

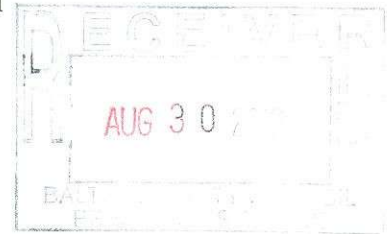
MEMORANDUM

TO: Honorable President and Members of the City Council
Attention: Karen Randle, Executive Secretary

FROM: Kim Clark, Acting President *JK*

DATE: August 27, 2012

SUBJECT: City Council Bill No. 12-0062R
Approving the Submission of an Application to the State of Maryland for the
Expansion of Baltimore City's Consolidated Enterprise Zone



In July, Baltimore Development Corporation (BDC) received an application submitted by Harbor Point and surrounding properties to be included in the Enterprise Zone (EZ) for this fall's expansion. The Enterprise Zone allows the City to offer businesses tax incentives for investment/improvement to real property and wage income credits.

The BDC closely examined the application and the forecasted benefits/returns to the city as a result of the requested Enterprise Zone expansion and is in support of this application. The EZ credits will be passed on by the developer to attract new companies to Baltimore City whereas it would otherwise not be financially feasible. The 10-year credit for Harbor Point would be outweighed by the return potential with regards to jobs, real property tax revenue, and other tax revenues. Over the 10-year life of the credit, it is estimated that the city would forego approximately \$53 Million and, in return, generate over \$143 Million in tax revenue, 3,000 new construction jobs, and over 5,000 new permanent jobs. The return on this would be approximately 2.67:1 and net the city over \$90 Million over 10 years. At the end of the 10 years, the tenants of these properties will be paying full property taxes.

The objective of the Enterprise Zone is to provide additional tax incentives to attract businesses, encourage the creation of new jobs, stimulate capital investments, and promote the reuse of vacant and underutilized industrial and commercial properties. The areas selected for the EZ expansion are under-developed or vacant lots that would greatly benefit the city and residents if fully developed and occupied. The Harbor Point lot would also meet Brownfields criteria.

With the inclusion of Harbor Point, the aggregate Enterprise Zone demographics will continue to meet the requirements for designation by fulfilling the poverty criteria as set by the State of Maryland.

cc: Kaliopé Parthemos
Angela Gibson