

Montgomery County Impact Tax Waiver

Development Impact Taxes, which consist of School and Transportation Impact Taxes, do not apply in state-designated enterprise zones.

WSSC Systems Development Charge Exemption*

Provides full or partial exemptions from WSSC Systems Development Charges (SDC) for revitalization projects in state-designated enterprise zones. Up to \$50,000 may be allowed for each individual project, subject to an annual program maximum set by WSSC.

**A signed MOU is required for a qualified project to be eligible for the SDC credit.*

Enhanced Job Creation Tax Credit

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

For more information contact:

Cindy Hines
Olde Towne Coordinator
City of Gaithersburg
31 South Summit Avenue
Gaithersburg, MD 20877
301-258-6310
chines@gaitthersburgmd.gov

Olde Towne Enterprise Zone Benefits

Location

Conveniently located between Baltimore and Washington with direct access to I-270.

Public Transportation

Transportation options include Metro rail, Metro bus, County Ride-On bus service, and State MARC Commuter Rail with on-site station.

Retail & Office Space

Existing and proposed retail and office space emphasizes pedestrian friendly, main street appeal and provides a range of options to meet the needs of most businesses.

Environment

Well-established neighborhoods provide continuity and sense of place. Mixed-use development transitions to vibrant central business district.

Workforce & Training Opportunities

Montgomery College Business Training Center, conveniently located within the zone, specializes in workforce development.

Entertainment

The Olde Towne Central Business District comes alive with summer concerts, festivals and seasonal events.




Gaithersburg

Olde Towne Enterprise Zone

Tax Credits





Expedited Review

Impact Fee Waivers



No Affordable Housing Requirement





Expedited Review Process

The City of Gaithersburg conducts all permit review and zoning approvals within the incorporated City limits. The Department of Planning and Code Administration streamlines the development review and permitting process by conducting all reviews within a single department. Development review, zoning approvals, building permit, fire marshal review and all subsequent building inspections are chaperoned by one single department making entitlement and construction an efficient process.

Enterprise Zone Program & Benefits

The Enterprise Zone is an economic development program established by the Maryland General Assembly to provide tax incentives to eligible businesses locating or expanding their facilities within designated zones. The Olde Towne Enterprise Zone, designated by the State of Maryland on June 15, 2008, is comprised of approximately 300 acres in the City's Olde Towne Central Business District.

Program benefits include:

- Montgomery County Impact Tax Waiver
- Real Estate Property Tax Credits
- Income Tax Credits
- WSSC Systems Development Charge Exemption
- Potential for State of Maryland Financial Assistance

Real Estate Property Tax Credit

The program offers 10 year tax credits for businesses which are locating or expanding facilities within the Olde Towne Enterprise Zone and meet the eligibility requirements. The program provides an 80 percent credit on taxes due on any expansion, renovation or capital improvement in the property over the first five years. For the subsequent five years, the credit decreases by 10 percent annually. After 10 years, the

property is returned to the tax rolls at its full assessed value.

A minimum qualifying capital investment of \$250,000 is required for new construction and additions. Renovations with no expansion of floor area require a minimum qualifying capital investment of at least \$10 per square foot and at least 50 percent of the total building floor area must be improved.

Income Tax Credits

Two types of state income tax credits are offered to businesses in the Olde Towne Enterprise Zone:

General Enterprise Zone Income Tax Credit - Provides a one time, \$1,000 credit for each qualified new employee filling a newly-created position in an enterprise zone. The credit is available for any worker who meets the employment requirements.

Enterprise Zone Income Tax Credit for Economically Disadvantaged Employees - Available for businesses hiring economically disadvantaged employees to fill newly-created positions. The tax credit is for a three-year period for each qualified employee and is earned at the following flat rates: First year - \$3,000; second year - \$2,000; third year - \$1,000. In order to claim the economically disadvantaged employee tax credit, a certification of eligibility for each disadvantaged employee must be obtained from the Maryland Job Service, Department of Labor, Licensing and Regulation.

The following requirements apply to both the

general credit and the credit for hiring economically disadvantaged employees:

- Employee must have been hired after the business was located in the zone or after the zone was designated.
- Employee must have been employed for at least 35 hours each week for six months before or during the taxable year in which the credit is taken.
- Employee must spend half of all work time in the zone or in an activity related to the zone.
- Employee must have been hired to fill a new position. (Firm's number of full-time positions must increase by the number of credits taken.)
- Employee must earn at least 150 percent of the federal minimum wage.

No Affordable Housing Requirement

The Mayor and City Council exempted the Olde Towne Enterprise Zone from the Affordable Housing Ordinance as a means of encouraging additional residential development and fulfilling the Olde Towne District Master Plan.

The Affordable Housing Ordinance requires developers of projects with more than 20 units to set aside 15 percent of the units as affordable housing. In lieu of setting aside the required units, developers of Olde Towne residential projects simply pay a modest per-unit fee (currently one dollar per unit) for each dwelling unit in the project.