



M A R Y L A N D  
**OPPORTUNITY ZONES**



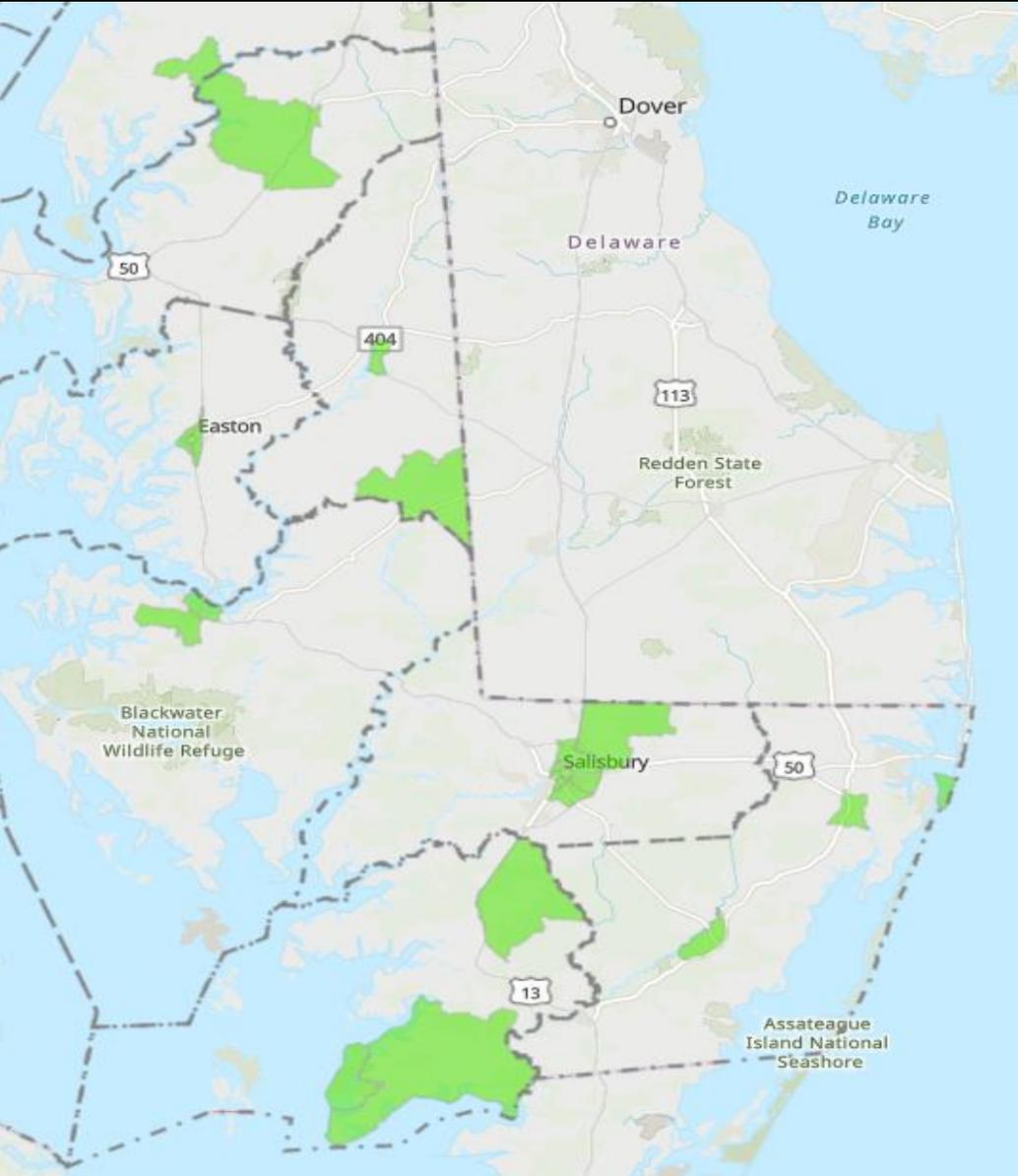
# Opportunity Zones Leadership Committee

**03/14/2019**  
**Salisbury, MD**

- **December 2017** H.R. 1 - Opportunity Zone Legislation passes
- **March 2018** Governor Hogan submits nominated OZs
- June 14, 2018 US Treasury designates Maryland's 149 Opportunity Zones
- **July 30, 2018** DHCD / Commerce hold Opportunity Zone Conference
- October 18, 2018 IRS Guidance
- **January 3, 2019** Governor Hogan announces OZ Initiatives & Launch of OZ Info-Exchange
- February 20, 2019 Governor's OZ Leadership Task force – Kickoff meeting
- February 22, 2019 Closed NBWOZ loan to Clene Nanomedicine, Inc.
- **March 14, 2019** Governor's Regional OZ Meeting - Salisbury area
- March /April 2019 IRS Guidance – Fund Structures, Investment in Operating Business
- Summer/Fall 2019 IRS Guidance – Reporting and loose ends

## January 3<sup>rd</sup>, 2019 - OZ Leadership task force led by Lt. Governor Boyd Rutherford

- **Outcomes**
  - Regional Sessions: Today, Southern MD (TBD), Western MD, .....
  - Opportunity Zone Plan
- **Legislative / Funding - \$56.5 million**
  - COMMERCE - Tax Credits for creating new jobs / expanding job in OZs – \$6M
  - DLLR - Workforce training (EARN) - \$3M
  - DHCD – grants & loans - \$31.5M
    - Rental Financing
    - Strategic Demolition
    - Neighborhood Business Works
  - TEDCO – Strategic Infrastructure Investment Fund - \$16M



County	# of OZs	Cities
Kent	1	Chestertown
Queen Anne's	1	Churchill, Kingstown
Caroline	2	Denton, Federalsburg
Talbot	2	Easton
Dorchester	2	Cambridge
Wicomico	7	Salisbury
Worcester	3	Snow Hill, Ocean City
Somerset	3	Princess Anne, Crisfield
<b>Total OZs</b>	<b>21</b>	



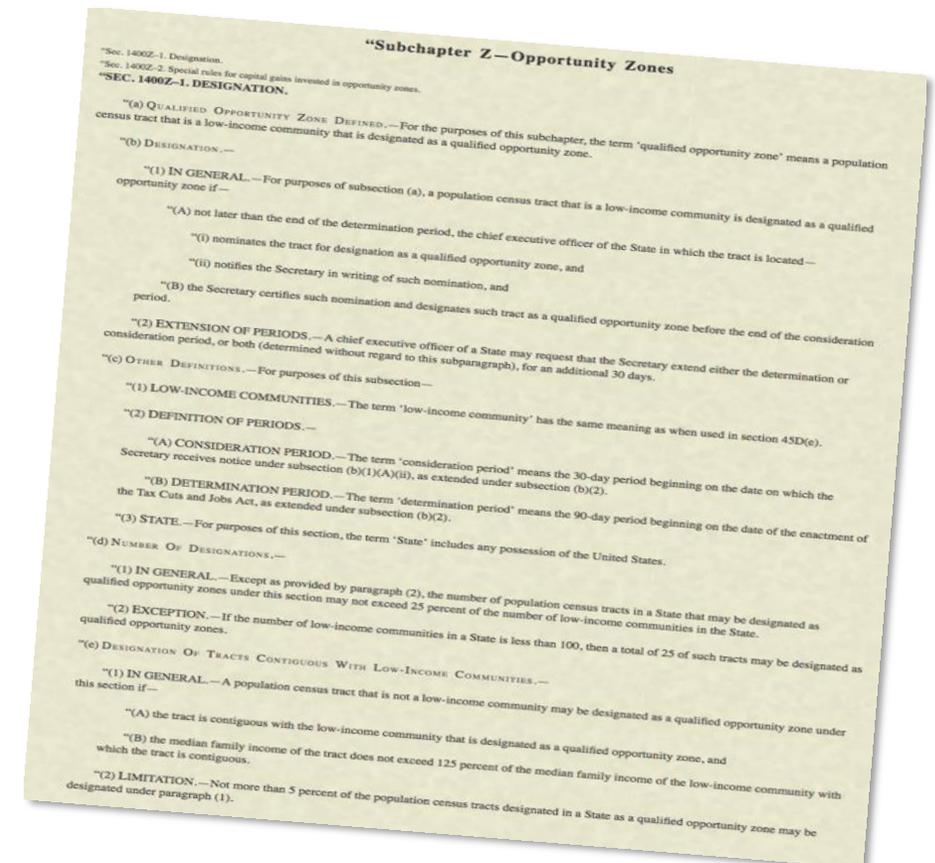
<u>Jurisdiction</u>	<u># of OZs</u>	<u>Project Name</u>	<u>Type</u>	<u>Description</u>	<u>City</u>
Kent	1	Dixon Valve Distribution Center	Manufacturing	Dixon Valve broke ground in 2017 to build a 150,000 sf state of the art distribution center in Chestertown.	Chestertown
Queen Anne's	1	Queen Anne's County Department of Economic and Tourism Development	General	Town of Church Hill , Kingstown	Chester
Talbot	2	Building Investment Opportunity	Residential	Lots available for the construction of more townhomes in Douglass Landing. Listing includes lots 48,49,50,51,52. Building plans may be available. Front foot fees apply.	Easton
Caroline	2	Federalsburg, MD Caroline County	Industrial	City of Denton , Federalsburg	Federalsburg
Dorchester	2	Cambridge Waterfront, Phillips Packing House, River Marsh	Mix Use	<b>Cambridge Waterfront Development, Inc.</b> seeks developers and financing for approximately 25 acres with a deep-water port, 470-foot wharf and public promenade along the scenic Choptank River.	Cambridge
Wicomico	7	Salisbury Town Center, Project Malt	Industrial	Investment opportunity in a malt processing plant for distribution to support craft brewery market along East Coast.	Salisbury
Worcester	3	309 N. Washington St.	General	Previously a PNC Bank, this riverfront property has a beautiful brick infrastructure and is ready to be upgraded! The Town of Snow Hill is searching for investors to turn this property into a riverfront restaurant with outdoor dining, which our town is in need of. We have had design renderings completed for this project that we will gladly share with potential investors. The town has grant funding opportunities available.	Snow Hill, Ocean City
Somerset	3	IES Life Sciences, Inc.	Technology	IES Life Sciences, Inc. (“IES”) is an innovative molecular diagnostics company harnessing the power of the immune system to diagnosis difficult to identify viruses and diseases, at the earliest stage, with a simple blood test. IES is initially focused on Lupus, Rheumatoid Arthritis and Lyme Disease.	Princess Anne, Crisfield
<b>Total OZs</b>	<b>21</b>				



# Background on Opportunity Zones

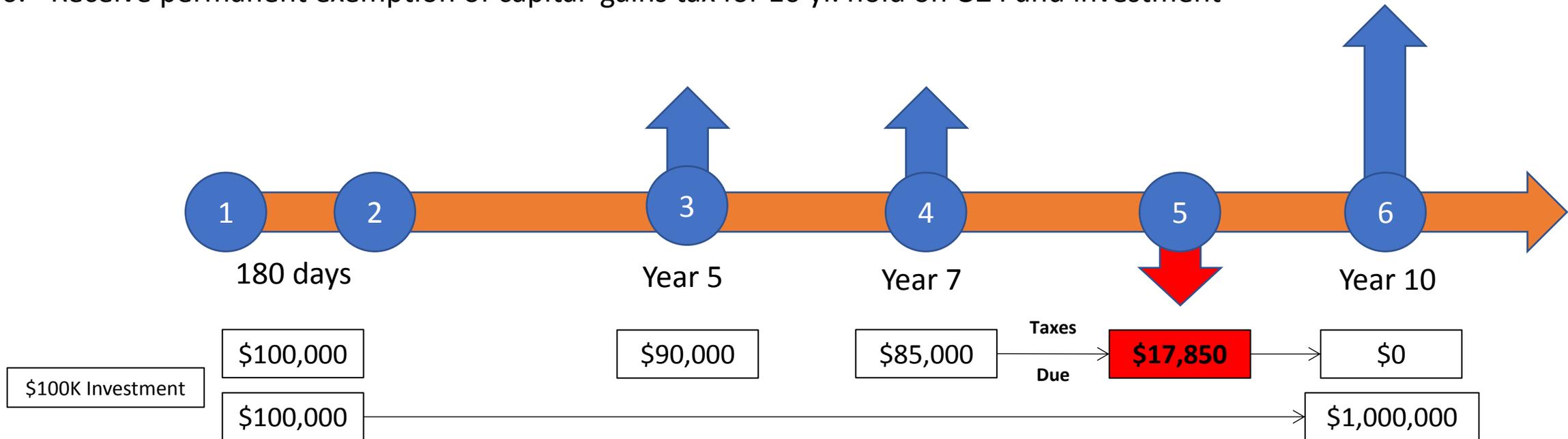
## Opportunity Zones will help connect low-income communities with needed capital.

- **Capital** – U.S. households and corporations were sitting on an estimated **\$6.1 trillion** in unrealized capital gains at the end of 2017.
- **Connect** – Opportunity Zones offer a frictionless way for investors to dedicate all or a portion of their winnings to seeding the next generation of enterprise in distressed communities all across the country. In exchange, investors get a graduated series of federal tax incentives tied to **long-term holdings**.

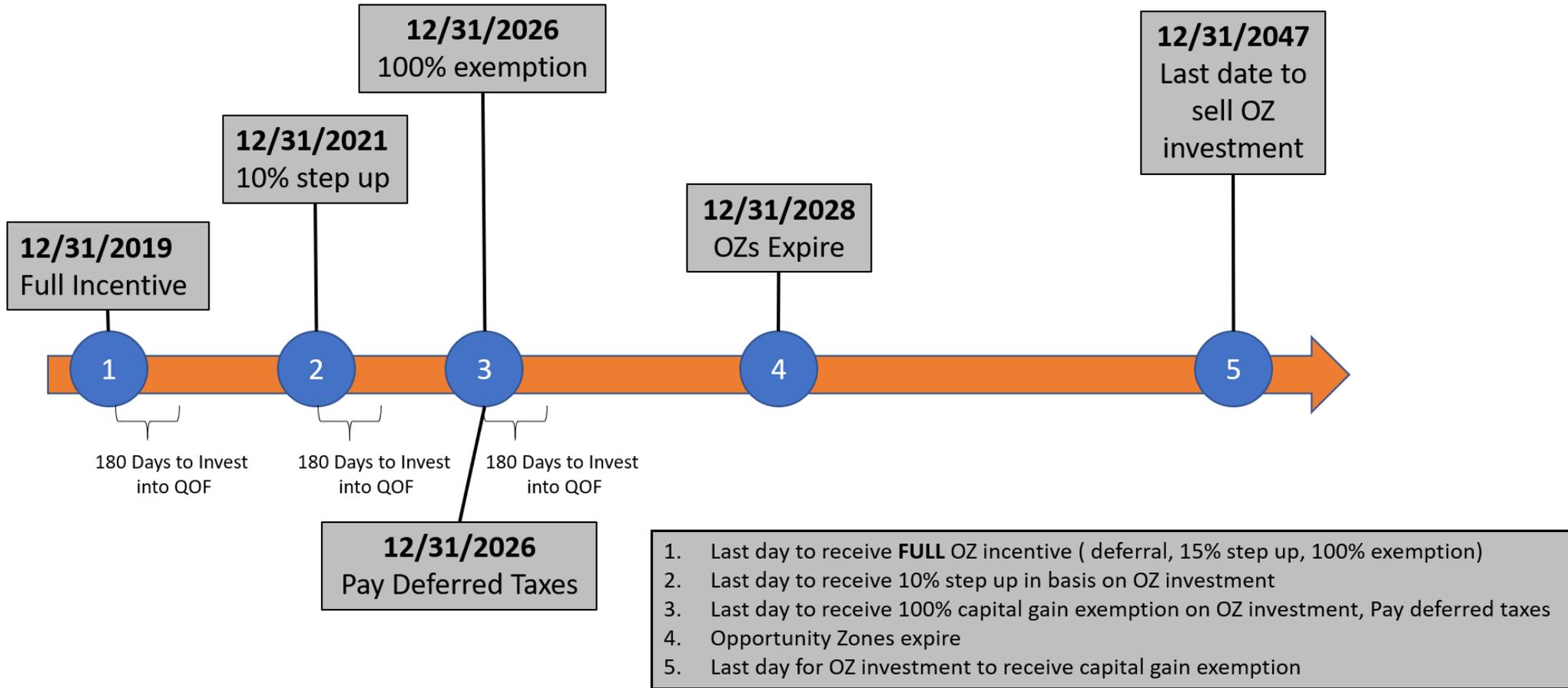


Source: EIG analysis of the Federal Reserve's Survey of Consumer Finances and Financial Accounts of the United States

1. Realize gain from any capital gain triggering event
2. Invest in OZ Fund within 180 days
3. Receive 10% step up basis for 5 yr. hold of OZ Fund investment
4. Receive additional 5% step up basis for 7 yr. hold of OZ Fund investment
5. Pay deferred capital gain taxes due for Step 1(85% of original ) by 12/31/2026
6. Receive permanent exemption of capital gains tax for 10 yr. hold on OZ Fund investment



# OZ Incentive Timeline



## Investors

- Most valuable for 10 year investments in appreciating assets
- Six months to invest after realizing a capital gain
- Another six months to deploy 90% of capital in Zones
- Capital is required to be an equity investment

## Funds

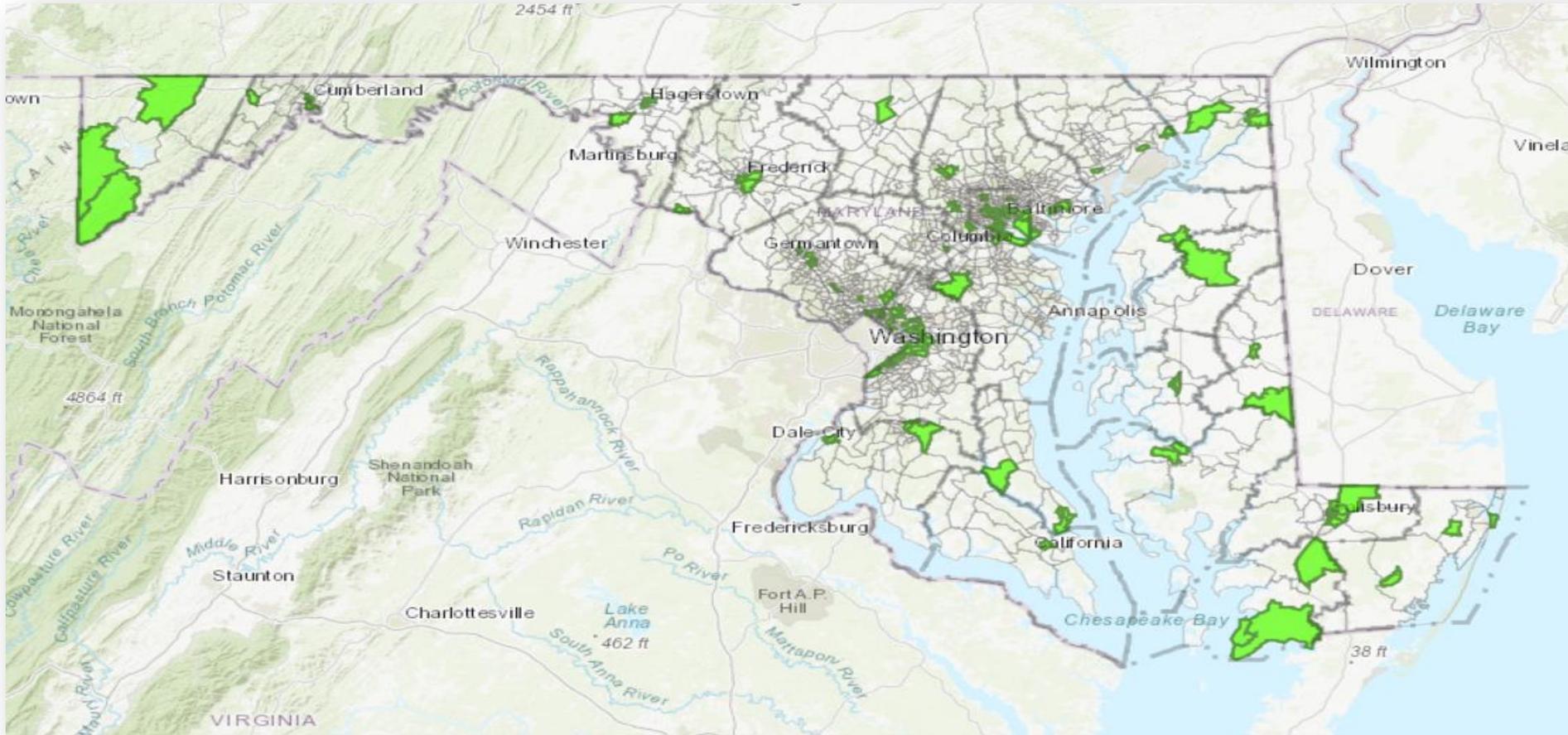
- All capital must flow through an Opportunity Zone Fund
- Opportunity Zone Funds must be established
- Opportunity Zone Funds are self-certified via an IRS tax form
- 90% of fund assets must be invested in Opportunity Zone

## Investments

- Must be equity investments
- Real estate investments must include substantial rehabilitation
- “Sin businesses” are not eligible
- Other requirements include property use in “active conduct of business” and limits on assets held in cash



# Maryland Opportunity Zones

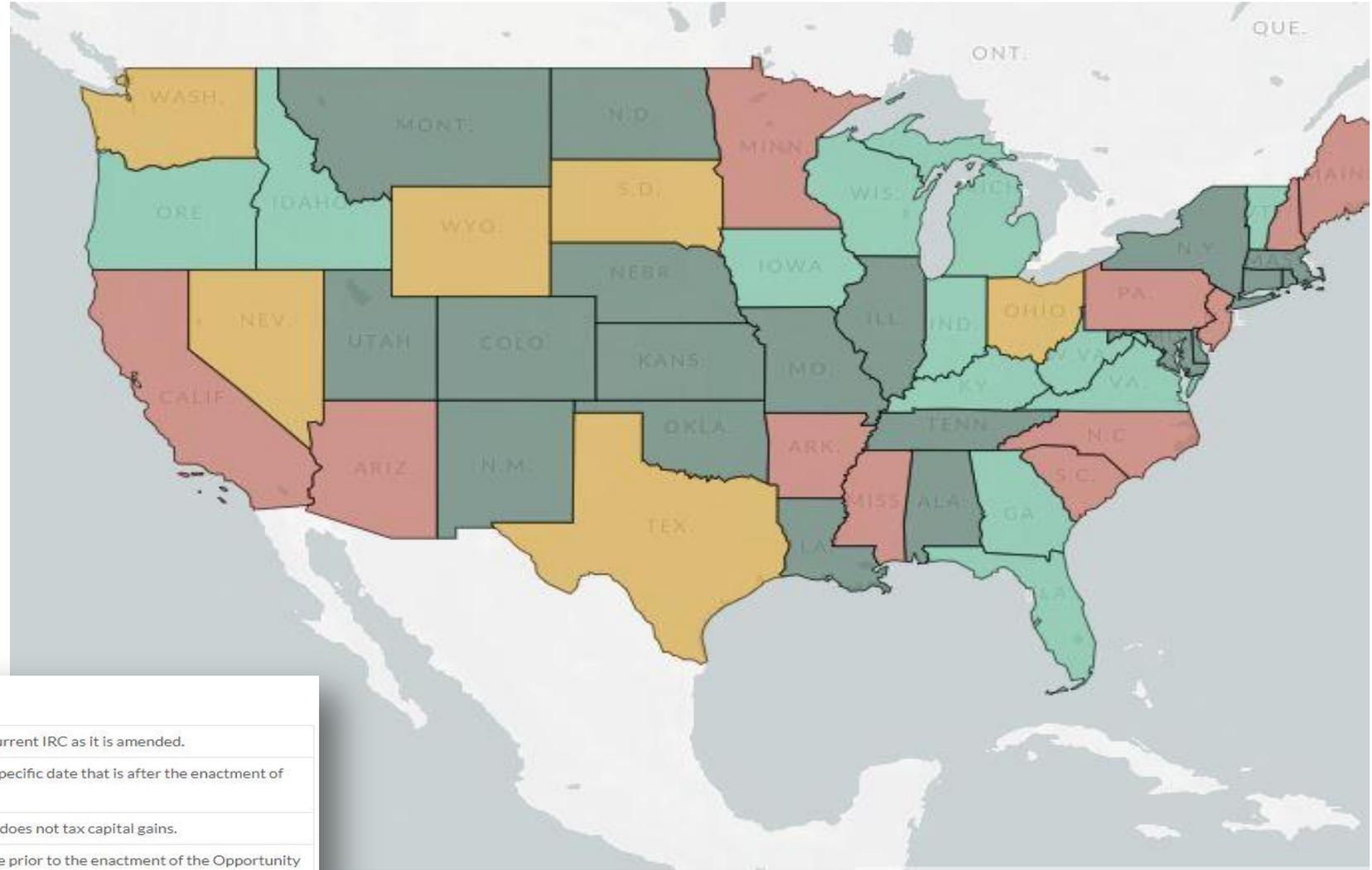


<b>County</b>	<b># of Designated Opportunity Zones</b>
Allegany	4
Anne Arundel	4
Baltimore County	10
Baltimore City	42
Calvert	3
Caroline	2
Carroll	1
Cecil	3
Charles	3
Dorchester	2
Frederick	5
Garrett	3
Harford	4
Howard	1
Kent	1
Montgomery	14
Prince George's	25
Queen Anne's	1
Somerset	3
St. Mary's	1
Talbot	2
Washington	5
Wicomico	7
Worcester	3
<b>Total</b>	<b>149</b>

## State and Departmental Recommendations

- Align Maryland policies, regulations, and legislation to leverage Opportunity Zones
- Work with local jurisdictions on “One Stop” permitting
- Coordinate with federal, state, local government, developers and investors
- DHCD – update Qualified Allocation Plan (QAP) to provide multifamily housing incentives
- DHCD – provide loans and grants to leverage Opportunity Zone investments
- DHCD – establish information exchange to attract private sector capital

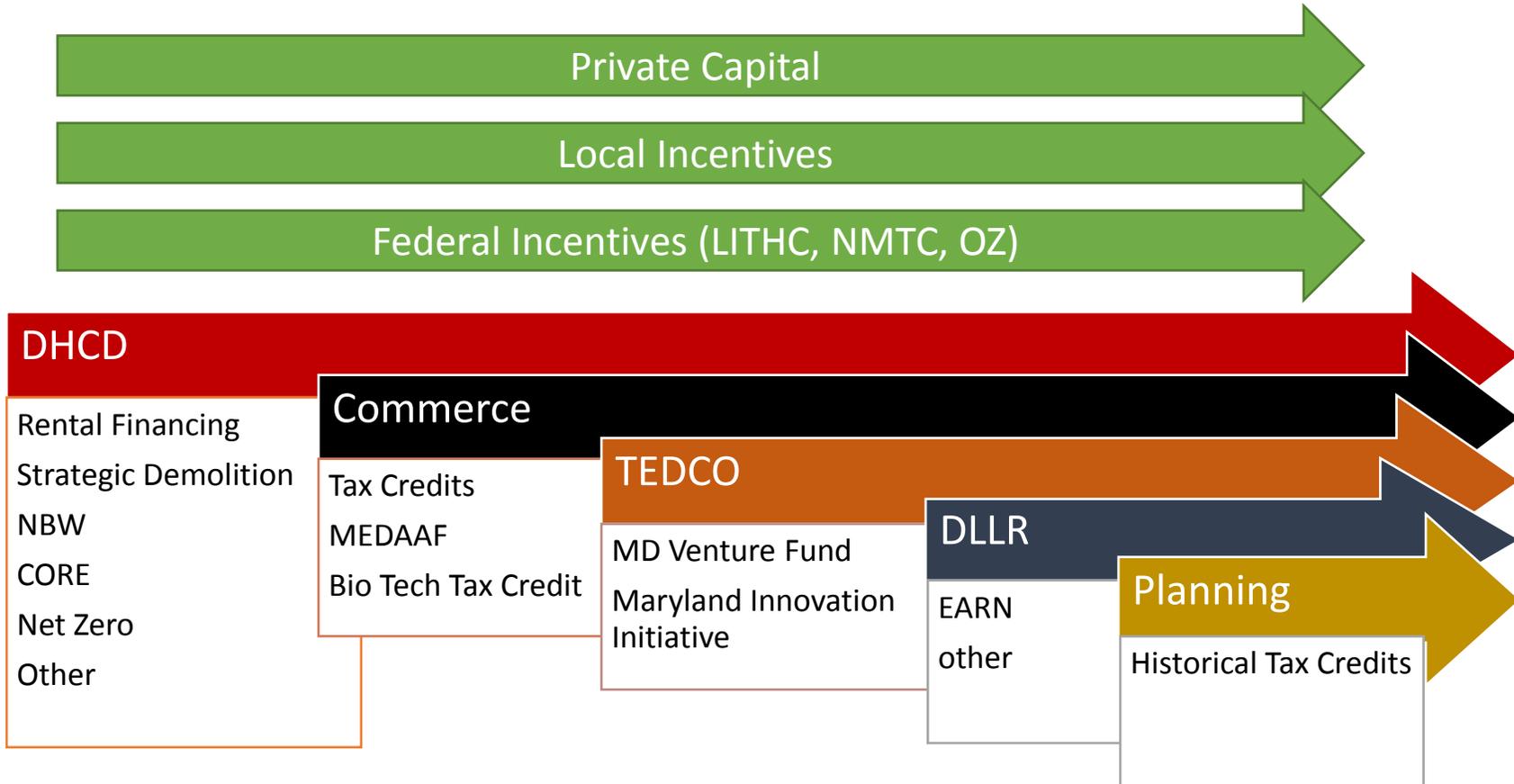
- In Maryland, both personal and corporate income taxes use federally calculated AGI as the starting point
- Maryland automatically conforms to the current federal tax code



**Legend**

	Conforming - Rolling: The state automatically conforms to the current IRC as it is amended.
	Conforming - Fixed Date: The state conforms to the IRC as of a specific date that is after the enactment of the Opportunity Zones legislation.
	No Capital Gains: The state has no state income tax or generally does not tax capital gains.
	Nonconforming: The state conforms to the IRC as of specific date prior to the enactment of the Opportunity Zones legislation or the state has specifically decoupled from the Opportunity Zones provisions of the IRC.

Source – Novogradac website



Project



Hi-tech business

DHCD's multiple funding programs can make a concentrated impact in OZs when combined with other State agencies and the private marketplace.

# Opportunity Zones – Information Exchange

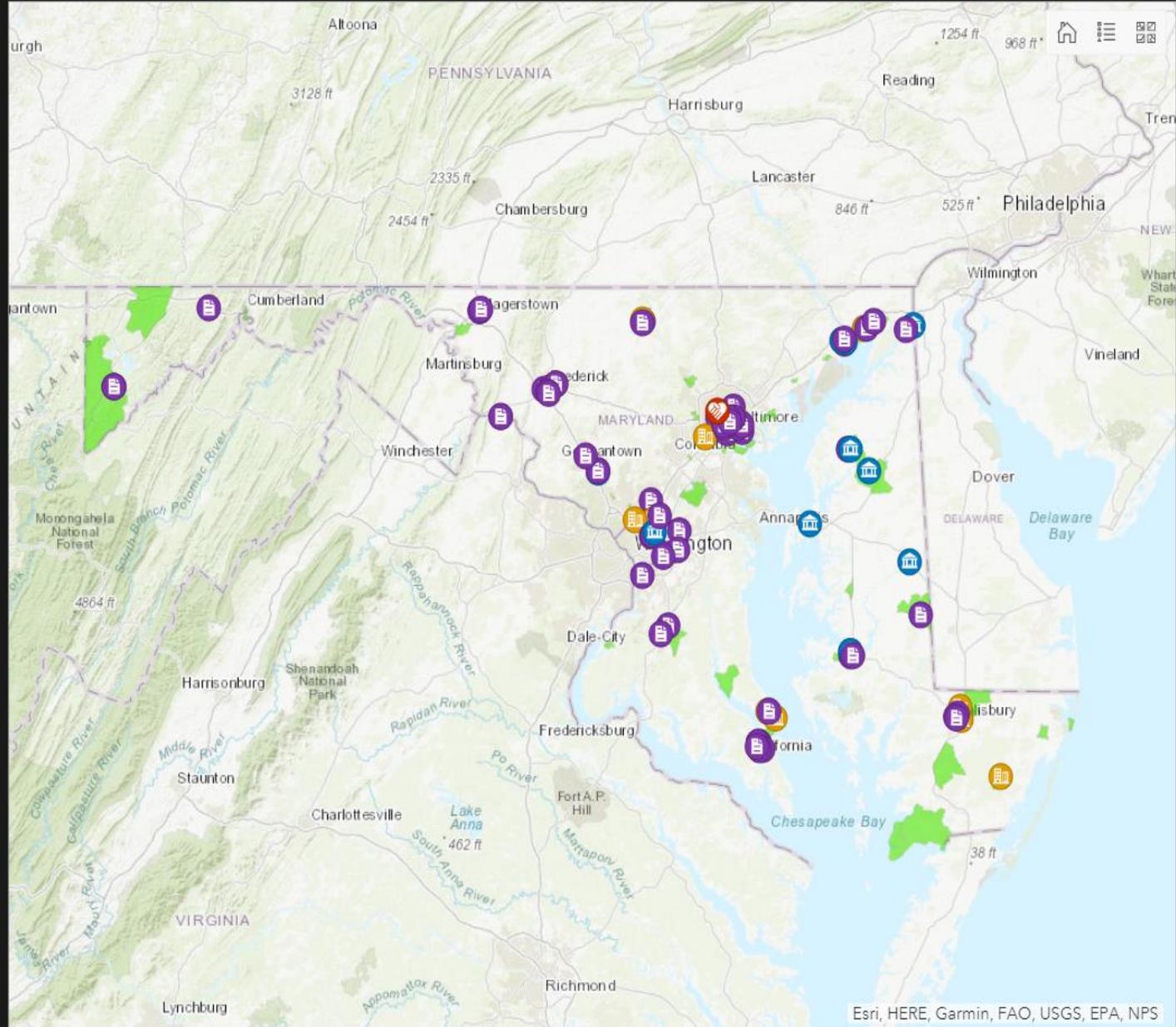
- A virtual meet up for investors, fund managers, property developers, new or expanding businesses, and local stakeholders
- A bulletin board tracking OZ news and investment activity
- A project / business locator for interested investors
- A search tool for financial incentives based on address and/or area



## Opportunity Zone Listings

-  [1.539 Acre Parcel, Zoned High-Intensity Mixed Use, in Lexington Park, MD](#)  
Project - Mix
-  [102 W. Potomac Street - Brunswick](#)  
Project - General
-  [108.41 Acre Parcel Zoned High-Intensity Mixed Use in Lexington Park, MD](#)  
Project - Mix
-  [1100 Wicomico](#)  
Project - Office
-  [1231 Tech Court](#)  
Project - Office
-  [17.798 Acre Parcel Zoned Limited Commercial Industrial in Lexington Park, MD](#)  
Project - Retail
-  [1787 Capital Fund - Mix](#)
-  [1812 Greenmount](#)  
Project - Mix
-  [2.21 Acre Parcel, Zoned High-Intensity Mixed Use in Lexington Park, MD](#)  
Project - Mix
-  [2.34 Acre Parcel Zoned High-Intensity Mixed Use in Lexington Park, MD](#)  
Project - Mix
-  [2.59 Acre Parcel Zoned High Intensity Mixed Use in Lexington Park, MD](#)  
Project - Mix
-  [200-204 East Diamond Avenue](#)  
Project - Mix
-  [22.286 Acre Parcel Zoned High-intensity Mixed Use in Lexington Park, MD](#)

Select a product from list to get more information



## Listing Contact Information

**Name:**  
1.539 Acre Parcel, Zoned High-Intensity Mixed Use, in Lexington Park, MD

**Listing Type:**  
Project

**Description:**  
1.539 acre parcel in Lexington Park, MD zoned high-intensity mixed use. About Lexington Park Lexington Park in St. Mary's County, Maryland offers coastal, country living in a high-tech world. With the most coastline of any county in Maryland and tobacco barns peppering the landscape, you can experience beautiful, bucolic landscapes and perfectly prepared raw oysters. Lexington Park is home to Naval Air Station Patuxent River, where \$40 billion of Navy procurement, research, development, test and evaluation takes place every year. That brings a substantial base of highly-skilled engineers, lawyers, and other business professionals, as well as advanced manufacturing trades. Economic Snapshot - Has the country's 5th highest concentration of high-tech workers - Ranked the 4th best place for tech jobs in the country (Nerdwallet) - 34 is the median age - Average income per household in 2016: \$86,810 - 55 miles from Washington, D.C.

**Address:**  
46231 CORPORATE WAY, Lexington Park, Maryland 20653

**Jurisdiction:**  
St. Mary's

**Contact Information:**  
Christine Brooks  
christine@millisonmanagement.com  
Click the symbol on map to get more specific information on this product



# M A R Y L A N D OPPORTUNITY ZONES



Link to [Information-Exchange](#)  
Link to [DHCD Opportunity Zones](#)

## Questions Contact:

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Department of Housing and Community Development

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