$ 86	\$ 87
Credit Value per Certification	\$ 78,155	\$ 90,163	\$ 89,573	\$ 82,640

Since only FA certified companies are eligible to receive the personal property tax credit, there are fewer companies that claim the credit. It is important to note that the personal property credit is valued at a higher level and is the same over the 10-year period at 80%. Per each personal property certified company, a total of \$7.3 million in additional taxable personal property was added in FY23. The amount of personal property investment per certified company has increased by 31% from FY20 to FY23.

Each company increased their taxable personal property by an average of \$22 for each tax credit dollar they received. This figure remained constant from FY20 to FY23. In FY23, each firm certified received an average of \$327,535 in personal property tax credits. From FY20 to FY23, the amount of personal property tax credit received per certified firm has increased by 31%.

Enterprise Zone Personal Property Evaluation				
	FY20	FY21	FY22	FY23
Investment per Certification	\$5,567,513	\$5,928,528	\$7,612,041	\$7,288,627
Investment per Credit Value	\$ 22	\$ 22	\$ 22	\$ 22
Credit Value per Certification	\$ 249,847	\$ 266,175	\$ 342,053	\$ 327,535

The corporate income tax credit is perhaps the most underutilized part of the EZ program. This report does not have any information on how many businesses certify for the credit, but only information on those companies that claim the credit. Additionally, only qualified jobs are counted, which may be an underrepresentation of the total number of jobs that are created by companies that are within the EZ or who are certified.

In FY23, 21 qualified jobs were created per certified company. This is a significant decrease from 31 jobs per company in FY20 but an increase from 3 jobs per company in FY22. Additionally, each company received an average of \$1,000 per qualified job created and claimed. This value has not varied significantly from FY20 to FY23. Like the number of jobs created and credit value per job claimed the amount of tax credit that each certified company created at least one job has decreased from FY20 to FY23. In FY22, each company received an average of \$21,000. This is a 39% decrease from FY20.

Enterprise Zone Corporate Income Tax Evaluation

	FY20	FY21	FY22	FY23
Jobs per Certification	31	16	3	21
Credit Value per Job Claimed	\$ 1,127	\$ 1,091	\$ 1,000	\$ 1,000
Credit Value per Certification	\$ 34,375	\$ 17,728	\$ 3,000	\$ 21,000

NEXT STEPS

While this report has sought to provide information on the impact of the Maryland Enterprise Zone, it also recognizes that additional information and data is needed. To create a more thorough evaluation of the Enterprise Zone that not only captures its overall impact but examines how each Zone impacts the local jurisdictions, several steps need to occur. This section of the report provides for a plan that would need to be put in place to assess the impact and effectiveness of the Enterprise Zone program in Maryland.

Step 1: Coordination and Communication

The EZ program, while overseen by Commerce and involving a local administrator for each jurisdiction, also requires information and data from multiple other state agencies. These include the Maryland Department of Assessments and Taxation, the Maryland Department of Labor, and the Maryland Comptroller's Office.

A key step in moving towards a complete understanding of the impact of the EZ program and its effectiveness is greater and effective communication between each of these partners. Each of these agencies collect and has a component of the information necessary to provide a complete picture of the program. The first step in moving forward with an evaluation is identifying the person or persons at each agency and jurisdiction who is currently responsible in the collection of data and information related to the EZ program. It is important not only to identify those people, but it is key to identify the data or information they collect and maintain related to the EZ program.

Once these persons and the data/information has been identified, any data limitations and possible increased data capacity will be explored. It will be important to use this group of people to provide information as to the timing of the evaluation, possible data needed, and to address any questions or issues that might arise during the evaluation of the program. Additionally, the responsibilities of each partner will be identified and agreed upon through these meetings. This includes not only the local administrators, but also the responsibilities of and from each state agency partner.

Step 2: Data Collection

Using the partners identified in Step 1, Commerce will then work with them to identify the data they maintain related to the EZ program. This data and information will be put into a master list of data will be used in EZ evaluations. Beyond the actual data element, the list will need to contain information including data definition, source, how the data is collected, timing of the data, confidentiality, restrictions on its use, and other information. If necessary, a data sharing agreement can be created to provide Commerce with all the data and information that is available and is needed in the evaluation of the program. All data needed for evaluating the EZ program will be provided to Commerce by all partner agencies. In cases where the data needed for

evaluating the program is not available, Commerce will need to work with the agencies and partners to identify the reasons why it is not available, if there is alternative data, and if not, how to address data gaps.

It is anticipated the Commerce will need to partner closely with the local administrators regarding data collection. Currently, there is much variation in the capacity of the administrators in collecting and maintaining data and information related to the EZ program. Commerce will work with the local administrators and other state agencies to create EZ data collection tools as needed. These tools may include both EZ certification letters and databases. This will help ensure that the necessary data and information is being collected and provided to Commerce for use in evaluating the EZ program. Commerce will work with the local administrators to ensure that the correct data is being collected and that all necessary data is being collected and maintained. Commerce will also work with the local administrators on ensuring data accuracy.

Step 3: Evaluation

The final step in continuing to evaluate the EZ program is to identify a methodology to accomplish the goal established in the statute. Commerce will review evaluations of the EZ program nationally or conducted in other states to see if there are ways to improve upon how Commerce has been evaluating the EZ program. This will be done concurrently with the previous steps to ensure that all necessary data will be collected and to address any issues or criticisms of these evaluations.

The selected methodology will provide not only expand upon the metrics currently used but will identify program impacts and its effectiveness. All data identified through the process identified above will need to be provided to Commerce staff. These staff persons will be responsible for completing the evaluation and will make it available as needed for review before completion. Through implementing this plan, Commerce believes that it will be able to provide a more complete and thorough evaluation of the Maryland EZ program. This plan will also build on the existing metrics and evaluation of the EZ program completed annually. Commerce has already begun implementing this plan and will continue to move forward in its plan to report on the EZ program and its effectiveness.

Many EZ administrators reported success in attracting and retaining businesses to their EZ. Examples of EZ activities during FY2023 are discussed below. Please note these narratives come directly from the EZ administrators and have not been edited for content by Commerce.

Excerpts from Administrator Reports: Impact of Enterprise Zone (EZ) Program

Allegany County – Route 220 South

Allegany County had 1 company certified in the Route 220 South EZ, but no new certifications during this fiscal year.

We anticipate we will have one new EZ applicant next year. Geocycle, a multibillion waste to value company, is leasing the County owned Shell Building located in this EZ. They are continuing their custom build out of the facility and look to be operational in Q1 of 2024. Also, we are in active discussions with multiple companies to locate within the Barton Business Park, and one of our tools to sell Allegany County is the Enterprise Zone and its benefits.

Allegany County is ascending - DR Horton will be breaking ground on a new housing development in 2024, our industrial parks are filling up and outside investment is finally coming into the County. One of the tools we are using to attract businesses to our industrial parks are the EZ benefits. It is extremely important that Maryland keeps this incentive in order for counties like Allegany to attract new employers.

Allegany County – Gateway

Allegany County had 9 companies certified in the Gateway EZ. The County did not have any new certifications for this fiscal year.

We saw 5 businesses in our Gateway Enterprise Zone increase employment from FY 21' to FY 22'. In addition, we are seeing expansions in operations and large capital spending to expand by Specs Chemical, Webstaurant, Allegany Scrap, and Willowbrook Holdings. Being in the Enterprise Zone and receiving the benefits are allowing these companies to expand employment and equipment. Our employers are anticipating roughly 75-100 new jobs in this Enterprise Zone this year. Overall, companies in the Gateway Enterprise Zone spent over \$6.5 million in capital improvements in FY 22'. In addition, due to efforts in Economic Development, we have been actively marketing additional sites in this zone, and are close to landing some additional employers. Partly due to the fact they are located in the Gateway Enterprise Zone.

We anticipate 2 new companies for the Gateway Enterprise Zone for the coming year. They have already signed option agreements with Allegany County. One company will hire upwards of 20 employees at roughly \$80,000 per year. In addition, they will be investing \$60-\$70 million in equipment and new buildings. The other company will be hiring 25 + employees and investing roughly \$5-\$7 million in buildings and equipment. It is IMPERATIVE that Allegany County gets the Gateway EZ renewed for next year.

Allegany County – City of Frostburg

The number of properties newly certified as qualified properties is eleven (11).

Notable examples of redevelopment or new businesses relocating or expanding in the Enterprise Zone due to the tax credits provided include Dunkin' and Apex Heating and Cooling. Apex Heating and Cooling relocated to Frostburg from outside of the City limits. This HVAC company's relocation has added approximately 10 new jobs to the Frostburg area. In terms of capital improvements, construction is well underway for the ground-up construction of a Dunkin' restaurant in the former location of the Frostburg Pizza Hut. The Pizza Hut structure was demolished to make way for the new 2,385 Dunkin' structure. In addition to these notable business relocations/expansions, the City has seen a large uptick of new businesses opening within City limits, all of whom have undertaken interior renovations to accommodate their business. All of these businesses have worked closely with the City of Frostburg to not only take advantage of tax credits, but also to build their businesses with an eye toward the future. Whether their vision is growth and expansion of services, and/or creative and sustainable methods to continue to provide services to sensitive demographics, these businesses demonstrate their willingness to grow and expand in a smart and sustainable way.

The Future Economic Development projects for the City of Frostburg include:

- Continued growth at the Frostburg Plaza, including the construction of an O'Reilly Auto Parts automotive retail store, which will be captured in the 2024 Enterprise Zone report.
- Redevelopment of Main Street buildings. Three large buildings on Main Street that are vacant and/or underutilized are in the process of rehabilitation.
- Frostburg State involvement at the Innovation Park – and their involvement to attract new and growing firms in renewable and waste to value energy sector.
- Center Street Redevelopment Project – The City is currently working to locate a developer for a mixed-use multi-story development across from campus of FSU.

Anne Arundel – Brooklyn Park

We have not had any utilization of the Brooklyn Park Enterprise Zone in FY23. We do believe that the Enterprise Zone program is a valuable economic development tool. We are exploring ways we can better market this program to potential participants. We are considering possibilities for expansion of our current Enterprise Zone or the creation of additional Enterprise Zones.

Baltimore City – Baltimore City

The number of properties newly certified as qualified properties is twenty-six (26).

Notable examples of redevelopment or new businesses relocating or expanding in the enterprise zone due to the tax credits provided:

Northwood Commons formerly Northwood Shopping Center

The Northwood Shopping Center had become barely functioning shopping area providing little to no conveniences for the Northwood community residents. It had become a shopping area better known for crime than shopping.

The Enterprise tax credit helped to enable the re-development of the shopping center, now branded as Northwood Commons. Northwood Commons now features a grocery store, Lidl's, in an area that had become a food desert. In addition to a grocery store, Northwood Commons is now home to both national chains and locally owned businesses

<https://northwoodcommons.com/directory>. The redevelopment of the shopping center has been a boom in the surrounding neighborhoods.

1701 E Patapsco

The Enterprise Zone Tax Credits were an integral component of NPD Baltimore Industrial Ventures, LLC's business decision to develop this location. The Enterprise Zone Tax credits enable the developer to attract Home Chef, a division of Kroger's, to locate here in Baltimore. Home Chef will create over five hundred jobs for local Baltimoreans. The jobs start at over \$15.00 per hour.

The future economic development projects that might claim a tax credit include the following:

4MLK UM BioPak

The 8-story, 250,000-square-foot building, Phase I of a two phase project located at the intersection of Martin Luther King, Jr. (MLK) Blvd. and Baltimore St., will provide critical wet laboratory space in downtown Baltimore for researchers and companies, flexible lab and office/support space for start-ups, and Class A office space, along with areas for convening and a conference center.

- 4MLK's Spaces
 - 160,000 square feet of Class A wet lab-capable space will be available to commercial partners for build-out.
 - 40,000 square feet is planned for flexible lab, office, and lab support facilities specifically designed to meet the rigorous needs of growing life science companies. These flexible lab spaces are paired with full-service amenities such as shared lab equipment, weekly networking, and educational programming, and flexible terms.
 - A 16,000-square-foot space for community gatherings and events will encourage networking and provide educational programming opportunities for tenants, UMB, and the greater Baltimore community.

Along with the building, the project will deliver an adjacent public plaza and an activated streetscape with retail and food and beverage venues along Baltimore Street and MLK Blvd. Phase II will add a second 250,000-square-foot lab/office building.

Baltimore County – Chesapeake

The number of properties newly certified as qualified properties is nine (9).

RREEF CPIF 8250 Eastern Avenue Industrial, LLC

Tradepoint Atlantic acquired the 3,100-acre former steel production facility at Sparrows Point in 2014, and the property continues to be redeveloped for industrial use. During the previous fiscal year, the following projects at Tradepoint were qualified for Enterprise Zone (real property) credits:

- TPA Properties 9, LLC (1290 Shipyard Road [US Wind, Inc. as tenant])
- TPA Properties 9, LLC (1370 Shipyard Road [US Wind, Inc. as tenant])
- TPA Properties 9, LLC (1390 Shipyard Road [US Wind, Inc. as tenant])
- TPA Properties 9, LLC (1490 Shipyard Road [US Wind, Inc. as tenant])
- Tradepoint Atlantic, LLC (Skipjack Offshore Energy, LLC [Orsted] as tenant)
- Tradepoint Atlantic, LLC (1651 Sparrows Point Boulevard)
- Tradepoint Atlantic, LLC (1935 Reservoir Road)

- Tradepoint Atlantic, LLC (1331 Powerhouse Road)

Notable examples of redevelopment or new businesses relocating or expanding in the enterprise zone due to the tax credits provided:

- **RREEF CPIF 8250 Eastern Avenue Industrial, LLC:** New owners have begun redevelopment of 31 acres, with plans to demolish the existing structures and replace with a 44,000 SF Class A warehouse facility. Project completion estimated in June 2024, with anticipated investment of more than \$66 million.
- **Aviation Station:** Reich Brothers have two new tenants, with 730,000 SF of space leased. They plan to invest \$30 million into the site, to convert it into a mixed-use hub including e-commerce distribution facilities, offices and an athletic complex. New infrastructure and upgraded utilities were added under previous owners, bolstered by historic and transit-oriented development tax credits.
- **Tradepoint Atlantic**
 - **U.S. Wind, Inc.,** entered into a port facility agreement with Tradepoint Atlantic (TPA) to develop 90 waterfront acres into an offshore wind deployment hub. US Wind will initially invest \$77 million via the 22-turbine MarWin project. Expansion plans include an additional 1,200 MW of offshore wind energy through the 82-turbine Momentum Wind project. A new steel fabrication facility at TPA, Sparrows Point Steel, will be built in conjunction with Momentum Wind. An investment of \$150 million will develop Sparrows Point Steel, Maryland's first manufacturing facility dedicated to the creation of offshore wind foundations.
 - **Terminal Investment Limited (TIL)** and Tradepoint Atlantic announced a joint partnership in June, 2022, to build a 165-acre container terminal and rail facility. TIL is a world leader in the creation and development of container terminal sites, and the project will give the Port of Baltimore a major competitive advantage up and down the Eastern Seaboard. TPA and TIL will also establish a dredge containment facility to support the terminal's development that will become part of the overall Coke Point environmental remediation strategy.
 - **TPA Properties 9, LLC (US Wind, Inc. as tenant):** Certifications obtained for real property tax credits on development of four parcels of land, expected to total \$267 million. New construction will include retrofitting industrial buildings for fabrication and assembly of offshore wind components.
 - **Tradepoint Atlantic, LLC (Skipjack Offshore Energy, LLC [Orsted] as tenant):** Certification obtained for real property tax credits related to development of a 45-acre parcel for offshore wind turbine foundation manufacturing, estimated to cost upwards of \$2.5 million.
 - **Tradepoint Atlantic, LLC:** Certifications have also been received for real property tax credits on new construction of a heavy equipment maintenance shop, with costs estimated at \$5.1 million; a 100,000 SF industrial building with anticipated costs of \$9.4 million; and a 204,000 SF logistics center, with new construction costs of \$18.9 million.
 - **Arnold Packaging** moved to a new, built-to-suit 91,200 SF facility in 2022. The space is a 21,000 square-foot increase over their current corporate footprint, and

allows for expanded services and functionality. The company planned 10 new full-time jobs in the year following their arrival.

- **East Coast Warehouse & Distribution** took occupancy of their newly constructed 175,000 SF facility in July 2022. The new, entirely temperature-controlled facility will also house the company's East Coast CES services, which will perform exams and inspections on-site for the U.S. Food and Drug Administration and U.S. Department of Agriculture.
- **Intralox, LLC** took occupancy of the 310,000 SF office and warehouse space completed in 2022. This facility will provide distribution capabilities and duplicate some of their production lines.
- **McCormick & Co.** opened for operations at a 1.8 million SF distribution center in the second half of 2022, with an investment of \$245 million. The site is McCormick's largest distribution center in the world and hopes to create 200 new positions by 2024.
- **United Safety Technology Inc.** announced plans for a \$350 million medical manufacturing facility. Plans include renovating a 735,000 square feet warehouse, with initial production estimated to begin in late, 2023. By 2024-25, UST expects to have created more than 2,000 jobs at the site.
- **Niagara Bottling, LLC** has constructed a 600,000 SF facility, with plans to expand multiple lines of operation over time. The facility is now open for operations and brings 50-125 full-time jobs, with an initial investment of \$75 million, and another \$75 million expansion anticipated.

The Future economic development projects that might claim a tax credit are:

- **Rocket Lab:** Global firm providing satellite launch services, spacecraft, satellite components and on-orbit management at Lockheed Martin property. Anticipating retrofit and new hiring to begin late in 2023, to support highly automated carbon composite manufacturing. Anticipating total of 65 new positions on site, with potential eligibility for income tax credits.
- **ST Engineering/Middle River Aerostructure Systems:** Manufacturers of complex aerostructures including aircraft and rocket components. Exploring potential workforce expansion and additional space needs based on production deliverables for 2024. Will be eligible for income taxes as tenant, and property owner (Lockheed Martin) may qualify for real property tax credits if structural improvements or additions are made
- **RREEF CPIX 8250 Eastern Avenue Industrial, LLC:** Project completion estimated by June 2024. First year of property tax credits begin FY 2025. Potential tenants may also qualify for income tax certification.
- An electric vehicle component manufacturer recently opened space in the County, and is looking at a second location, specifically within an enterprise zone.
- A high-quality medical device manufacturer is researching two properties in the enterprise zone. A capital investment of 75,000,000 would meet qualifications for a real property credit. 100 newly created jobs are expected within the first year at the facility, and a total of 600 new jobs are anticipated by year 3, qualifying for the income tax credit as well.

- **Tradepoint Atlantic**

- **Floor & Décor** has leased an additional 1.3 million square feet of space, and the development of the new distribution center will also qualify for real property credits. Expected to be substantially complete by the second quarter of 2025, their total workforce at Tradepoint may reach 315 total employees and become eligible for income tax credits.
- **Skipjack Offshore Energy (Orsted)**'s \$13.2 million commitment to invest at Tradepoint Atlantic includes development of a 45-acre parcel to manufacture offshore wind turbine foundations, estimated to cost upwards of \$2,500,000.
- Tradepoint Atlantic and **Terminal Investment Limited**'s real property credits will include an estimated \$1 billion investment in the infrastructure and environmental remediation. In addition, 1,000 new jobs anticipated will also qualify for the income tax credits.

Baltimore County – Southwest Baltimore

No properties were newly certified as eligible for property tax credits in FY 2023

Notable examples of redevelopment or new businesses relocating or expanding in the enterprise zone due to the tax credits provided:

- Fireline Corporation continues their growth with the creation of four net new jobs in the past year. Their workforce now totals nearly 200 employees.
- Arsenal Holdings, LLC (Keen Industries [dba FabPro Technologies] as tenant) completed an upgrade and repairs to concrete floors, repainted the interior and exterior of building.

The Future economic development projects that might claim a tax credit are:

- Aviation Station: After months of initial development, the 2 million SF warehouse property has 730,000 SF of space leased. Owners are currently obtaining permits for the next buildout phase.
- Matriarch Coffee: Exploring potential certification for income tax credits after recent arrival in the zone. Anticipating additional staff need with expansion of business capabilities and footprint.
- RCT Systems: Providing technical and management services for advanced IT technologies, the power systems division is hoping to increase staff and reached out about certification for income tax credits.

Baltimore County – Woodlawn

No properties were newly certified as eligible for property tax credits in FY 2023. This zone was newly designated on June 15, 2023.

Caroline County – Federalsburg

No properties were newly certified as eligible for property tax credits in FY 2023.

Notable examples of redevelopment or new businesses relocating or expanding in the enterprise zone due to the tax credits provided is the availability of the Enterprise Zone property tax credit was part of a package of incentives from Commerce for an expansion of the manufacturer, M & M Carnot. Due to urgency in the need for the business to expand versus the time to construct more square footage, the business chose to lease available space; therefore, the Enterprise Zone property tax credit was not applicable.

There is no knowledge of projects in the Federalsburg Enterprise Zone that will make capital improvements to facilities that would result in an increase in assessed value to the level that would make the project eligible for Enterprise Zone. There is no knowledge of projects that would create net new jobs to qualify the project eligible for Enterprise Zone; net new job growth has been difficult for businesses to obtain given the tight labor market to fill existing jobs.

The availability of a program that offers property tax and income tax credits is essential for small, rural counties. The Enterprise Zone program provides economic development in my county and towns for small and micro business development that is not available through other programs.

Caroline County – North County

No properties were newly certified as eligible for property tax credits in FY 2023.

The availability of a program that offers property tax and income tax credits is essential for small, rural counties. The Enterprise Zone program provides economic development in my county and towns for small and micro business development that is not available through other programs.

Frederick County – City of Brunswick

No properties were newly certified as eligible for property tax credits in FY 2023.

The prospective projects upcoming in Brunswick within existing enterprise zone include the following:

- Newberry Building – 30-36 W. Potomac Street: Private development project in partnership with public funding/City of Brunswick. Vacant downtown property is being completely rehabilitated to facilitate 6 separate (3 ground level, 3 2nd floor) retail/service businesses, expected completion in 2024. May qualify for real property and business income tax credits. Anticipated capital expenditures: \$130K minimum.
- Traveling Brothers Cigar Lounge – 302 W. Potomac Street: Expansion of retail cigar lounge into downstairs restaurant/casual dining area. Expected completion in late 2024. May qualify for real property and business income tax credits. Anticipated capital expenditures: \$177K minimum.
- Puerto Rico Distillery – 402 Fifth Avenue: Frederick based distillery has purchased this former industrial property for expansion/relocation of business to Brunswick for late 2024 opening. May qualify for real property and business income tax credits. Anticipated capital expenditures: \$600K minimum
- Former Virginia Coach Bus Line property at 1200 N. Maple Avenue: Property sold in fall 2023 to investor/developer for redevelopment purposes. May qualify for real property and business income tax credits. Anticipated capital expenditures: \$100K minimum.
- Former Moose Lodge site – 401 E. Potomac Street: Vacant commercial property has been purchased in summer 2023 for development into 16 residential apartments. Construction in 2024 for early 2025 completion. May qualify for real property and business income tax credits. Anticipated capital expenditures: \$1.4 million minimum.

Frederick County – City of Frederick

The City of Frederick received an Enterprise Zone designation in the June 2018. There were no new Enterprise Zone requests in 2023. This Enterprise Zone designation helped to set the stage for transformative projects that will leverage property and income tax credits to bolster business initiatives.

In 2020, District 40 LLLP embarked on the revitalization of a 439,645 square-foot vacant shopping mall situated at 1301 W. Patrick Street within the Golden Mile area of Frederick. This landmark project, certified by the City of Frederick in November 2020, marked the commencement to reposition this asset. The owners' strategy involved attracting new tenants and implementing rebranding initiatives aimed at revitalizing the mall property. Acquired in 2017 for \$6.25 million, the owners have earmarked substantial investments: \$1 million in additional construction, \$500,000 in rehabilitation expenses, and a \$5 million allocation towards equipment and new machinery. The property owner made significant investments have already been made in HVAC upgrades. As new tenants are identified, additional investment will be realized to build out the spaces.

In 2020, a major success story emerged as Warehouse Cinemas became an anchor tenant, injecting \$7 million into the project. This investment encompassed the renovation of a 32,000 square-foot former movie theater on the mall premises—previously vacant since 2009. Warehouse Cinemas completed construction in 2020, an effort that also resulted in the hiring of approximately 50 new employees, fostering both economic growth and community engagement. Looking ahead, the utilization of real property tax credits and income tax credits remains pivotal in drawing new businesses to this revitalized mall and stimulating further economic development along the Golden Mile. As the mall secures new tenants, the creation of additional job opportunities will fortify this important retail corridor. Promising prospects, such as a potential banquet facility and a bowling/entertainment establishment, are actively negotiating lease agreements with the property owner. The identification of new tenants will greatly impact the mall's future.

Moreover, the potential for leveraging tax credits extends beyond the mall project. Other shopping centers, foreseeing the benefits of such incentives, are poised to explore similar avenues.

The Enterprise Zone designation is a tool to encourage new development and adaptive reuse in this important commercial corridor within The City of Frederick. In addition to the City's economic development team, area organizations such as the Golden Mile Alliance help generate interest from within the business and investment community regarding the benefits of this program. The City continues to receive program inquiries and property owners of some of the Golden Mile's aging retail assets, including a vacant mall property, have begun to generate interest in the real property and income tax credits. We envision there will be additional applications for Income tax credits tied to new job creation later this year and into next year. As new projects take shape, The City of Frederick will help to promote program benefits and subsequent success stories with the community.

Over the last several years, the city has experienced an uptick in capital investment along the Golden Mile area. DCL Management completed its renovation and façade project of a former KMart location for Frederick County Square Shopping Center in 2021. DLC Management was

able to produce four new tenants for the 93,000 SF +/- commercial space including Harbor Freight, Lidl, Ollie's and Goodwill Industries. Additionally, this investment has led to the creation of additional pad sites that includes Aspen Dental and Starbucks as tenants as well as the re-tenanting of a former restaurant location (Famous Dave's) into a Korean BBQ restaurant called GoGiGo slated to open in 2024.

In 2024, Westridge Shopping Center is planning a major site renovation, changing zoning from General Commercial to Mixed Use to accommodate the construction of 203 multifamily units and 41 townhouse units. While the residential units will not be eligible for EZ tax credits, the additional residential development helps support existing projects as well as future commercial initiatives and repositioning of assets along the Golden Mile.

Also in 2024, DarCars will begin construction and renovation of its site on W. Patrick Street which includes \$1.8 million in new investment to the corridor.

The City of Frederick continues to collaborate with community partners to highlight information about Enterprise Zone tax incentives for area businesses and property owners. The Golden Mile Alliance (GMA) is a 501 (c) 3 organization dedicated to supporting the revitalization of the Golden Mile area of the City and support its businesses, residents, and property owners. GMA continues to work with The City of Frederick to promote these tax benefits as new companies explore opportunities in this area. GMA has EZ program information listed on the organization's website. The EZ program was highlighted to businesses and residents at two virtual Status of the Mile meetings in 2021 and on social media platforms.

The City's Department of Economic Development promotes the program as an attraction tool for new businesses and commercial investment in this area of Frederick. There have been several new businesses that have opened along the mile within the last year, despite the economic impact due to the pandemic. Our team continues to market the EZ new job tax credit as applicable directly to those new businesses that opened during that time frame. Enterprise Zone program and applicable links are listed on the City's Department of Economic Development website. There are future projects that may be able to take advantage of EZ tax credits in 2024 including the reconstruction of the new DarCars facility on W. Patrick Street next year.

Garrett County – North Garrett Industrial Park

No properties were newly certified as eligible for property tax credits in FY 2023.

Future economic development projects that might claim a tax credit:

Beitzel Corporation, one of the businesses located within the NGEZ, has two planned expansions:

- **New Fleet and Field Hub:** This expansion commenced in Spring 2023. The expansion will consist of a 31,050-sf building constructed adjacent to Beitzel's headquarters to create a more cohesive and efficient operation. Initial plans called for a Winter 2023 completion date. However, due to an unforeseen delay in the supply chain, the completion date of the project has been delayed until Spring/Summer 2024. Capital investment is expected to be more than \$4 million, and a minimum of 10-25 new jobs will be created.
- **Fabrication/Manufacturing Facility:** This will be a 100,000-sf building, also constructed

adjacent to Beitzel’s headquarters. The remaining operations at Beitzel’s Route 495 facility will be transferred to this facility, and the Route 495 property will be sold. Capital investment is expected to be in excess of \$7.5 million. The number of new jobs created by this phase of the expansion has yet to be determined. Construction on this project is expected to commence no later than FY 2026.

- With the completion of each expansion, Beitzel Corporation will qualify for real property (county and municipal) and income tax credits.

Garrett County – Southern Garrett

No properties were newly certified as eligible for property tax credits in FY 2023.

Future economic development projects that might claim a tax credit:

- There is one 4.2-acre parcel remaining for sale in the SGEZ. A West Virginia business interested in locating to Garrett County has expressed interest in purchasing this lot. The EZ tax credits were cited as an incentive. Once the parcel is sold to a prospective business, the business will qualify for real property and income tax credits. Anticipated capital investment, if this business chooses the SGEZ as the site for its expansion, is \$2.5 million, 26 employees would move from the company’s West Virginia facility, and 10-15 new jobs would be created.

Garrett County – Keyser’s Ridge

No properties were newly certified as eligible for property tax credits in FY 2023.

Future economic development projects that might claim a tax credit:

- Construction of a 100-sf spec building is slated to commence in Spring 2024. The county has been eliminated as a possible site for several manufacturing and distribution prospects over the past few years because a large building was not readily available. Once leased to a prospective business, the business will qualify for real property and income tax credits.
- Anticipated capital investment for construction of the building is \$5 million. Anticipated capital investment of a business leasing the building will be dependent upon the type of business and is not something that can be quantified at this time. Two existing county businesses have expressed a desire to expand locally and an interest in leasing the entire building once it has been constructed.

Harford County – Aberdeen/Havre De Grace

The City of Aberdeen had no activity in the designated Aberdeen-Havre de Grace Enterprise Zone within the corporate limits. No resolutions were passed, and no applications were received for review.

Harford County – Edgewood

No properties were newly certified as eligible for property tax credits in FY 2023.

Future economic development projects that might claim a tax credit:

- Coppermine “COPPERPLEX”
Washington Court Partners, LLC
2007 Cedar Drive, Edgewood

8 turf fields and a 10,000 Sf field house
Approx \$12-12.5 million in CAP X
Estimated 6 FTE, 50 PTE

- Florida Rock Properties (FRP) – 801 Chelsea, LLC
755 Chelsea Road, Aberdeen
Approx. \$20 million in CAP X
259,200 Sf facility
Estimated 232 FTE & PTE

Kent County – Town of Betterton/Worton Industrial

5 properties were newly certified as eligible for property tax credits in FY 2023:

- 2 Real Property Tax Credits
 - Twigs and Teacups, 111 South Cross St.
 - M&J Ventures, 312 Park Row
- 3 Income Tax Credit
 - Modern Stoneage Kitchen,
 - 236 Cannon St., Delmarva Blockchain, Inc.
 - 225 Dixon Dr.
 - Discovering Serenity, 115-E South Lynchburg St.

Newly created Enterprise Zone (EZ) in the Town of Betterton and the Worton Industrial Area, the two real property tax credits were major renovations of old buildings, Twigs was an existing business M&J Ventures is a new business and a previously home-based business, two businesses located on site.

We have seen a steady increase in the interest of available commercial projects throughout Kent County. The EZ tax credits have been leveraged in negotiations where applicable. The EZ tax credit has been our strongest tool for capital investment and job creation.

Montgomery County – Olde Towne

No properties were newly certified as eligible for property tax credits in FY 2023.

A future economic development projects that might claim a tax credit is:

- Lakeforest Mall Redevelopment: 105 acres; demolition of existing mall; rezoning to Mixed Use (residential, retail, employment uses)

Montgomery County – Glenmont

There were no Enterprise Zone applications for the report year.

As noted in the 2013 Glenmont Master Plan, the Glenmont Shopping Center currently has approximately 196,380 square feet with major anchors such as CVS, Shoppers Food Warehouse, and Country Boy. Although it is fully leased, the physical structure is worn, and it lacks retail and entertainment services desired by the surrounding community. Fragmented ownership (15 different properties with 12 different owners) and lack of market demand for redevelopment

have inhibited redevelopment in the past. However, recent market conditions have resulted in renewed market interest and earnest redevelopment discussions are ongoing.

The Glenmont Shopping Center is an appropriate location for a mixed-use town center with urban amenities such as a central open space, restaurants, and professional offices to achieve a dense urban node near the Metro station. The property's current Residential-Mixed Use Zone (RMX-2C) would allow up to 425,000 square feet of commercial development (0.5 FAR) and up to 784 housing units (1.0 FAR).

The Zone is contiguous to the Glenmont Metro Station. Additional local incentives permitted within a State designated Enterprise Zone - particularly the waiver of Impact Taxes - have resulted in significant transit-oriented residential development.

The Glenmont Enterprise Zone expired in June 2023. Given ongoing discussions with interested parties regarding potential residential and commercial development, the County planned to seek re-designation of the Glenmont Enterprise Zone in 2023. However, the Zone no longer meets the criteria for designation, as residential development that occurred within the Zone's boundaries raised the median level of income within the Zone. Consequently, the Zone no longer meets the necessary criteria for eligibility. The residential development that did occur was principally attributable to additional local jurisdictional incentives associated with Enterprise Zone designation. Montgomery County allowed the waiver of School and Transportation Impact taxes for new development – regardless of whether that development was commercial or residential. During its 10-year duration no tax credits were issued to commercial enterprises for real property improvements or job creation. The commercial core of the Zone – the Glenmont Shopping Center was comprised of multiple property owners who were unable to reach a consensus on how the Center should be improved.

Montgomery County – Long Branch – Takoma Park

There were no Enterprise Zone applications for the report year.

The initial designation of the Zone included a Focus Area designation, which assisted a number of businesses that were able to take advantage of personal property tax credits.

The re-designation of the Enterprise Zone anticipated completion of the Purple Line, however protracted delays have hampered completion and adversely impacted local businesses that are in survival, rather than investment, mode. Consequently, anticipated redevelopment, which could benefit from EZ incentives, has not occurred to date.

The incentives offered through the previous EZ designation have contributed to business sustainability within the area. As indicated above, the delay in the completion of the Purple Line, particularly in areas where construction began and was then halted, have severely impacted local businesses that are presently focused on their continued existence rather than growth and expansion.

Montgomery County – Burtonsville/Briggs Chaney

There were no Enterprise Zone applications for the report year.

A principal driver for establishing the Burtonsville-Briggs Chaney Enterprise Zone was the potential redevelopment of Burtonsville Crossing, a parcel of commercial property adjacent to Old Columbia Pike (MD Rte. 29) in Burtonsville. The property - a 130,000 square foot shopping center - experienced significant vacancy after its anchor tenant, a Giant Foods supermarket, relocated to an adjacent shopping center and additional retail operations vacated Burtonsville Crossing as well. Since the Enterprise Zone's inception, redevelopment of Burtonsville Crossing has not been able to gain traction and no certifications have been issued since the Zone's inception. However, in June of this year, (2022) Edens, a nationally known developer of commercial retail, announced it had secured Sprouts Farmers Markets as an anchor tenant for Burtonsville Crossing, leasing approximately 23,000 square feet. An article from the Washington Business Journal providing additional details regarding Burtonsville Crossing's redevelopment is available for review at:

Prince George's County – Prince George's

Two properties were newly certified as qualified properties:

- 4719 Addison Rd. Capitol Heights, MD 20743
- 8211 Ardwick Ardmere Rd. Hyattsville, MD 20785

A notable example of redevelopment or new businesses relocating or expanding in the enterprise zone due to the tax credits provided:

Former Marlo Furniture Store located at 3300 Marlo Lane, Forestville, MD 20747, has plans to switch to an Industrial site. A plan to raze the former Marlo Furniture store in District Heights and replace it with a warehouse has been approved by the planning board. Boston, Massachusetts based Oliver Street Capital wants to transform the former furniture showroom and replace it with a 66,259 square foot warehouse. Next to the retail building Oliver will raze, there is a warehouse already on the site. Marlo was famous for adding on-site warehouses to its showrooms, so that customers could leave that very day with the ottomans and dressers they had bought. Oliver Street will retain that existing building, add the new one, and create about 176,000 feet in all in industrial space.

Future economic development projects that might claim a tax credit:

- Papaya Investment LLC, c/o Christine Wang, to Abavak 1, LLC. Parcel C-C-3 in 'Hampton Park.' Located at 8810 Hampton Mall Drive, Capitol Heights, Md. 20743. Lot is 18,562 square feet. Improved with 2,585 square foot convenience store. Zoned IE. (Prior I-1). Tax map 67C-4. Tax ID: 13-1441484. Liber 49236, page 119. Deed date: October 3, 2023. Purchase price: \$1,520,000.
 - Project may qualify for credit against the taxed imposed on personal property, real property and income taxes.
 - Estimated Capex: \$2,000,000+
- TCC Acquires Prince George's County Business Park. Trammell Crow Company has acquired the Sheriff Road Business Park in Landover, MD for \$3,565,000.00. The 12+ acres site currently features 3 buildings totaling 345,000 square feet of office/industrial space.

- Project may qualify for credit against the taxed imposed on personal property, real property and income taxes.
- Estimated Capex: \$5,000,000+

Queen Anne's County – Queen Anne's

3 properties were newly certified as eligible for property tax credits in FY 2023:

- 2 Real Property Tax Credits
- 1 Income Tax Credit

Successful projects in our zone during the FY23 include:

- Abintra Breakthrough Services, LLC purchased 315 Main Street Stevensville, MD and was able to complete some significant upgrades to a building that was underutilized for several years. This project was considered a redevelopment project in the Arts & Entertainment District. The day care that is leasing the property has breathed new life into the district with the additional employment and flow of families and children into the local small businesses.
- KRM Development is the owner and management company of the Chesapeake Bay Business park which holds the largest concentration of businesses in the County. It was almost fully leased out at 95% and the property owners decided to build 36,000 speculative flex space. This space is in great need in the County with little to no warehouse/flex space available. The project is fully leased, and those tenants will create jobs and further investment.

The Enterprise Zone has been a great asset and tool for Economic Development in Queen Anne's County. This has not only been a catalyst for business attraction but has also been an attractive benefit for businesses to remain and grow within the county. We continue to see growth and investment from previously EZ certified companies as well as continued increases in new hires. The QA EZ zone strategically includes our business parks and areas zoned for growth and it supports job growth as our population grows and the need for additional businesses that provide services for our citizens are in demand.

Future Economic Development Projects that might claim a tax credit include:

- Kent Island Crossing- A new 174,464 sf mixed use development (retail, office, grocery, rest.) and an 84-bed assisted living facility located in Chester, MD
- Phase 2 of Bay Bridge Marina Redevelopment Construct 3 commercial apartment buildings. Total of 174 commercial apartments and 65,647 sf of Commercial Floor Area in Stevensville, MD
- A lot in the Matapeake Business Park has an LOI for a distribution facility that will provide 30 new jobs and expected investment of \$5Million. This project if sold is expected to be completed by 9/24.

Somerset County – Crisfield

1 property were newly certified as eligible for property tax credits in FY 2023:

- Located at 913 Spruce Street

Somerset County – Town of Princess Anne

3 properties were newly certified as eligible for property tax credits in FY 2023:

- Ennis Consulting, LLC
- Process Integration
- Royal Farms

Talbot – Easton

No Report

Talbot – Tilghman

There were no new properties certified in the Tilghman Island Enterprise Zone in 2023.

While we have no new projects, the Enterprise Zone on Tilghman Island has seen several notable redevelopment projects in the past few years. The Wylder Hotel and the Tilghman Island Inn have both become attractive tourist destinations again. Both properties had fallen into disrepair, and the Tilghman Island Inn had closed all together. Now, the Wylder now has not one, but two restaurants (one seasonal), and boasts a robust wedding business. The Tilghman Island Inn has always had one of the most fabulous views of the Chesapeake Bay. Today, it is also known for lush gardens, modern amenities, and a fine dining restaurant.

The development at Tilghman Wharf Seafood is not the result of enterprise zone tax credits as the property assessment dropped. However, owner Nick Hargrove has opened a blue catfish processing plant, one of only a few in the state of Maryland, restoring the property to its longtime commercial use. Mr. Hargrove also is growing spat on shell for oyster restoration planting in the Chesapeake Bay here. Many state and federal officials have been to Tilghman Wharf to see this processing operation and offer assistance in eradicating the species. There are no new projects on the horizon at this time.

The Enterprise Zone continues to be a valuable tool in helping encourage the redevelopment of this unincorporated Talbot County village.

Washington County – Town of Hancock

There were no new properties certified in the Town of Hancock Enterprise Zone in 2023.

The successful projects in your zone during the calendar year 2023:

- 557 East Main Street, LLC, Parcel 05-006988, this was a Rehabilitation project that became eligible for tax credits on July 1, 2012. Renovations were complete and enabled the owner to continue doing business in a blighted area in the middle of the Town of Hancock, MD.

- Bowman 2000, LLC, 54 South Potomac Street, Hagerstown, MD – Parcel 17-008528 is a Rehabilitation project that is expected to attract additional office and artist space within the City of Hagerstown’s Art & Entertainment District. New jobs are anticipated.
- Potomac River Grill Inc., Parcel 05-018722, this was a new construction of an addition to an existing building on the banks of the Potomac River, located on the outskirts of the Town of Hancock. Customers are attracted to the new outside deck overlooking the river. Surrounding the businesses also enjoy the increase in visitors to the restaurant.

There have not been any submissions for use of the Town of Hancock, MD Enterprise Zone Tax Credit Program since 2012. However, with the last two projects to receive tax credits from the program in 2011 and 2012, there has been an increase in consumers visiting and spending monies in Town.

Without the Maryland Enterprise Zone Tax Credit program, projects such as those listed above would be in jeopardy or just not be possible. The Enterprise Zone Tax Credit Program provides our community with the ability to continue to attract new investment in our downtown center.

Washington County – Hagerstown

11 properties were newly certified as eligible for property tax credits in FY 2023:

- 9 Real Property Tax Credits
- 2 Income Tax Credit

The successful projects in our zone during the fiscal year 2023:

- NBL Real Estate, LLC – 215 West Washington Street, Hagerstown, MD – Parcel 03-005410. The property was purchased for approximately \$450,000, with an estimated cost of rehabilitation of \$750,000. The company will upgrade electrical, properly insulate flooring, walls, bathrooms, and kitchens, etc.
- Cosner Business Services, LLC – 34 West Franklin Street, Hagerstown, MD – Parcel 25-018710. Purchase costs, renovation, and new equipment total approximately \$1,271,760. Renovation in this section of downtown Hagerstown is necessary to spur other development and provide much needed residential and commercial development.
- Firehouse Rentals, LLC – 16-18 West Franklin Street, Hagerstown, MD – Parcel 25-000188. More than \$3,889,000 in purchase and improvements will allow remodeled first floor space, a food hall, second and third floor rehabilitation will be used for restaurant and ballroom/event space.

The projects submitted for 2023 will have a positive impact on the County. Increasing job opportunities for local residents, allowing us to foster residential growth and boost tourism and retail sales in our community.

Without the Maryland Enterprise Zone Tax Credit program, projects such as those listed above would be in jeopardy or just not possible at all. The Enterprise Zone Tax Credit Program provides our community with the ability to continue to attract new investment in our downtown center.

Wicomico County – Salisbury

3 properties were newly certified as eligible for property tax credits in FY 2023 (an additional 4th property was certified, but the construction project has been delayed):

- Mark Granger, 145 East Carroll Street
- Matthew Leone, 1865 West Road
- Bret David, 510 West Road

The property at 510 West Road was the former Campbell’s Soup Plant, which employed 2% of the total county workforce back in the early 1990s. After its closure, the building remained largely vacant and was left to decay over the course of the decades. Acquired by Davis Strategic Development in late 2022, the 310,000 sq. foot space will be utilized by a number of local businesses and anchored by Chesapeake Shipbuilding as a secondary location for their building operations, joining their current facility at 710 Fitzwater St. The first phase of construction is already underway, including demolition of roughly 60,000 square feet of unusable space, construction of new offices, installation of new lighting and HVAC, and repairs to the existing equipment.

During this reporting period, 117-119 W Main was certified for future Enterprise Zone credits. However, the commercial renovation portion was delayed, and thus was not submitted to the State. Once the commercial renovation begins, it will qualify for the real property credit and anticipated expenditures will be close to \$250,000.

Wicomico County – City of Fruitland

The number of properties newly certified as qualified properties during calendar year 2022 was zero.

While the city did have a few inquiries concerning proposed development in the enterprise zone, which is located in within a focus area, no follow-up activity resulted from any of those inquiries. Consequently, due to prior issues with accessible utility infrastructure, and other various matters, the outlook for any development in our enterprise zone doesn’t look to be very encouraging. As was stated in last year’s report, most inquiries have been related to recreational uses, and the infrastructure, as it stands, is an issue for the recreational uses proposed. Further, since none of the existing businesses in the zone have stated any interest in expanding their operations, it would not be possible to project anticipated capital or personal property expenditures or potential tax credits for our enterprise zone program.

In conclusion, due to the lack of any redevelopment and/or expansion of existing businesses or new businesses relocating in our enterprise zone for the past few years, the city may have to reevaluate the feasibility of renewing its enterprise zone designation prior to its expiration date (12/14/25).

Worcester County – Town of Berlin

One property was newly certified as a qualified property:

- **FORGOTTEN 50 DISTILLING**
 - Many businesses have asked about Emter Zone credits but only FORGOTTEN 50 DISTILLIG applied.

An anticipated capital expenditure is the potential for development in the former Tyson Chicken Processing Plant aka Heron Park

Worcester County – City of Pocomoke

We received one new application in FY 2023 (Fire Station Redevelopment Project) and one right at the end of FY 22 (Cypress Roots Brewery Project. The facility address for the Fire Station Redevelopment project is 5 Fifth St, District - 01 Account Number - 022245. This project also has been associated with the address of 401 Fifth St but 5 Fifth Street is the correct address. The Cypress Roots Brewery project is located at 148 Market Street, District - 01 Account Number - 017861 owned by Willey Strategies, LLC.

The Fire Station Redevelopment project is a major investment in long term vacant city owned property. Being built by the Davis Brothers dba Broad Band Holdings LLC (Brent and Kirk Davis) the project will have 9 residential apartments and a commercial component to house their broadband data center. It is on track to open in December of this year or early January.

We anticipate that the Hardwire manufacturing facility owned by George and Emily Tunis are considering a major plant expansion in Pocomoke City. Hardwire is a major supplier of protective body and vehicle armor to the military and police departments worldwide. They are part recipients of EZ property tax credits.

Worcester County – Town of Snow Hill

Our redesignation was approved in June 2023 and we have not had any new businesses apply for the Enterprise Zone tax credits. There are couple properties that are available for sale in our downtown that may benefit from the credits, but so far, we have not received any plans.