

# MAYOR & COUNCIL AGENDA COVER SHEET

**MEETING DATE:**

January 7, 2008

**CALL TO PODIUM:**

Tony Tomasello

**RESPONSIBLE STAFF:**

Tony Tomasello

**AGENDA ITEM:**

(please check one)

<input type="checkbox"/>	Presentation
<input type="checkbox"/>	Proclamation/Certificate
<input type="checkbox"/>	Appointment
<input type="checkbox"/>	Public Hearing
<input type="checkbox"/>	Historic District
<input type="checkbox"/>	Consent Item
<input type="checkbox"/>	Ordinance
<input type="checkbox"/>	Resolution
<input type="checkbox"/>	Policy Discussion
<input type="checkbox"/>	Work Session Discussion Item
<input type="checkbox"/>	Other:

**PUBLIC HEARING HISTORY:**

(Please complete this section if agenda item is a public hearing)

Introduced	
Advertised	
Hearing Date	
Record Held Open	
Policy Discussion	

**TITLE:**


Guidance on a Memorandum Dated December 19, 2007 Concerning Potential Enterprise Zone in Olde Towne

**SUPPORTING BACKGROUND:**

Staff will be seeking guidance on the attached memorandum.

**DESIRED OUTCOME:**

Provide guidance to staff.

MEMORANDUM TO: Mayor & City Council  
FROM: Tony Tomasello   
DATE: December 19, 2007  
SUBJECT: Potential Enterprise Zone in Olde Towne

Subsequent to Council member Drzyzgula's request, staff has undertaken preliminary study of the potential for an Enterprise Zone that would be located within the Olde Towne Central Business District (CBD). Within an Enterprise Zone, certain municipal, county, and state tax benefits may accrue to employers and/or property owners as described herein. The credits are designed to spur economic growth (via both job creation and construction activity) within the zone.

There are currently two active zones in Montgomery County, Wheaton and Long Branch. The Silver Spring zone designation has expired but the credits continue to be available (for the time being) under recent changes to the program which allow benefits in current and former zones. Enterprise Zone benefits fall under three general categories; (1) real property tax credits, (2) income tax credits, and (3) exemptions from transportation and education impact fees within the county.

The real property tax credit is available only for non-residential properties located within the zone. The credit is based on the increase in the assessment for each of the next 10 years, as compared to the base-year assessment. The credit itself is given on the actual taxes that result from the increase in assessment.

An income tax credit is available through the State of Maryland. This is calculated on the number and type of new employees that a business hires within the zone.

The credit that could be most relevant to a potential zone in Olde Towne is the exemption from County impact fees. This is the main credit available to residential developments locally. Exemption from the fees can be viewed a number of ways. We already exempt residential developments in the CBD from affordable housing guidelines and waiver of impact fees might constitute a powerful "package" of incentives to further spur redevelopment. It should be noted however that Montgomery County (whose participation is needed to establish the zone) may not support a revenue reduction given its current budget challenges, especially in a source that is designated to high-profile uses like school construction and traffic improvements. This has the potential to be inconsistent with our own policies as well.

I would like to ask for feedback on this matter during the January 7, 2008 meeting. Please feel free to contact me with any questions.

Cc: Jim Arnoult