



Larry Hogan | Governor  
Boyd Rutherford | Lt. Governor  
Kelly M. Schulz | Secretary of Commerce

November 23, 2020

The Honorable Bill Ferguson  
President, Maryland Senate  
State House, H-107  
Annapolis, Maryland 21401-1991

The Honorable Adrienne A. Jones  
Speaker, Maryland House of Delegates  
State House, H-101  
Annapolis, Maryland 21401-1991

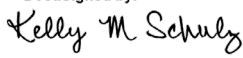
**RE: Opportunity Zone Enhancement Program Report**

Dear President Ferguson and Speaker Jones:

I am pleased to submit the Department of Commerce's report on the Opportunity Zone Enhancement Program.

I look forward to your review of this report and will be available to furnish any additional information that is needed. If my staff or I can be of further assistance, or if you have any questions regarding this report, please contact me at 410-767-6301.

Sincerely,

DocuSigned by:  
  
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Kelly M. Schulz  
Secretary

Enclosure

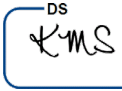


**Maryland**  
DEPARTMENT OF COMMERCE

Larry Hogan | Governor  
Boyd Rutherford | Lt. Governor  
Kelly M. Schulz | Secretary of Commerce

**MEMORANDUM**

**TO:** The Honorable Larry Hogan  
Governor

**FROM:** Kelly M. Schulz   
Secretary

**THRU:** Allison Mayer  
Deputy Chief of Staff, Governor's Office

**DATE:** November 23, 2020

**SUBJECT:** Opportunity Zone Enhancement Program Report

I am pleased to submit the Department of Commerce's report on the Opportunity Zone Enhancement Program.

I look forward to your review of this report and will be available to furnish any additional information that is needed. If my staff or I can be of further assistance, or if you have any questions regarding this report, please contact me at 410-767-6301.

Attachment

DIVISION OF FINANCE  
OPPORTUNITY ZONE ENHANCEMENT TAX  
CREDIT PROGRAM

STATUS REPORT

Submitted by:

Maryland Department of Commerce

November 2020

# **STATUS REPORT OPPORTUNITY ZONE ENHANCEMENT TAX CREDIT PROGRAM**

## **PROGRAM OVERVIEW**

Chapter 211, Acts of 2019 created the Maryland Opportunity Zone Enhancement Tax Credit program. This program allows businesses and investors participating in the Federal Opportunity Zone program to potentially qualify for enhanced tax credits under one of the following Maryland tax credit programs: More Jobs for Marylanders, Job Creation, One Maryland, Enterprise Zone, Biotechnology Investment Incentive and Cybersecurity Investment Incentive.

To qualify for the Opportunity Zone Enhancement program, the business must first meet the qualifications of the underlying tax credit program for which it is applying. For example, to qualify for the Job Creation Tax Credit (JCTC) enhanced credit of \$3,075 per qualified position (an increase on the standard JCTC credit of \$3,000), the business must first meet the qualifications of the JCTC program.

For the Job Creation, One Maryland, More Jobs for Marylanders, Enterprise Zone and Enterprise Zone Focus Area enhanced income tax credits, the business must be a Qualified Opportunity Zone Business (as defined in § 1400Z-2 of the Internal Revenue Code) and have received an investment from a Qualified Opportunity Fund (as defined in § 1400Z-2 of the Internal Revenue Code).

For the Biotechnology Investment Incentive and Cybersecurity Investment Incentive enhanced tax credits, the investor must be a Qualified Opportunity Fund (as defined in § 1400Z-2 of the Internal Revenue Code) and the Qualified Maryland Biotechnology or Qualified Maryland Cyber company which is receiving the investment must be located in an Opportunity Zone.

The additional requirements for Level 1 and Level 2 Enhancements are listed below:

### **Level 1 Opportunity Zone Enhancement**

The Level 1 Opportunity Zone Enhancement program application requires the following information:

1. Date and amount of Qualified Opportunity Fund's investment in the Qualified Opportunity Zone Business
2. Total project or business investment, including leverage
3. Address and census tract of the business and/or fund
4. NAICs code of the business
5. An impact report including qualitative and quantitative data on the investment and its progress

### **Level 2 Opportunity Zone Enhancement**

To qualify for Level 2 Enhancement credits, the business and/or fund must meet the Level 1 enhancement requirements and provide the following additional information:

1. Provide one of the following:

- a. Name and address of residents of the communities in the Opportunity Zone that serve on the Governing Board or Advisory Board of the Qualified Opportunity Zone Business.
  - b. A copy of a community benefits agreement that is negotiated and agreed to by the **community groups** or **strategic industry partnerships** in the Opportunity Zone and the **Qualified Opportunity Zone Fund**
2. Provide one of the following
    - a. For applicants located in an Opportunity Zone within a municipality, provide a resolution or letter from the municipality approving the enhanced tax credits.
    - b. For applicants located in an Opportunity Zone that is NOT in a municipality, provide a resolution or letter from the County approving the enhanced tax credits.

### PROGRAM ACTIVITY

As reported last year, Commerce published information about the program on its website and created an application form to apply for enhanced credits. To date Commerce has received one application for the Enhanced Credit under the Biotechnology Investment Incentive Tax Credit. At the time of this report’s drafting the application had not yet been reviewed to determine eligibility.

### Enhanced Credit Amounts

Program	Existing Benefit	Level 1 Benefit	Level 2 Benefit
More Jobs for Marylanders (10 Year Benefit)	Refundable income tax credit 5.75% of wages	Refundable income tax credit 6% of wages	Refundable income tax credit 6.25% of wages
Job Creation Tax Credit	\$3,000 per new job, \$5,000 per new job in a Revitalization Area	\$3,075 per new job; \$5,125 per new job in a Revitalization Area	\$3,300 per new job; \$5,500 per new job in a Revitalization Area
One Maryland Tax Credit (for businesses that create at least 50 new jobs)	Up to \$5,000,000 of eligible project costs	Up to \$5,125,000 of eligible project costs	Up to \$5,500,000 of eligible project costs
Enterprise Zone Income Tax Credit	\$1,000 per new job, up to \$6,000 over three years per new job for hiring economically disadvantaged employees	\$1,025 per new job, 7.5% increase per year over three years for hiring economically disadvantaged employees	\$1,200 per new job, 10% increase per year over three years for hiring economically disadvantaged employees
Enterprise Zone Focus Area Income Tax Credit	\$1,500 per new job, up to \$9,000 over three years per new job for hiring economically disadvantaged employees	\$1,540 per new job, 7.5% increase per year over three years for hiring economically disadvantaged employees	\$1,750 per new job, 10% increase per year over three years for hiring economically disadvantaged employees
Biotechnology Investment Incentive Tax Credit	50% of the investment in a QMBC up to \$250,000	65% of the investment in a QMBC up to \$575,000	75% of the investment in a QMBC up to \$750,000
Cybersecurity Investment Incentive Tax Credit (In OZs in a county other than Allegany, Dorchester, Garrett, or Somerset County)	33% of the investment in a QMCC up to \$250,000	33% of the investment in a QMCC up to \$300,000	50% of the investment in a QMCC up to \$500,000

