

Sparrows Point Partnership

Policy and Program Options to Foster Manufacturing, Port and Logistic-Related Investment

Policy or Program	Description	Sponsor/ Authorizing Entity	Application and Approval Mechanism
<i>Encourage Development near Ports or Industrial Areas</i>			
Enterprise Zone	<p>A State of Maryland tool for promoting economic development in certain qualifying areas. Baltimore County has three Enterprise Zones - the North Point Zone, located along the industrial North Point corridor in southeast Baltimore County; the Southwest Zone, located in the Washington Boulevard / Hollins Ferry Road industrial corridor; and the newest zone – the Federal Center at Woodlawn Zone, just approved in June 2011 (see attached map). The program offers two primary benefits to businesses in a designated zone that make new investments or hire new employees:</p> <ol style="list-style-type: none"> 1. <i>Property Tax Credits.</i> The local jurisdiction provides an annual property tax credit that is phased out over a ten-year period. For the first five years, the credit is equal to 80% of the increase in property tax resulting from the new investment in real property. In the subsequent five years, the credit decreases 10% annually until it is phased-out entirely in the eleventh year. 2. <i>Income Tax Credits.</i> For each new, full-time job created in an enterprise zone, the State grants a \$1,000, one-time State income tax credit to the employer. If a worker who is certified as economically disadvantaged fills the new job, the credit can total as much as \$6,000 over three years. <p>The local property tax credit is applied only to the increased tax liability resulting from the new investment. Therefore, the County experiences no loss in property tax revenue as a result of the program; it simply foregoes a portion of the increase in property tax revenue that results from the new investment. Additionally, the State of Maryland reimburses the County for 50% of the property tax credits to businesses.</p>	Maryland Department of Business & Economic Development based on Code of Maryland	DBED accepts applications from local jurisdictions for new or modified Enterprise Zones twice a year, in April and October. It can approve no more than 6 new or modified zones per calendar year.
Foreign Trade Zone	<p>The FTZ program helps American companies improve their competitive position versus their counterparts abroad. It allows U.S.-based companies to defer, reduce or even eliminate Customs duties on products admitted to the zone. An FTZ is a designated site licensed by the Foreign-Trade Zones (FTZ) Board of the U.S. Department of Commerce, where special customs procedures are in place that consider the merchandise to still be in "international commerce". Duty-free treatment is accorded to items that are re-exported and duty payment is deferred on items sold in the U.S. market, thus offsetting customs advantages available to overseas producers who compete with producers located in the United States. Sub-Zones are special-purpose zones that are driven by a particular company for FTZ status outside of the General Purpose Zone. The FTZ for the Baltimore area is FTZ #74, administered by the Baltimore Development Corporation (see attached map). Foreign-Trade Zone (FTZ) #74 is comprised of 1,734 acres within 14 non-contiguous sites throughout the greater Baltimore region. Site locations include Baltimore City, Anne Arundel County, Baltimore County and Harford County. Foreign Trade Zone #74's annual report to the FTZ Board (administered by the Department of Commerce) in Washington, D.C. showed that Baltimore's FTZ #74 handled \$1.3 billion worth of merchandise from 11 countries of origin, serving 86 businesses and providing 193 jobs.</p>	Dept. of Commerce FTZ Board	To expand the existing FTZ #74 to include more land in Baltimore County, the County would need to work with BDC to develop an application to the FTZ Board. This would also require advance approval from the Maryland Port Authority.
"One Maryland" Tax Credit	<p>Certain businesses that establish or expand a business facility in a priority funding area or as part of a project approved by the Board of Public Works, and that are located in a "distressed" Maryland county, may be entitled to a tax credit for costs related to the new or expanded facility. A "distressed" county has, for the most recent 24-month period, an average rate of unemployment that is 150 percent higher than the statewide average or an average per-capita personal income that is equal to or less than 67 percent of the statewide average, and includes a county (including Baltimore City) that no longer meets one of these requirements, but did so at some time during the preceding 12-months. The credit may be taken against corporate income tax, personal income tax or insurance premiums tax. The same credit may not, however, be applied to more than one tax type.</p>	DBED administers. Any change to existing eligibility would require a change in State statute.	Baltimore County has never been eligible since "One Maryland" was established because it has not met either the unemployment or per capita income thresholds.

Maryland Sustainable Communities Designation	<p>The Sustainable Communities Act of 2010 targets State revitalization resources into a single focus area called —Sustainable Community Areas. In the Act, Sustainable Community Areas are defined as places where public and private investments and partnerships achieve:</p> <ul style="list-style-type: none"> • Development of a healthy local economy; • Protection and appreciation of historical and cultural resources; • A mix of land uses; • Affordable and sustainable housing, and employment options; • Growth and development practices that protect the environment and conserve air, water and energy resources, encourage walkability and recreational opportunities, and where available, create access to transit. <p>The concept is to break down silos and achieve more integrated and balanced approaches to community planning and investment. Although most of the benefits that accrue to a designated SC relate to residential and retail areas, there are several potential benefits to an area like Sparrows Point: eligibility for enhanced Job Creation Tax Credits, eligibility for the Neighborhood BusinessWorks program, and recognition by MDOT of SC Areas in the planning and utilization of its limited transportation investment resources.</p>	Governor's Smart Growth Subcabinet and an interagency panel headed by DHCD.	County application for Dundalk/Sparrows Point area to be designated as a Sustainable Community is scheduled for County Council action in early November.
<i>Directly Incent Port Activities</i>			
Port of Long Beach Incentives	<p>In July 2012 the Long Beach Board of Harbor Commissioners approved two incentive programs, one designed to encourage larger, cleaner ships to dock at the Port, and the other aimed at attracting more containers to come via rail through Long Beach. Under the programs, which launch on August 1, the largest ships calling at the Port will have their daily dockage fees capped, and ocean carriers who move additional containers via rail through Long Beach will get incentives. The programs will help protect the Port's share of business in an increasingly competitive maritime market, keep jobs in the region and encourage more environmentally friendly and efficient practices. The Port of Long Beach is one of the few in North America with berths and channels capable of receiving the largest container ships in the world. Earlier this year, the Port began welcoming container ships with capacities of 13,000 twenty-foot-equivalent container units or larger.</p>	Port of Long Beach	
Georgia Ports Authority BEST Act	<p>Georgia's "Business Expansion Support" Act, or BEST, is a major force in expanding business in Georgia. BEST provides attractive, state-supported incentives to create jobs and help businesses realize high returns on investment. Through BEST, the "Port Authority Tax Bonus" is available for industries that locate, or expand, in Georgia and utilize Georgia's ports. This incentive offers additional job tax credits to businesses for each of 4 tiers of counties that add the required threshold of jobs and increase their port traffic through Georgia's port facilities by 10% in one year from the base level. The base level of port traffic is set at 75 tons, 10 TEUs or five containers. The total tax credit amount cannot exceed 50% of the taxpayer's state income liability for a single year. These credits can be carried forward 10 years if jobs and port traffic remain in service and above the base-level increases. Eligible industries include manufacturing, warehouse / distribution, processing, telecommunications, tourism and research & development.</p>	Georgia Ports Authority	Apply to Georgia Department of Revenue
North Carolina Ports Tax Credit	<p>Businesses and individuals who pay North Carolina state income tax and use North Carolina State Ports can qualify for tax credits on inbound and outbound cargo. The credit is earned on cargo wharfage and handling fees paid to the North Carolina State Ports Authority which exceed the average for those fees over three tax years. The credit applies to taxes due the state — up to 50% of the total tax liability for each tax year. Any unused credit may be carried forward for as long as five years for a total credit of up to \$2 million.</p>	North Carolina Ports	Submit application.
Port of Virginia Tax Incentive Program	<p>Offers three different tax credits:</p> <ul style="list-style-type: none"> • Port Volume: Tax credit for taxpayers engaged in the manufacturing of goods or the distribution of manufactured goods (including processed agricultural products) that use public or private port facilities located in Virginia and increase cargo volume through the facility by 5% in a single calendar year over their base year cargo volume. • Barge & Rail Usage: Tax credit for usage of barge or rail to move cargo rather than by truck or other motor vehicle on Virginia's highways. • International Trade Facility: Tax credit for either creating new jobs or capital investment in an international trade facility as a result of moving 10% more cargo through a Virginia Port Authority-operated cargo facility than in the preceding tax-able year. 	Port of Virginia	Applications to the Port of Virginia (Port Volume credit) or the Department of Taxation (Barge & Rail Usage and International Trade credits)

<i>Protect Industrial and Port Land and Rail Corridors from Encroachment</i>			
Maritime Industrial Overlay District	Baltimore City's Maritime Industrial Zoning Overlay District (MIZOD) was enacted in 2004 in an effort to reduce increasing conflicts between mixed-use development and maritime shipping by demarcating deep water areas in industrial precincts and reserving them for industrial use. The zoning overlay disallows planned unit developments (PUDs) and mixed uses such as office and hotel/motel, except when accessory. Included in the overlay district are existing industrial properties with deep water access and zoned "Heavy Industrial" (M-3) in portions of Canton, Fairfield, Curtis Bay, Hawkins Point, and Locust Point.	The existing City MIZOD is a zoning overlay enacted by the City Council.	Since the Baltimore County Council has jurisdiction over land use decisions, any similar overlay would like require County Council action.
City of Portland Industrial Sanctuary Plan District	Traditionally, a primary goal of industrial zones in the U.S. has been to limit the impacts of industry on other parts of the city. Accordingly, the mix of land uses allowed in those zones is less relevant and typically includes a substantial blend of commercial, institutional, and sometimes even residential uses. In contrast, the focus of Portland's industrial sanctuary policy is to encourage industrial growth in the city. This policy is implemented by limiting the mix of allowed uses in industrial zones essentially to support industrial vitality and growth. Industrial sanctuaries are mapped in the Comprehensive Plan and are implemented by the 13,830 acres of industrial zones (IH and IG) in the Portland Zoning Code. Portland's industrial zones do not allow residential or large-format commercial development. Retail, service, and office uses are limited in the industrial zones to no more than 3,000 square feet for up to four uses on a site, which could be expanded to 25,000 square feet for uses found to be suitable through a conditional use permit.		