



Enterprise Zone Application

The Town of Chestertown

and

The County of Kent



What is it?

The Enterprise Zone program provides real property and state income tax credits for businesses located in a Maryland enterprise zone in return for job creation and investments.

How we got here....

- ▶ RISE Zone Designation
 - New Program
- ▶ Enterprise Zone Designation
 - Proven Program
 - Potential State Reimbursement
 - Advisory Support Available
 - Easy to Understand

Application Process

County Applicant: if any portion of the area is within a municipal corporation, the governing body of the municipal corporation must consent to the county's application.

Municipal Applicant: policy requires that the municipality include in its application an expression of consent from its overlying county.

Two or more political subdivisions may jointly apply for designation of an area as an EZ if portions of the proposed area within each of their common boundaries.

Requirements for Designation

The entire area for which the county and/or municipality is applying for Enterprise Zone designation must be designated as a Priority Funding Area.

Requirements for Designation

The area must satisfy at least one of the following requirements:

1. Unemployment at least 150% of the average rate in either the State or the United States.
2. Poverty level incomes at least 1.25 times the national average.
3. At least 70% of incomes that are less than an amount equal to 80% of the median family income.
4. Population decreased by 10 %, chronic abandonment, demolition of the property is occurring or substantial property tax arrearages exist

Eligibility

- ▶ Not every business located in an enterprise zone is eligible to receive tax credits.
- ▶ To claim the credit, the ***business/property owner** must apply and be approved by the Town Council or County Commissioners as eligible for the credit.
- ▶ The program will be administered by the Town and County Economic Development offices.

***The credit is granted to the property “owner”.**

Income Tax Credits –New Hires

- ▶ General – one time \$1,000 tax credit for each qualified new employee.
- ▶ Economically Disadvantaged Employees – A three-year period tax credit for each qualified new economically disadvantaged employee:
 - First Year \$3,000
 - Second Year \$2,000
 - Third Year \$1,000

Income Tax Credits – New Hires

General Requirements:

- ▶ Hired after the business located in the EZ, or after the EZ is designated.
- ▶ Work at least 35 hours per week.
- ▶ Spend at least 50% of time in the EZ or on activities of the business resulting from its location in the EZ.
- ▶ Hired to fill a new position.
- ▶ Earn at least 150% of the federal minimum wage.

Requirements for Economically Disadvantaged Employees: In addition to the general requirements:

- ▶ Employer must obtain certification from Department of Labor, Licensing and Regulation.
- ▶ Employee must remain in the position for 3 years.

Property Tax Credits for Capital Investment

- ▶ A 10 year property tax credit on the increased assessed value of the expansion, renovation, or capital improvement.
- ▶ The amount of the annual credit is 80% of the "eligible assessment" in each of the first 5 years. The credit decreases 10% annually for each of the subsequent 5 years.

Based on 2.5 Million Assessed Value on Improvements

| Year | Increased Assessed Value | Increased Property Tax | EZ Credit | Business Savings | Town/County Tax Increase |
|--|--------------------------|------------------------|-----------|------------------|--------------------------|
| 1 | \$2,500,000 | 25,550 | 80% | \$20,440 | \$5,110 |
| 2 | \$2,500,000 | 25,550 | 80% | \$20,440 | \$5,110 |
| 3 | \$2,500,000 | 25,550 | 80% | \$20,440 | \$5,110 |
| 4 | \$2,500,000 | 25,550 | 80% | \$20,440 | \$5,110 |
| 5 | \$2,500,000 | 25,550 | 80% | \$20,440 | \$5,110 |
| 6 | \$2,500,000 | 25,550 | 70% | \$17,885 | \$7,665 |
| 7 | \$2,500,000 | 25,550 | 60% | \$15,330 | \$10,220 |
| 8 | \$2,500,000 | 25,550 | 50% | \$12,775 | \$12,775 |
| 9 | \$2,500,000 | 25,550 | 40% | \$10,220 | \$15,330 |
| 10 | \$2,500,000 | 25,550 | 30% | \$7,665 | \$17,885 |
| BUSINESS SAVINGS & TOWN/COUNTY TAX INCREASE | | | | \$166,075 | \$89,425 + |

Creating an Enterprise
Zone does not change or
otherwise effect local
zoning control,
regulations, and
ordinances.

An Enterprise Zone Program is...

1. A valuable incentive to promote job creation and capital investment within the existing business community.
2. An essential tool to position Kent County to compete with surrounding jurisdictions to attract new businesses to our communities.