

of Finance to appear before the City Council to discuss the City's plans to coordinate with communities to attract truly impactful investment to Baltimore's new Opportunity Zones once the program goes into effect.

Recitals

Recent changes to federal tax laws included the introduction of a new program allowing state governors to designate low-income census-tracts in their states as "Opportunity Zones" in which investments from the private sector receive favorable federal tax treatment. The goal of the program is to encourage long-term investments in low-income urban and rural communities nationwide by providing a tax incentive for investors to re-invest their unrealized capital gains in distressed communities, thereby reducing inequalities in access to capital and spurring growth in underserved areas.

In each state, the governor may designate up to 25% of the census-tracts that meet the income and economic distress criteria for the program as Opportunity Zones. This approach is intended to both help ensure local needs and opportunities are being addressed and encourage concentration of capital in targeted, geographically contiguous areas where it can be most impactful.

Baltimore contains 168 census-tracts that appear to be eligible for the program, roughly 28% of all eligible tracts in Maryland. The City submitted 41 census-tracts, just under 28% of the total than can be designated for the program in Maryland, as potential Opportunity Zones to the Governor for his consideration.

These new Opportunity Zones have the potential to attract significant private investment. According to a recent analysis, the pot of potential capital eligible for reinvestment in Opportunity Zones is at least \$6.1 trillion. If even 1% of that money were in fact to be reinvested in Opportunity Zones that would equate to more than \$7 million in new investments for each designated census-tract, a truly transformational amount for such a relatively small area.

However, mere designation as an Opportunity Zone does not guarantee that any additional money will follow. Communities must learn how to market investment opportunities that could benefit both neighborhoods and investors to the new funds set up to take advantage of the tax benefits of investments in Opportunity Zones; and the City will have to play a role connecting potential investors with impactful projects.

In order to ensure that Baltimore doesn't miss out on the opportunity provided by these new zones, planning and coordination between City and community stakeholders will be essential. This coordination needs to begin immediately and grow into an effective effort to capture as much Opportunity Zone investment as possible for Baltimore.

Now, therefore, be it resolved by the City Council of Baltimore, That the Council supports the City's proportionate proposal for designating Opportunity Zones in Baltimore and calls on representatives from the Baltimore Development Corporation and the Department of Finance to appear before it to discuss the City's plans to coordinate with communities to attract truly impactful investment to Baltimore's new Opportunity Zones once the program goes into effect.

And be it further resolved, That a copy of this Resolution be sent to the Mayor, the President & CEO of the Baltimore Development Corporation, the Director of Finance, and the Mayor's Legislative Liaison to the City Council.