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FROM	NAME & TITLE	Robert Cennamo, Chief	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Bureau of the Budget and Management Research Room 432, City Hall (410) 396-4941		
	SUBJECT	City Council Bill #18-0079R		

TO

DATE:

The Honorable President and
Members of the City Council
Room 400, City Hall

June 6, 2018

City Council Bill 18-0079R has been introduced for the purpose of supporting the City's proposal for designating Opportunity Zones in Baltimore. Changes to federal tax laws allow state governors to designate low-income census tracts as "Opportunity Zones" in which investments from the private sector receive favorable federal tax treatment.

Baltimore City has 168 such zones that appear eligible and the City submitted 41 of these to the Governor to be considered. The goal of the program is to encourage investment in low-income communities by providing a tax incentive for investors to re-invest their unrealized capital gains in distressed communities, thereby reducing inequalities in access to capital in Baltimore's underserved neighborhoods.

Bill 18-0079R calls upon the Department of Finance to appear before the City Council to discuss the City's plans to coordinate with communities to attract impactful investment to Baltimore's new Opportunity Zones once the program goes into effect. The City will play a role in connecting potential investors with impactful projects, and the Bill language indicates it would be advantageous to coordinate with the Baltimore Development Corporation in this effort.

The Finance Department supports this resolution regarding the Federal Opportunity Zone program, and looks forward to collaborating with City Council and the Baltimore Development Corporation in this matter. The Finance Department already works with the Baltimore Development Corporation on a regular basis in the implementation of similar programs, such as the Brownfield and Enterprise Zone tax credits.

Note that many eligible Opportunity Zones overlap the certified Enterprise Zone areas within the City. Therefore, it is anticipated that the availability of this federal tax program may incent development subject to the Enterprise Zone tax credit in which the City absorbs 50% of the cost.

In summary, the Department of Finance has reviewed this Bill and has no objection.

cc: Henry Raymond
Kyron Banks