

MAYOR & COUNCIL AGENDA COVER SHEET

MEETING DATE:

February 19, 2008

CALL TO PODIUM:

Tony Tomasello, Assistant City Manager

RESPONSIBLE STAFF:

Tony Tomasello
 Mary Boyle
 Kirk Eby
 Cindy Hines
 Louise Kauffmann

AGENDA ITEM:

(please check one)

<input type="checkbox"/>	Presentation
<input type="checkbox"/>	Proclamation/Certificate
<input type="checkbox"/>	Appointment
<input checked="" 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	2-6-08
Hearing Date	2-19-08
Record Held Open	2-29-08
Policy Discussion	

TITLE:
Public Hearing to Solicit Input Regarding Pursuit of State of Maryland Enterprise Zone Designation for Gaithersburg's Olde Towne Central Business District

SUPPORTING BACKGROUND:
<p>The Maryland Enterprise Zone program, a local economic development program established by the Maryland General Assembly, provides State and local tax and fee incentives to eligible businesses within the designated zone.</p> <p>A brief PowerPoint presentation will detail benefits available under the program, including real property tax credits, income tax credits, enhanced job creation tax credits, and certain development-related fee waivers.</p>

DESIRED OUTCOME:
Receive staff presentation, conduct public hearing and receive input from public.



Enterprise Zone

Mayor & City Council Meeting

Public Hearing

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Enterprise Zone General Overview

Enterprise Zone

- The Enterprise Zone program, a local economic development program established by the Maryland General Assembly, provides State and local tax incentives to eligible businesses within the designated zone.

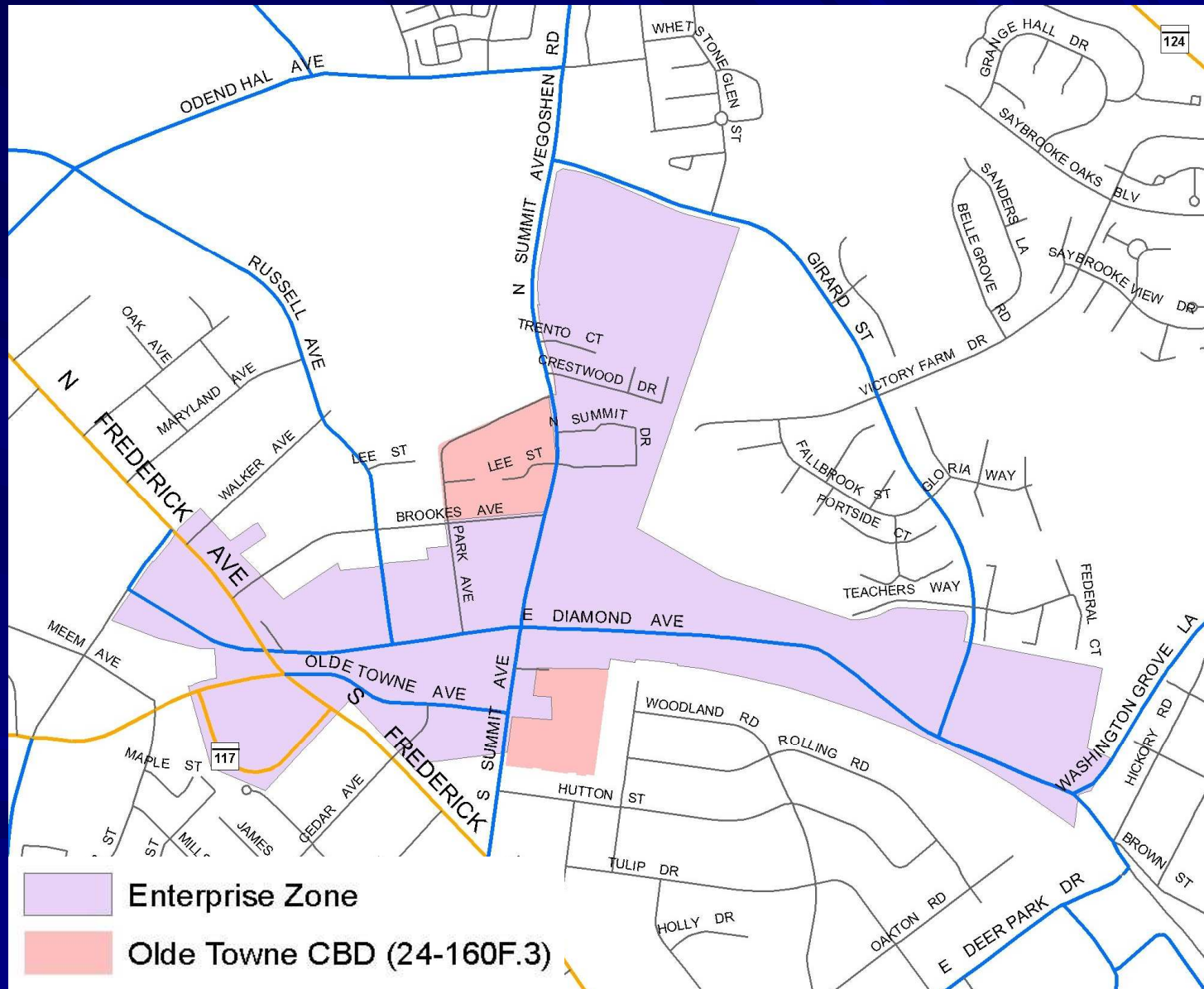
Enterprise Zone Eligibility Requirements

- Defined area must be designated as a priority funding area or meet a defined exception.
- Must also meet one of the four following requirements based on:
 - Average unemployment rate
 - Poverty level
 - Median family income
 - Decreased population

Enterprise Zone Designation Limitations

- Only one area in a county may be designated as an enterprise zone during a calendar year.
- The Maryland Department of Business and Economic Development may not designate more than six enterprise zones during a 12-month period.

Olde Towne Enterprise Zone Boundaries



Enterprise Zone

- Basic Statewide incentives include the following benefits:
 - Real property tax credits
 - Income tax credits
 - Enhanced job creation tax credits

Enterprise Zone Benefits

■ Real Property Tax Credits

- “Ten-year credit against local real property taxes on the value of a portion of real property improvements.”
- “Credit is 80 percent for the first five years, decreasing annually by 10 percent thereafter to 30 percent in the tenth and final year.”

Enterprise Zone Benefits

■ Income Tax Credits

- “Eligible business may claim one or three-year credits for wages paid to eligible new employees in new positions.”
- “General credit is a one-time \$1,000 credit per new worker. For economically disadvantaged employees, the credit increases to a total of \$6,000 per worker distributed over three years.”

Enterprise Zone Benefits

■ Enhanced Job Creation Tax Credits

- A separate program that encourages businesses to relocate/expand in Maryland by providing income tax credits to eligible businesses that create new jobs.
- For businesses in Enterprise Zone, tax credit is doubled from 2.5 percent of annual wages for all newly created, full-time jobs to 5 percent and the ceiling is increased from \$1,000 to \$1,500 for each new qualified position.

Enterprise Zone - Impact Taxes

- Development Impact Taxes consist of School and Transportation Impact Taxes and are levied by Montgomery County on “new buildings and additions to commercial buildings...”
- Development Impact Taxes do not apply in Enterprise Zones.



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