

Open Work Session

Discussion on Re-designation of the Salisbury-Wicomico Enterprise Zone

September 20, 2022

Ms. Laura Soper, Director of Business Development for the City of Salisbury, came before Council. She said included in their brief book is a resolution to approve the re-designation and expansion of the Enterprise Zone. She said, to give some background on that program, the Enterprise Zone is a local economic development tool that was established by the Maryland General Assembly and gives local governments the authority to offer real property and State income credits for businesses located in the zone if they create jobs or if they do investments at a property. She said it was first designated in 1982 and must be re-designated every ten years, so, as such, they are due for their re-designation in December, and that re-designation goes to the Department of Commerce every ten years. She said, since the program has been created they have designated 82 businesses for the benefits. She said the proposed expansion they are looking at is in three separate areas. She said the first area is Westwood Commerce Park. She said there was a parcel that was bisected, so they just wanted to clean that up and remove any ambiguity about that property. She said the second area is the Center at Salisbury, and the third is a small commercial pocket on the south end by Salisbury University off Milford Street. She said, in order to add these areas, they need to demonstrate that they are in a State designated priority funding area and they meet the requirements as set forth in Economic Development Article 5-704. She said these three areas qualify under the criteria of demonstrating they are in a low-income poverty area and, if approved, they would add an additional 142.1 acres to the existing 5,200 acre zone.

Mr. Hastings asked what the process was for going through expansion? He said he knows the State definition and then of course there is local input, and he is just thinking of the other areas of the County if they have had a good opportunity and if they understand how important of a tool this is, and if Ms. Soper feels confident that the expansion as proposed is sufficient. Ms. Soper responded, when they looked at re-designating the area, she met with the County Executive, Dave Ryan, and she believes Lori Carter was there, as well as representatives from the Mayor's Office, and they started looking at different areas where they could see potential growth in the next ten years or potential changes where they would like to see investment. She said some of the areas they identified did not qualify under the criteria that Commerce set forth, so they could not be included, so the three they included did qualify. Mr. Hastings said he knows they are reauthorizing this every ten years, but can this be updated as needed, to which Ms. Soper responded, yes. She said, if they wanted to add some place at a later date they could. She said they did that in 2018 to add the Airport, so additions to the zone can be done whenever they would like, but the re-designation is required every ten years.

Ms. Acle asked if this is for the City of Salisbury, and maybe this is not a question for Ms. Soper but for the Acting County Executive, but have the other municipalities been consulted to see if they wanted to be included in this, to which Ms. Soper responded, Fruitland has a separate zone. She clarified, she is just the Administrator for Salisbury-Wicomico. She said she thinks the County Executive oversees Fruitland, but she is not sure. She said they could designate other zones in other municipalities as well.

Ms. Acle asked what the return on investment has been on this and is there any way to measure that, to which Ms. Soper responded, she could certainly look into that. She said it is difficult to quantify because there are two credits, the State income and real property. She said she can look at the real property because they are reimbursed 50 percent, so they can see how much money they are getting back, but

she would have to dig into the change in assessment on the properties that are qualified for it, so she could look into that if Ms. Acle would like. She said the real property credit is based solely on a change in assessment, and that is done on the backend by the Department of Assessments and Taxation.

Ms. Acle asked if they have to have so many employees to qualify, to which Ms. Soper responded, for the State income credit they have to hire two or more fulltime employees. She explained, there are two paths; they can do the State income credit or the real property credit, or both if they qualify for both. She said there is not a threshold for how many employees they have to have at the start, but if they create two or more fulltime positions, they would qualify for the State income credit. Ms. Acle said she would be interested to see how many jobs this has created since that is part of the economic development. Ms. Soper said she can certainly look into the past applications for how many jobs they said they were going to create. She clarified, that being said, they can apply before the jobs are created, but they only get the credit when they file their State income taxes, so they have to demonstrate that these jobs have been created, and she would not have access to the State income filings, but she can certainly look at the applications and get that information.

Mr. Holloway asked if Ms. Soper said that to qualify to be in this zone the area has to be a poverty zone, to which Ms. Soper responded, in order to add a census tract, it has to demonstrate that it meets 125 percent of the national poverty level, so certain census tracts in Wicomico County would not be eligible for that. Mr. Holloway asked if this was the same when it was initially set up, to which Ms. Soper responded, she believes so, and she could try and track down the original application. She said the guidelines may have changed since the inception of the program, but, as it stands, they need to demonstrate that the census tract hits those thresholds. Mr. Holloway said it is kind of concerning to see that they have over 5,000 acres that are considered poverty level, to which Ms. Soper responded, that may have changed, but she can look into that. Mr. Cannon asked if that is part of what she evaluates when she redefines the Enterprise Zone as opposed to just adding on, to which Ms. Soper responded, she thinks as long as it is all in the priority funding area, that is the first threshold, and she is not sure if they were grandfathered in or not, but she can check. Mr. Holloway asked, if it has to go in as a poverty area and then it brings itself out of the poverty area because it is successful, does it still qualify, to which Ms. Soper responded, she is not sure, but she can certainly look into that.

Mr. Cannon asked where this goes from here, to which Mrs. Hurley responded, it requires a public hearing and they can have that on October 4 at 6:00 p.m. Mr. Cannon asked if they will be presenting the Resolution the same day, to which Mrs. Hurley responded, that is correct.

There was no further discussion.

Signatures on next page

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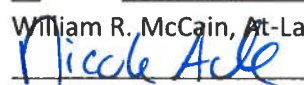


John T. Cannon, President, At-Large



Ernest F. Davis, Vice President, District 1
absent

William R. McCain, At-Large



Nicole Acle, District 2



Larry W. Dodd, District 3



Josh Hastings, District 4



Joe Holloway, District 5



Laura Hurley, Council Administrator