


MEMORANDUM

TO: Honorable President and Members of City Council

FROM: William H. Cole, President and CEO 

DATE: September 2, 2016

SUBJECT: City Council Bill No. 16-0312R
Resolution Approving the Submission of an Application to the State of Maryland for the Creation of a West Baltimore City Focus Area

The Baltimore Development Corporation (BDC) has been asked to comment on City Council Bill 16-0312R, approving the submission of an application to the State of Maryland to amend the established Enterprise Zone in the Penn North area of West Baltimore City to include a Focus Area. The regulations of the Enterprise Zone Program, as set by the State of Maryland, require the written expression of the sentiment of the Baltimore City Council endorsing the Enterprise Zone application to the Maryland Department of Commerce.

The proposed Focus Area would enhance incentives in the existing Enterprise Zone in Central West Baltimore. Currently, the Enterprise Zone provides a ten-year property tax credit (80% credit for the first five years, decreasing 10% annually for the next five) on real property improvements. It also provides a credit to businesses that hire new employees – a \$1,000 one-time credit for new hires, or a \$6,000 credit if the new hire is an Economically Disadvantaged Employee. By creating a Focus Area, both credits would be enhanced. The Real Property credit would be set at 80% for the full ten year period, and the employment credit for new hires would increase to \$1,500 per employee, or \$9,000 per Economically Disadvantaged Employee. In addition, businesses in a Focus Area would benefit from a ten-year personal property tax credit of 80% per year – an especially valuable credit to businesses that operate with a lot of equipment, including grocery stores, gyms, and production facilities.

Upon the resolution receiving Mayor & City Council approval, BDC will submit an Enterprise Zone Focus Area application for Central West Baltimore to the Department of Commerce. The objective of this proposed Focus Area is to spur economic development in West Baltimore. The enhancement of the existing tax incentives can encourage private investment, create jobs, and generate real property and personal property tax income on properties currently undeveloped or underdeveloped in the City of Baltimore. The Baltimore Development Corporation recommends favorable consideration and passage of City Council Bill 16-0312R.

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