

OFFICE OF FINANCE PROGRAMS
ENTERPRISE ZONES

ANNUAL STATUS REPORT
CALENDAR YEAR 2017
Economic Development Article

SECTION 5-709

Submitted by:

Maryland Department of Commerce

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MARYLAND ENTERPRISE ZONE PROGRAM

Maryland's Enterprise Zone Tax Credit Program (Program) is a joint effort between the State and local governments to provide tax incentives to businesses and property-owners located in some of the State's most economically distressed communities. The Program was created in 1982 with two enterprise zones (EZ) in two jurisdictions and has grown to include thirty-eight (38) EZs. In accordance with Chapter 305, Acts of 2001, the Department of Commerce (Commerce) has reviewed the effectiveness of the Program and prepared this report. Commerce wishes to acknowledge the efforts of the Comptroller of the Treasury (Comptroller), the State Department of Assessments and Taxation (SDAT), and county and municipal EZ administrators for providing valuable information for this report.

As of December 2018, there are thirty-eight (38) EZs across the State and four (4) focus areas (FA); 3 in Baltimore City and 1 in Prince George's County. The EZs are located throughout the State, with seven state-designated zones in Western Maryland, fifteen on the Eastern Shore, seven in Southern and Suburban Maryland, and ten in Central Maryland. During 2018, Commerce designated six EZs as described below:

- **City of Frederick and Frederick County** jointly applied to newly designate an EZ within the city limit. The size of the area is approximately 530 acres along the US Rt. 40, extending west from US Rt 15. This corridor is known as the "Golden Mile" from its rapid development in the early 1970s.
- **City of Gaithersburg** applied to redesignate and expand the existing EZ in the City with the consent of Montgomery County. The area is approximately 600 acres, which includes majority of existing EZ located in Olde Town Gaithersburg, and adds the Lakeforest Mall property.
- **Caroline County**, the towns of Ridgely, Greensboro and Goldsboro jointly applied to newly designate an EZ in the northern part of Caroline County. The area is approximately 710 acres and it encompasses the Mid Shore Regional Technology and Business Park, existing industrial properties and key commercial properties.
- **Garrett County** applied to redesignate the existing Northern Garrett EZ (NGEZ) with the consent of the Town of Grantsville. The entire area is approximately 110 acres and entirely within the Northern Garrett Industrial Park. The Industrial Park is currently home to 6 businesses – (1) Beitzel Corp, (2) ClosetMaid, LLC, (3) Fourmile Wind Energy, LLC, (4) New England Truss & Joist, Inc., (5) Pillar Innovations, LLC, and (6) Total Biz Fulfillment, Inc. NGEZ was first designated in June 1990 and this will be its 4th designation.
- **Cecil County** applied to expand the existing Cecil County EZ with the consent from the Town of Perryville and Town of North East. The areas are approximately 215 acres, which include the North East Commons and the Chesapeake Overlook areas.
- **The Town of Easton and Talbot County** jointly applied to expand the existing Easton Talbot County EZ. The expansion areas consist of 220 acres, which are entirely within the Town limits. Proposed boundaries includes three areas.

Table 1: Enterprise Zones			
County	Enterprise Zone	Acres	Expires
Allegany	Rt. 220 South	380	12/14/2019
	Gateway (Cumberland)	7,783	6/14/2022
	Frostburg	346	12/14/2024
Anne Arundel	Brooklyn Park	472	6/14/2027
Baltimore City	Baltimore City	13,453	6/14/2022
Baltimore County	Chesapeake (former North Point)	6,988	6/14/2025
	Southwest	1,304	6/14/2023
	Woodlawn	395	6/16/2021
Caroline	Federalsburg	534	6/14/2025
	North County	710	12/14/2028
Cecil	Cecil County	6,026	6/14/2023
Dorchester	Cambridge	1,661	6/14/2023
	Hurlock	433	6/14/2020
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	110	12/14/2028
Harford	Aberdeen/Havre de Grace	9,797	6/14/2026
	Edgewood-Joppa	3,959	6/14/2024
Montgomery	Olde Towne-Gaithersburg	284	6/14/2028
	Glenmont	235	6/14/2023
	Long Branch –Takoma Park	125	6/14/2023
	Wheaton	491	6/14/2019
	Burtonsville/Briggs Chaney	231	6/14/2027
Prince George's	Prince Georges County	9,385	12/14/2019
Queen Anne's	Queen Anne's County	1,349	12/14/2026
Kent	Town of Chesterfield	1089	6/14/2026
Somerset	Crisfield	776	6/14/2026
	Princess Anne	1,155	6/14/2023
Talbot	Easton Talbot	105	6/14/2027
	Tilghman	85	12/14/2027
Washington	Hancock	1,871	12/14/2025
	Hagerstown	4,094	12/14/2022
Wicomico	Salisbury	4,220	12/14/2022
	Fruitland	129	6/14/2025
Worcester	Berlin	1,134	12/14/2026
	Pocomoke City	926	6/14/2022
	Snow Hill	233	6/14/2022
Focus Areas			
Baltimore City	Central West Baltimore		6/14/2022
	Carrol Camden, Jones Falls and Oldtown		6/14/2022
	Orangeville/Holabird Industrial Area		6/14/2022
Prince George's	Prince George's County		12/14/2019

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 and the Comptroller 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.

This report addresses the number and amount of credits granted annually for each 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

Eligible businesses in an EZ may claim a ten-year credit against local real property taxes on a portion of real property improvements. The credit is 80% of the assessment increase during the first five years. The credit then decreases 10% annually thereafter to 30% in the tenth year.

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 \$52 million in FY 2020. The credits are based on real property investments made by those businesses in FY 2019 totaling \$3.7 billion. This translates to an average capital investment of \$6.6 million per business. The real property investment will cost the State \$23 million to reimburse the localities

As shown in Table 2, the statewide amount of capital investment increased 9% from FY 2018 to FY 2019. The top five largest amounts of capital investment in a jurisdiction were Baltimore City, Harford, Prince George's, Baltimore, and Montgomery Counties. Among jurisdictions that have had the largest percentage increase in investment dollars over the five-year period are Worcester, Somerset and Prince George's Counties and Baltimore City.

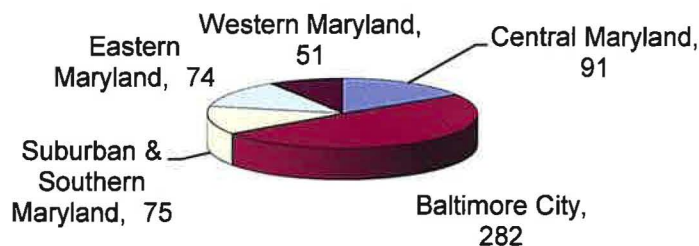
County	FY 2016	FY2017	FY2018	FY2019	FY2020
Allegany	28,156,769	37,789,552	39,375,314	36,774,059	29,824,429
Baltimore City	1,393,621,645	1,544,661,004	1,772,616,244	1,994,917,132	2,165,748,705
Baltimore County	253,704,747	180,475,480	217,797,219	221,218,253	342,945,512
Calvert	21,001,695	3,613,068	1,165,968	888,368	141,800
Cecil	152,817,667	112,964,022	99,200,419	62,506,134	209,799,333
Dorchester	2,849,868	1,055,702	3,881,502	4,262,068	4,332,568
Garrett	22,515,974	16,246,174	24,810,074	14,438,841	11,697,300
Harford	217,043,032	335,982,708	345,961,786	379,961,484	356,557,449
Montgomery	274,838,378	179,202,213	203,103,399	229,454,094	231,524,200
Prince George's	224,195,750	307,511,260	248,311,936	297,381,364	294,735,686
Queen Anne's	N/A	N/A	N/A	8,430,800	8,739,698
St. Mary's	23,541,228	14,435,233	13,248,069	13,650,501	10,871,100
Somerset	1,321,734	2,827,400	2,567,650	2,563,050	806,900
Talbot					433,900
Washington	92,514,213	73,524,084	92,392,326	81,811,879	67,978,267
Wicomico	22,145,623	26,316,456	33,038,722	26,376,005	22,013,659
Worcester	0	0	0	1,793,200	1,544,667
Maryland	\$2,730,268,323	\$2,836,604,356	\$3,097,470,628	\$3,376,427,232	3,759,695,173

*Capital investment amounts for each fiscal year are based on the investments made in previous fiscal year.

Sources: SDAT and Commerce

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 2020, 573 businesses across the State will receive property tax credits for investments in EZs. Figure 1 shows the location of these businesses by region.

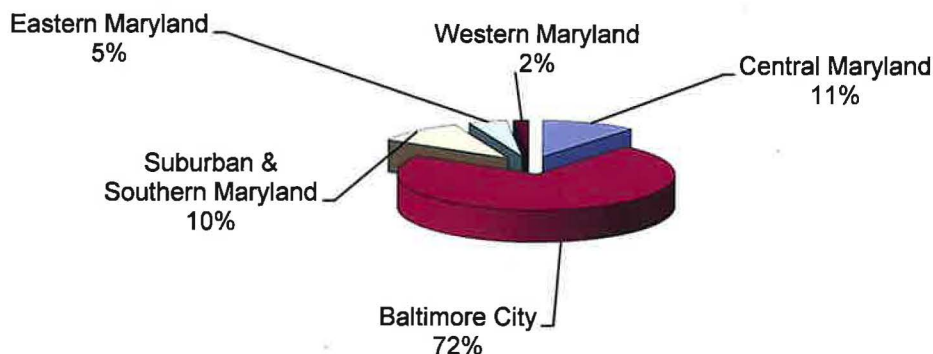
Figure 1: Number of Businesses Receiving Enterprise Zone Property Tax Credits by Region : FY 2020



Source: SDAT and Commerce

Figure 2 presents the projected distribution of property tax credit reimbursements by region for the upcoming fiscal year (FY 2020). The total reimbursement for FY 2020 is \$45.72 million; 72% of the reimbursement will go to Baltimore City, or \$33.12 million. This is followed by Central Maryland (\$5.05 million), Suburban and Southern Maryland (\$4.70 million), Eastern Maryland (\$2.03 million) and Western Maryland (\$0.82 million).

Figure 2: Ratio of Reimbursement by Region: FY 2020



Source: SDAT and Commerce

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 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 2020, twenty six (26) businesses located in an EZ Focus Area will receive personal property tax credits totaling \$3 million.

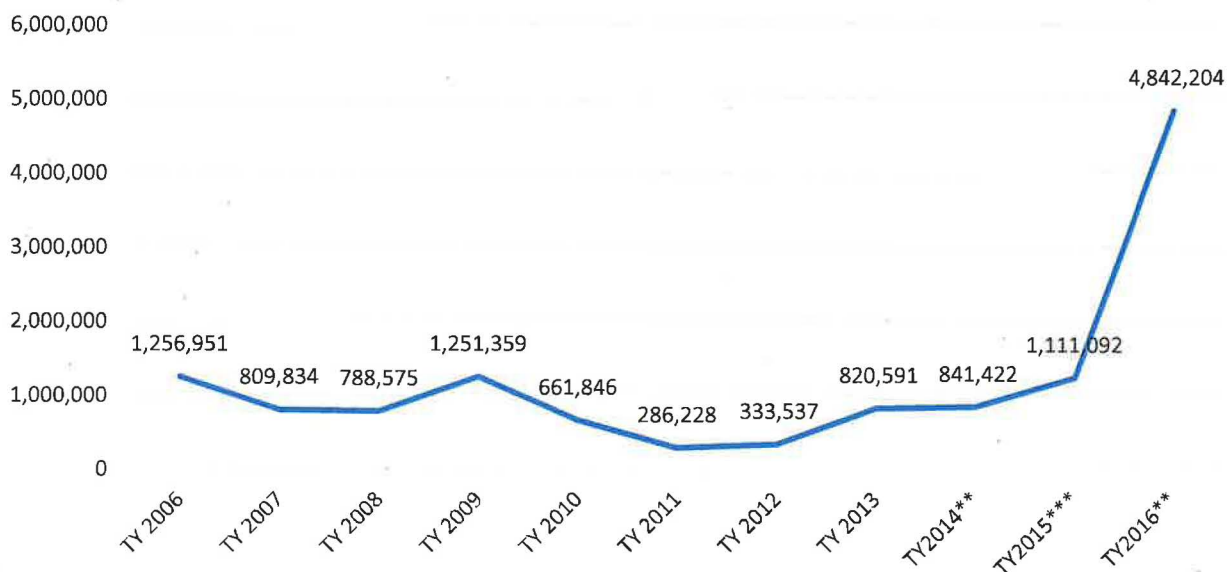
Income Tax Credits

Eligible businesses in an EZ may claim one-year or three-year credits for wages paid to new employees in new positions. The general credit is a one-time \$1,000 credit for each qualified new employee filling a newly created position in an EZ, or \$1,500 for each qualified new 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 500CR form 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 tax years 1995 to 2016. As shown in Figure 3, the usage of the credits varies from year-to-year and hit the highest in TY 2016. Businesses in EZs have earned a total of over \$19 million in income credits over this time period.

According to the Department of Labor, Licensing, and Regulation (DLLR), despite the fact that larger State income tax credits are given to businesses hiring economically disadvantaged employees, only a dozen employers have received Tax Credit Employer Certification from DLLR in the last five years.

Figure 3: Income Tax Credits Earned by Year



*TY2015 updated figure from previous report

**TY 2016 data is preliminary

Source: Comptroller and Commerce

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.

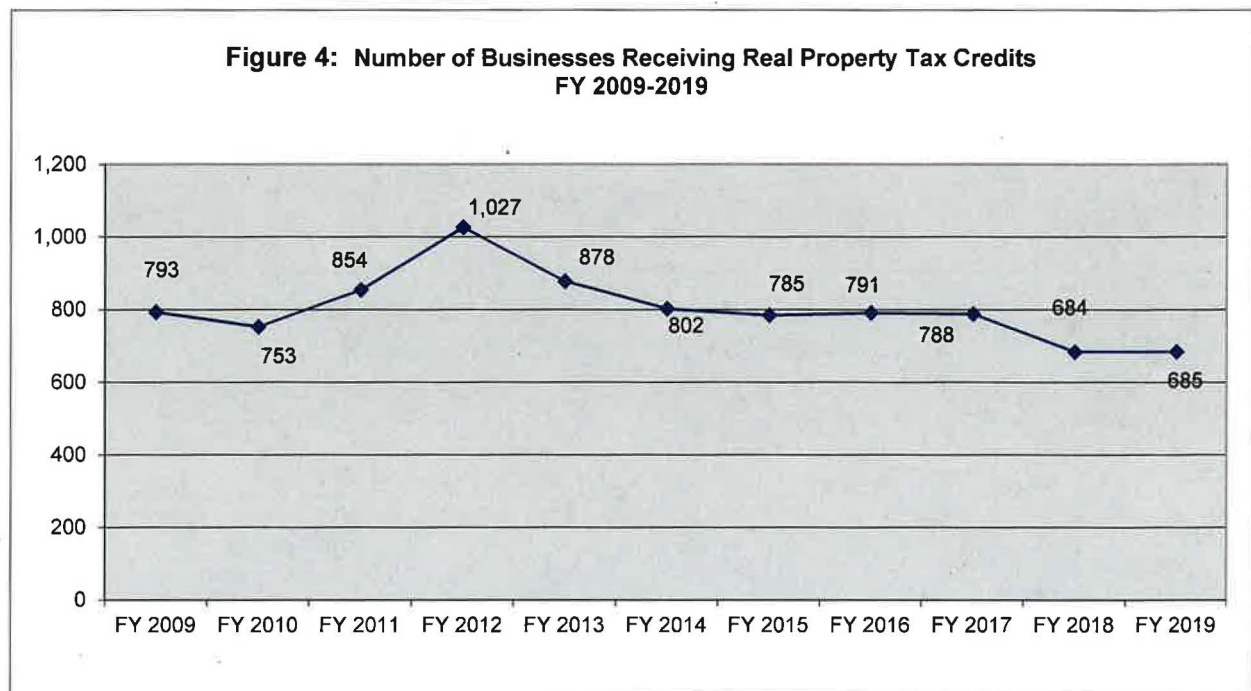
The income tax credits are perceived as secondary in importance in attracting businesses. Most of the businesses are small employers who do not always take advantage of the incentive due to wages paid and the perceived paperwork involved with obtaining the credits. Administrators report a large degree of interest in the credits and find them useful in marketing their areas to prospective businesses. In summary, the program continues to impact the EZ community and both real property and income tax credits give business an incentive to select and stay in the EZ.

BUSINESS ACTIVITY IN THE ENTERPRISE ZONES

Growth in Enterprise Zone Activity

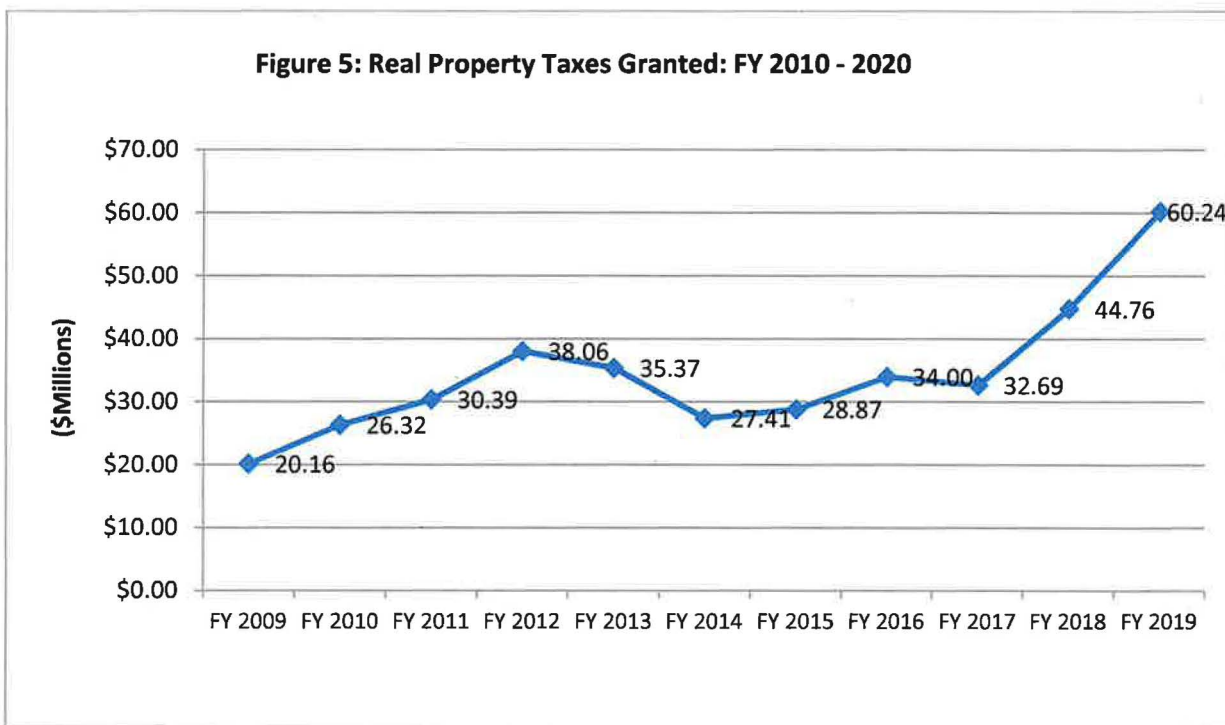
The program has been in existence for over thirty years, and since FY 1985 it has grown from two businesses in two zones receiving property tax credits to 573 businesses, 18 of which are in EZ Focus Areas. Qualified businesses in an EZ receive property tax credits for a 10-year period. Therefore, a business receiving a real property tax credit in 2011, if it remained in operation, was still receiving some credit in 2018. In recent years, the trend has been for jurisdictions to apply to expand their existing zones.

The number of businesses receiving real property tax credits has generally increased from year-to-year. For the first time in FY 2013, the number decreased, falling almost 15%. This is largely due to a number of businesses reaching the end of their 10-year credit. Figure 4 illustrates the number of businesses receiving real property credits on an annual basis over the last ten years.



Source: SDAT and Commerce

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 \$60 million. Over the last ten years, the amount of property tax credits granted increased from almost \$20 million to \$60 million (Figure 5). As previously stated, the program had shown declining from FY 2012 to FY 2014. The drop 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. However, the program has exhibited the upward trend since FY 2015.



Source: SDAT and Commerce

In general, the real property tax credit data provides information on the amount of credits granted and the usage of the credits. The number of businesses participating and the amount of eligible investment has generally grown over the life of the program.

Activity Reports from Enterprise Zone Administrators

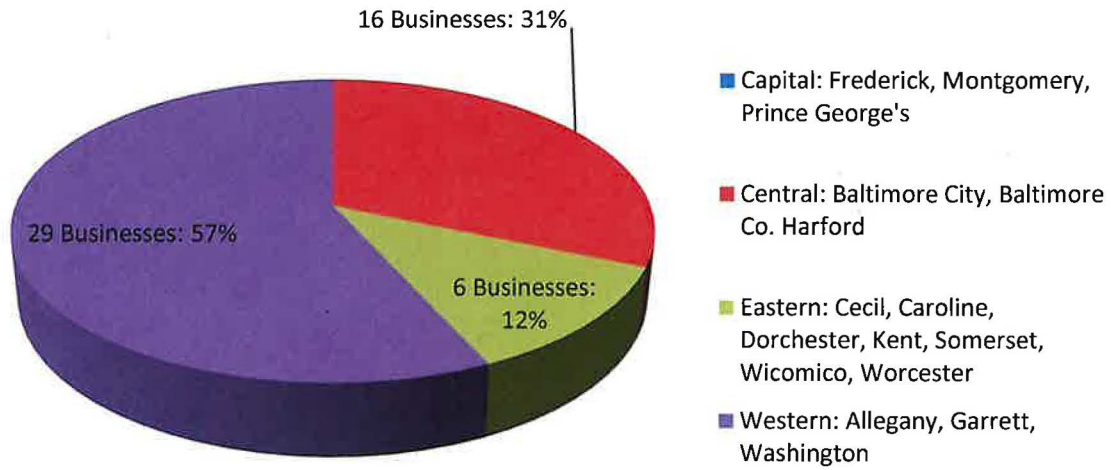
In addition to the information from SDAT and the Comptroller on the number and amount of credits granted annually, the local EZ administrator annual reports provide information on the activity of the businesses in their EZs and on their experience in using the credits. The report includes the number of existing jobs as of application date, the number of estimated new hires within next 12 months, and amounts of capital investments in EZs by new enterprise zone certified businesses in 2017. For calendar year 2017, reports were received from seventeen (17) out of thirty-eight (38) EZs (some expired EZs are still required to report, since some businesses have been receiving EZ tax credits). Local zone administrators reported that they certified 51 new businesses for the property and/or income tax credits in 2017. Figure 6 shows the distribution of new EZ certifications by regions. Based on the administrator reports, the number of existing jobs as of application date were 6,028, and the estimated additional hiring within next 12 months by new certified EZ businesses were 1,014. Furthermore, new EZ certified businesses made a total of approximately \$667 million of capital investments in new construction, rehabilitation and equipment (Figure 7).^{1,2}

Data Sources: Zone Administrators and Commerce

¹ For the calendar year 2017, only information on new EZ certified businesses were reported.

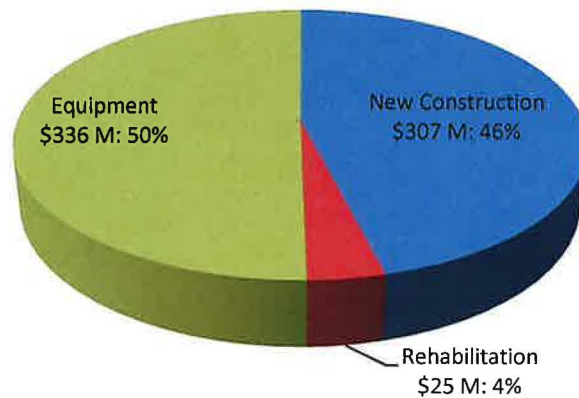
² Disaggregated property information was not available for Aberdeen/Havre de Grace EZ. All capital expenditures on rehabilitation were included in new construction.

Figure 6: New Enterprise Zone Certifications to Businesses in 2017



Data Sources: Zone Administrators and Commerce

Figure 7: Capital Investments in Enterprise Zone by New EZ Certified Business in 2017



Data Sources: Zone Administrators and Commerce

Excerpts from Administrator Reports

Despite the slow growth in the economy, many EZ administrators reported success in attracting and retaining businesses to their EZ. Examples of EZ activities during 2017 are discussed below.

Excerpts from Administrator Reports: Impact of Enterprise Zone Program

Town of Berlin Enterprise Zone (Worcester County)

By making the EZ tax credit information available for our existing businesses, three (3) applied and two (2) were accepted. Many of our existing businesses did not know about the EZ tax credit program.

Twisters, Inc. was located in a building they were leasing 1 mile from their current location. They applied for EZ designation after the building had been completed.

Chesapeake Enterprise Zone (Baltimore County)

Tradepoint Atlantic acquired the 3,100-acre former steel production facility at Sparrows Point in 2014. The new owners agreed to \$48 million in assurances to pay for the site's environmental clean-up. The property is being redeveloped for industrial use.

In August 2016, Under Armour signed a deal with Tradepoint Atlantic to build a one million square foot distribution warehouse that will employ 1,000 people, and be part of an overall \$175,000,000 capital investment. The facility, under construction in 2017, will serve as the company's national hub to fulfill consumers' online orders.

In July 2017, FedEx Ground opened a new 300,000 square foot distribution center at Tradepoint Atlantic that employs 150 and up to 300 long-term package handlers, drivers, and office workers. Investment is approximately \$45 million in building and equipment.

In November, 2017, Amazon officially announced plans to construct an 855,000 square-foot fulfillment center at Tradepoint Atlantic and bring 1,500 new jobs to the region. Construction investment in the project is expected to be \$70 million and equipment investment will be \$155 million. Associates at the new facility will pick, pack, and ship customer items such as electronics, books, housewares, and toys. To assist with project costs, the Maryland Department of Commerce approved a \$2 million conditional loan through the Maryland Economic Development Assistance Authority and Fund (MEDAAF). Additionally, Baltimore County has approved a \$200,000 conditional loan to assist with development costs at the new facility.

Aging Barns LLC - Part of Sagamore Development, Sagamore Whiskey/Aging Barns purchased the parcel at 4611 North Point Boulevard to transform it into five aging barns to store up to 80,000 barrels of Sagamore Spirit Rye Whiskey. The first building was made available March 2017. At full build-out, investment is expected to be \$10 million and ten employees will be located there.

The Chesapeake Enterprise Zone was approved in June 2015. It replaced and expanded the former North Point EZ. The zone area was expanded to include a large portion of the former Sparrows Point steel mill that was not already included in the North Point Zone. The addition of the remaining Sparrows Point property to the enterprise zone has made it much more attractive to locate a project at Tradepoint Atlantic, the multi-billion dollar transportation and logistics hub that is being developed on the former steel mill property. The 3,100-acre industrial site in Baltimore, Maryland, offers a gateway to markets around the United States and the world, featuring a unique combination of access to deep-water berths, rails and highways. Ground-breaking agreements signed with federal and state

environmental regulators in 2014 to remediate the legacy from a century of steel-making has enabled the redevelopment of the site which has the potential to become one of North America's most strategic multi-modal, multi-commodity terminals.

Enterprise zone designation has provided crucial income tax credit opportunities to companies adding new employees and 10-year property tax credit opportunities for development of new buildings. The project is expected to create 10,000 new jobs over the next 10-20 years. Eighteen diverse tenants currently operate at Tradepoint and more projects are being announced monthly.

The development at Tradepoint is stimulating related but non-EZ eligible retail development that will provide needed services to the community. Royal Farms has announced plans to locate a store and gas station on Tradepoint property next to I-695.

There is no question that the establishment of the Chesapeake Enterprise Zone has improved the area in and around the zone.

Federalsburg (Caroline County)

The income tax incentive was instrumental in attracting a large Eastern Shore business to expand by purchasing and renovating the vacant Kraft Food manufacturing facility in Federalsburg. The business planned to spend capital on machinery and equipment, which does not impact the property assessed value, which in turn did not provide any of the Enterprise Zone property tax credits. However, since the company was to hire 30 new employees, at a starting salary of \$15.75, the income tax credits along with County and Town tax credits provided the decision tipping point for the business to expand to Federalsburg.

Since the Federalsburg Enterprise Zone was established in 2015, two large vacant buildings have been occupied by manufacturing companies, thanks to the property and income tax credits. Had the Enterprise Zone tax credits not been part of the incentive package, the two businesses may have not been able to justify purchase and renovation of their respective properties. The Federalsburg community has realized the benefit of the Enterprise Zone, both in terms of job opportunities and the development of two large industrial properties. For a small rural community, the Enterprise Zone tax credits can be the best incentive offered. It encourages investment in real property that in turn helps with the overall commercial and industrial property value in the area. The requirements for income tax credit incentive are applicable for rural based businesses that have job growth that is significant for the area, but may not seem significant when compared to other locations in more urban parts of the State. The Town of Federalsburg has benefited from its designation as an Enterprise Zone.

Frostburg Enterprise Zone (Allegany County)

One business moved from nearby Cumberland to Frostburg, and was able to benefit from relocating to an Enterprise Zone. This business, School Therapy Services, Inc., employs 47 people and plans to hire about three more this year.

Clatter, LLC considered the benefits of being in an Enterprise Zone when choosing their location. They purchased an older building in need of upgrades and invested more in renovations and construction than for the purchase price of the property. This was a huge benefit to the Zone with a significant investment in the property/ building.

A few additional new businesses have opened near Clatter, LLC in the Enterprise Zone as a result of the growth in this area. Some areas have seen more growth than others. The City would like to explore the possibility of establishing a Focus area to concentrate on another area where

redevelopment is being targeted. Frostburg benefits from the Enterprise Zone program because it allows small businesses to balance their initial expenses in starting a business in an area where real estate values are depressed compared to elsewhere in the State. Frostburg benefits from having the Enterprise Zone designation to attract people to the business district and from the resulting investments in properties for renovations and improvements.

Gateway Enterprise Zone (Allegany County)

Many of the industries located in the Gateway Enterprise Zone, particularly those located in the North Branch Industrial Park, continue to experience growth or came to the County because of the program. Hunter Douglas, Berry Plastics, Schroeder Industries, Webstaurant Store, Inc., success in location and expansion in Allegany County can be attributed to the Enterprise Zone program. Additionally, a major road renovation project is underway through the assistance of the Appalachian Regional Commission (ARC) and coupling infrastructure improvements with the Enterprise Zone contribute to growth throughout the entire zone.

Hagerstown/Washington County Enterprise Zone (Washington County)

Projects submitted for 2017 will have a positive impact on the downtown area of the City of Hagerstown, more specifically, the *Arts and Entertainment District*. Support for these projects, also known as the Urban Improvement Project (UIP) is a collaborative effort between the City of Hagerstown, Washington County Government, State of Maryland, Washington County Public Schools, Barbara Ingram School for the Arts, and the Maryland Theatre. Increasing educational opportunities, student housing for the University System of Maryland at Hagerstown, tourism, artist space, and a mix of retail and office space is expected.

Without the Maryland Enterprise Zone Tax Credit Program, projects such as those listed above would be in jeopardy. The EZ Tax Credit Program provides our community with the ability to continue to attract new investment in our downtown core.

Havre de Grace/Greater Aberdeen & Edgewood/Joppa Enterprise Zone (Harford County)

There have been no new construction projects in the Edgewood/Joppa zone that have taken advantage of the Property Tax Credit. With respect to the Income Tax Credit we have had one company, AGCO, take advantage. We have done a much better job of getting out and meeting with businesses in the Edgewood/Joppa Enterprise Zone and we anticipate more applications for 2018. Growth in the Edgewood/Joppa area has been slow, but there are a number of new projects slated to start/come online in 2018.

For Greater Aberdeen/Havre de Grace, Scarpulla Enterprises is the only company to apply for the Property and Income Tax credits. United Foods International (USA) Inc. has applied for the Income Tax credit, opening their East Coast facility. There are a number of new projects in the pipeline for 2018 which is very exciting.

Chestertown Enterprise Zone (Kent County)

The enterprise zone is used as one of the incentives for capital investment and job creation. We advertise incentives on our website, on social media, and in local print.

Currently the two companies certified are in the construction phase. KRM/Dixon's expansion has had a positive effect on other businesses in the community. LaMotte is expanding and now committed to further expansions at the Chestertown site, as a direct result of the KRM/Dixon development and local and state incentives offered.

Rt. 220 South Enterprise Zone (Allegany County)

American Woodmark is the main employer and has grown to over 520 employees since it began operation in Allegany County in 2004. Coupled with other state incentives like the One Maryland Tax Credit, American Woodmark chose to locate and expand in Allegany County because of the incentives, including the Enterprise Zone Tax Credit. Additionally, Allegany County has constructed a 40,000 sq. ft. shell building to attract more business/industry to the zone and could also be used as expansion for any number of local businesses. The shell building is very much of interest and is currently being marketed to at least two businesses. Finally, directly across from the Barton Business Park, a major mixed use residential, commercial, senior housing project is underway to assist with providing, among other things, affordable workforce housing to assist nearby companies such as American Woodmark and Orbital ATK.

Along with American Woodmark's growth, as mentioned above, the County's new industrial shell building and proposed housing/mixed use developments for the area will only help but drive the local community economy and expand its tax base. With this growth from both business and residential development, needed infrastructure improvements can be accomplished and provide better roads, water/sewer systems, etc. to the businesses located in and around the zone.

Salisbury Enterprise Zone (Wicomico County)

During 2017, Salisbury/Wicomico had 0 businesses that sought Enterprise Zone Certification, a steep decrease from the six we had in 2016. Nevertheless, it is still an effective program and it is something that we share with our local business community.

In the past, the Enterprise Zone has been an effective tool in the Salisbury-Wicomico area. More efforts will be made in the future to market the Enterprise Zone to new and expanding businesses in our community.

Southwest Enterprise Zone (Baltimore County)

Diageo is renovating their former bottling plant in Relay, MD to accommodate the new Guinness Open Gate Brewery & Barrel House, the first Guinness brewing operation to be located in the United States since 1954. Guinness plans to employ 120 people for their Customer Experience team and Diageo will employ another 80-100 people at the site. Investment in the project will exceed \$80 million and Guinness projects 300K visitors its first year. The availability of the EZ tax credits was critical to attracting this project to Baltimore County, to Maryland and to the United States.

Merritt Properties built a new \$3 million industrial building at 1705 Twin Springs Road. The major tenant is Saval Foods Corporation. The meat processor and manufacturer has leased 22,000 square feet for a new food processing and distribution facility. Saval Foods Corporation operates two business lines - Deli Brands of America (manufactures and distributes deli products) and Saval Foodservice (largest independent broad line foodservice distributor located in the Baltimore-Washington Corridor). The new facility in Baltimore County will result in the creation of 38 new positions after 36 months. (The company currently has 100 full-time employees in Baltimore City and

150 employees in Howard County.) Investment is \$1.9 million - \$900,000 in equipment and \$1 million in leasehold improvements. The availability of EZ benefits was critical to attracting the project.

The establishment of the Southwest Enterprise Zone has most definitely improved the community in and around the zone. The County is working with the Maryland Transit Administration to get a new bus line to serve the Guinness Brewery workers. Currently, the property is located approximately one mile from the Halethorpe MARC stop. This bus line could also serve local commuters who use the MARC line to commute to Washington DC and its suburban areas.