

Enterprise Zone

Background Information



Zone Objectives

Baltimore County has three Enterprise Zones designated by the Maryland Department of Business & Economic Development: the Chesapeake Zone, designated June 15, 2015 (formerly known as the North Point Zone designated December 1995 and renewed December 2005); the Southwest Enterprise Zone, designated December 1996 and renewed in 2003 and 2013; and the Federal Center at Woodlawn, designated June 2011.

The purpose of the zones is four-fold: 1) Insure retention and spur expansions of existing companies; 2) Promote development and occupancy of vacant, underutilized land and buildings; 3) Encourage the creation of well-paying new jobs; and 4) Support the County's commitment to revitalizing older office and industrial areas of Baltimore County.

Eligibility & Benefits

A business may be eligible for Enterprise Zone benefits if it makes a new investment in real property in the Enterprise Zone or if it hires any new employees that work inside the Zone. Qualifying companies in the Enterprise Zone can benefit from property tax credits and income tax credits. Generally, most types of business establishments are eligible for Enterprise Zone benefits with the exception of retail. Benefits include:

The Real Property Tax Credit

Eligible companies that make improvements to real property in the Zone can benefit from property tax credits over a 10-year period. For the first five years, the tax credit is equal to 80% of the increase in property tax owed resulting from the new investment. The tax credit declines in the remaining five years by 10% annually. The sample table on the next page shows the tax rates and credit amounts resulting from a \$500,000 improvement. *Please note: The property tax credit is granted on whole taxable years only; a business would have to pay any half-year levy tax bills should the capital improvement be assessed as complete before July 1 of the first year of eligibility.*

The State Income Tax Credit

Eligible companies located in the Enterprise Zone can benefit from a state income tax credit for newly hired employees. A credit is available for each new, full-time job created in the Enterprise Zone. A company can receive a one-time credit up to \$1,000 per new employee. Additionally, if the new job is filled

by a worker meeting certain “disadvantaged” criteria, the credit increases up to \$3,000. If the disadvantaged employee is still working in the second and third year, the company can receive additional credits up to \$2,000 and \$1,000 respectively.

The BGE “Rider 7” Electricity Price Reduction Program

Price rate reductions are available through BGE on new or incremental electricity load increases of 200kW or more per month, for companies that increase employment by at least 10 full-time equivalent persons.

Sample Property Tax Calculation

Sample of Property Tax Credit on \$500,000 Investment				
<i>Market Value of Improvement:</i>		\$500,000		
<u>Year</u>	<u>Tax Without EZ Credit</u>	<u>Credit Rate</u>	<u>Credit Amount</u>	<u>Tax Paid</u>
1	\$5,500	80%	\$4,400	\$1,100
2	5,500	80%	4,400	1,100
3	5,500	80%	4,400	1,100
4	5,500	80%	4,400	1,100
5	5,500	80%	4,400	1,100
6	5,500	70%	3,850	1,650
7	5,500	60%	3,300	2,200
8	5,500	50%	2,750	2,750
9	5,500	40%	2,200	3,300
10	5,500	30%	1,650	3,850
Total Savings Due to the Credit			\$35,750	

How to Apply for Benefits

1. To qualify your company for Enterprise Zone benefits, complete the enclosed Application and return it to the Baltimore County Department of Economic Development. Once your application has been reviewed; you will receive a letter confirming your eligibility for Enterprise Zone benefits. *Please note: The Application should be submitted no later than December 31 to receive a property tax credit on the next July 1 tax bill.*
2. For the **property tax credit**, there is no additional paperwork. The County Department of Economic Development will notify the Maryland Department of Assessments and Taxation.
3. If seeking **income tax credits**, you must submit Maryland Tax Form 500CR along with your annual return filed with the Comptroller of the Treasury. Form 500CR is used by a corporation or individual to claim a credit against the income tax for wages paid to qualifying employees in the Enterprise Zone.
4. If you are seeking the **higher income tax credit for hiring “economically disadvantaged” employees**, you must also have each employee or potential employee certified through the Maryland Department of Labor, Licensing and Regulation or the local Workforce Development Center.
5. To determine if you are eligible for the Rider 7 program call BGE’s Manager of Economic Development at (410) 470-8999.