

CITY COUNCIL

READ FILE COVER SHEET

Subject: **Ordinance 1159 concerning Approving a Tax Credit for
Old Bay Industrial LLC in the Enterprise Zone
(Public Hearing)**

Date: **7/16/2024**

Notice: Any comments made after 5:00 p.m. on the Thursday before the Council Meeting will not be seen in the agenda packet.

- Purpose:
- FYI
 - Read and Comment as Needed**
 - Action Required by August 5, 2024**
 - In Confidential File Drawer

Approve:

Johnny Boker Yes No No Comment
Comment: _____

Casi Boyer Yes No No Comment
Comment: _____

Vicki Jones Yes No No Comment
Comment: _____

Jim Ringsaker Yes No No Comment
Comment: _____

Jason Robertson Yes No No Comment
Comment: _____

Tammy Lynn Schneegas Yes No No Comment
Comment: _____

Note: Supplemental material attached.

CITY COUNCIL
OF
HAVRE DE GRACE, MARYLAND

ORDINANCE NO. 1159

Introduced by _____ Council Member Robertson

AN ORDINANCE BY THE MAYOR AND CITY COUNCIL OF HAVRE DE GRACE, MARYLAND, ADOPTED PURSUANT TO THE AUTHORITY OF ARTICLE XI-E OF THE MARYLAND CONSTITUTION, THE LOCAL GOVERNMENT ARTICLE OF THE ANNOTATED CODE OF MARYLAND, AND SECTIONS 33 AND 34 OF THE HAVRE DE GRACE CITY CHARTER TO APPROVE REAL PROPERTY TAX CREDITS AGAINST THE CITY REAL PROPERTY TAX IMPOSED ON THE ELIGIBLE ASSESSMENT FOR REAL PROPERTY IN THE ENTERPRISE ZONE KNOWN AS OLD BAY INDUSTRIAL, LLC LOCATED AT 350 OLD BAY LANE, HAVRE DE GRACE, MD 21078, OWNED BY OLD BAY INDUSTRIAL, LLC

On: July 15, 2024

at: 7:00 p.m.

Ordinance introduced, read first time, ordered posted and public hearing scheduled.

PUBLIC HEARING

A Public Hearing is scheduled for August 5, 2024 at 7:00 p.m.

EXPLANATION
Underlining indicates matter added to existing law.
[Bold Brackets] indicate matter deleted from existing law.
Amendments proposed prior to final adoption will be noted on a separate page with line references or by handwritten changes on the draft legislation.

34 **WHEREAS**, the City of Havre de Grace, Maryland and Harford County created an Enterprise
35 Zone for the purpose of encouraging economic development of the area encompassed within the
36 boundaries of such zone; and

37
38 **WHEREAS**, the Enterprise Zone was created under authority granted by the State of Maryland;
39 and

40
41 **WHEREAS**, State law permits certain benefits to be extended to businesses that locate or expand
42 in the Enterprise Zone provided that they meet certain standards; and

43
44 **WHEREAS**, the City of Havre de Grace and Harford County have also established certain
45 standards, which must be met in order for a business to be deemed eligible to receive Enterprise
46 Zone benefits; and

47
48 **WHEREAS**, Old Bay Industrial, LLC located at 350 Old Bay Lane, Havre de Grace, MD 21078,
49 owned by Old Bay Industrial, LLC meets the standards for eligibility to receive Enterprise Zone
50 benefits and therefore is entitled to local property tax credit through the Enterprise Zone program
51 as adopted by City Resolutions 2016-02, 2016-11, and Resolution 2017-06; and

52
53 **WHEREAS**, Old Bay Industrial, LLC located at 350 Old Bay Lane, Havre de Grace, MD 21078,
54 owned by Old Bay Industrial, LLC have requested that the company and real property be
55 designated as eligible for Enterprise Zone benefits due to their investments in their real property
56 and their business.

57
58 **THEREFORE**, it is determined, decided and ordained by the City Council of Havre de Grace that
59 the property known as Old Bay Industrial, LLC located at 350 Old Bay Lane, Havre de Grace, MD
60 21078, owned by Old Bay Industrial, LLC, Tax ID No. 06-032974, 9.30 acres is eligible to receive
61 the benefits of the Greater Aberdeen/ Havre De Grace Enterprise Zone for the fiscal year 2025 and
62 continuing for nine (9) consecutive years thereafter; and

63
64 **BE IT FURTHER RESOLVED** that the amount of the tax credit shall be equal to a percentage
65 reduction of the amount of the real and personal property tax imposed on the eligible assessment
66 of the qualified real and personal property as follows:

- 67
68 (i) 80% reduction in each of the first five (5) taxable years following the calendar year in
69 which the real and personal property initially becomes qualified property;
70 (ii) 70% reduction in the 6th taxable year
71 (iii) 60% reduction in the 7th taxable year
72 (iv) 50% reduction in the 8th taxable year
73 (v) 40% reduction in the 9th taxable year
74 (vi) 30% reduction in the 10th taxable year

75
76 ADOPTED by the City Council of Havre de Grace, Maryland this ___ day of _____, 2024.

77
78 SIGNED by the Mayor and attested by the Director of Administration this ___ day of _____,
79 2024.

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ATTEST:

MAYOR AND CITY COUNCIL
OF HAVRE DE GRACE

Christopher Ricci
Director of Administration

William T. Martin
Mayor

Introduced/First Reading: 7/15/2024
Public Hearing:
Second Reading/Adopted:
Effective Date:

Public Hearing



HARFORD COUNTY
ECONOMIC DEVELOPMENT

**Greater Aberdeen/
Havre de Grace**

Enterprise Zone

Business retention and expansion, job creation and the revitalization
of the U.S. Route 40/Chesapeake Science & Security Corridor



**Office of Economic
Development**

2021-D Pulaski Highway
Havre de Grace, MD 21078

410.638.3059

1.888.195.SITE

oed@harfordcountymd.gov

www.harfordcountymd.gov/oed

revised 8/5/2019

Greater Aberdeen/Havre de Grace Enterprise Zone

Enterprise Zone Objectives

The Greater Aberdeen/Havre de Grace Enterprise Zone is one of two Enterprise Zones in Harford County. The county's focus on these zones designated by the Maryland Department of Business & Economic Development is:

- To ensure business retention, increase business expansion and attract new businesses
- To encourage the creation of well-paying new jobs
- To promote development and occupancy of vacant, underutilized land and buildings
- To revitalize older industrial areas of the County

Greater Aberdeen/Havre de Grace

- **Re-designated June, 2016**
- **9,720 acre zone**
- **Properties situated along U.S. 40 and within municipalities of Aberdeen and Havre de Grace**
 - **South to Belcamp and Perryman**
 - **West to HEAT Center**
 - **East to include portions of Aberdeen Proving Ground**
- **Business parks located within the zone:**
 - **Water's Edge Corporate Campus**
 - **The HEAT Center**
 - **Chesapeake Industrial Park**
 - **Cranberry Run Business Park**
 - **Hardee's Industrial Park**
 - **Hickory Ridge Industrial Park**
 - **Rock Glenn Business Park**
 - **Harford Gateway**
 - **Advantage Business Center**
 - **Perryman Industrial Park**
 - **Enterprise Business Park**
 - **40 East Industrial Park**
 - **Aberdeen Industrial Center**

Eligibility & Benefits

Business must be located within the zone and meet minimum requirements for job creation or for capital investment, including, but not limited to, specified design standards.

MINIMUM CAPITAL INVESTMENT

CONSTRUCTION/REHABILITATION OF REAL PROPERTY

- \$100,000 (if business has 10 or less employees)
- \$125,000 (if business has 11 or more employees)

LOCAL REAL PROPERTY TAX CREDITS*

Credits are available for up to ten years on capital investments. Credit of 80% on increases in assessed value of real property for first five years, decreasing by 10% annually for the remaining five years. Any real property tax credits are granted for full taxable years only.

**NOTE: Businesses seeking local real property tax credits must apply to the Office of Economic Development and applicable municipal departments prior to completing the construction or rehabilitation project. Real property tax credits may not be granted retroactively.*

AND/OR

STATE INCOME TAX CREDITS

The Maryland's Enterprise Zone Program provides special tax credits to encourage businesses in the enterprise zone to create new jobs. The credits are more valuable than deductions because credits are subtracted directly from income tax liability. There are two types of income tax credits for firms in an enterprise zone; a general income tax credit and a larger income tax credit for hiring economically disadvantaged employees (certified by the State).

Minimum Full-time Job Creation:

- 2 NEW (if business has 10 or less employees)
- 5 NEW (if business has 10 or more employees)

The general credit is a one-time \$1,000 credit per new employee. For economically-disadvantaged employees (certified by the state), the credit increases to a total of \$6,000 per employee distributed over three years:

- Year 1 \$3,000
- Year 2 \$2,000
- Year 3 \$1,000

Sample Property Tax Calculation

SAMPLE OF PROPERTY TAX CREDIT ON \$500,000 INVESTMENT MARKET VALUE OF IMPROVEMENT FOR PROPERTY OUTSIDE A MUNICIPALITY:

YEAR	INCREASED TAX WITHOUT EZ CREDIT	CREDIT RATE	CREDIT AMOUNT	TAX PAID
1	5,460	80%	4,368	1,092
2	5,460	80%	4,368	1,092
3	5,460	80%	4,368	1,092
4	5,460	80%	4,368	1,092
5	5,460	80%	4,368	1,092
6	5,460	70%	3,822	1,638
7	5,460	60%	3,276	2,184
8	5,460	50%	2,730	2,730
9	5,460	40%	2,184	3,276
10	5,460	30%	1,638	3,822
Total Savings Due to the Credit: \$35,490				

Local Program Objectives

Harford County, Greater Aberdeen, and Havre de Grace use the Enterprise Zone Program as a strategic economic development tool with these objectives:

- Promote private capital investment
- Create private employment opportunities
- Increase employment opportunities for low and moderate income families
- Broaden the County industrial and commercial base
- Support retention and encourage the expansion of resident businesses and industry
- Provide incentives and initiatives to attract new businesses and industry

How to Apply for Benefits

ENTERPRISE ZONE

Complete the Enterprise Zone Qualification Application and return to Harford County Office of Economic Development with the required site and landscape plans. The application will be reviewed and a letter confirming eligibility of benefits will be sent.

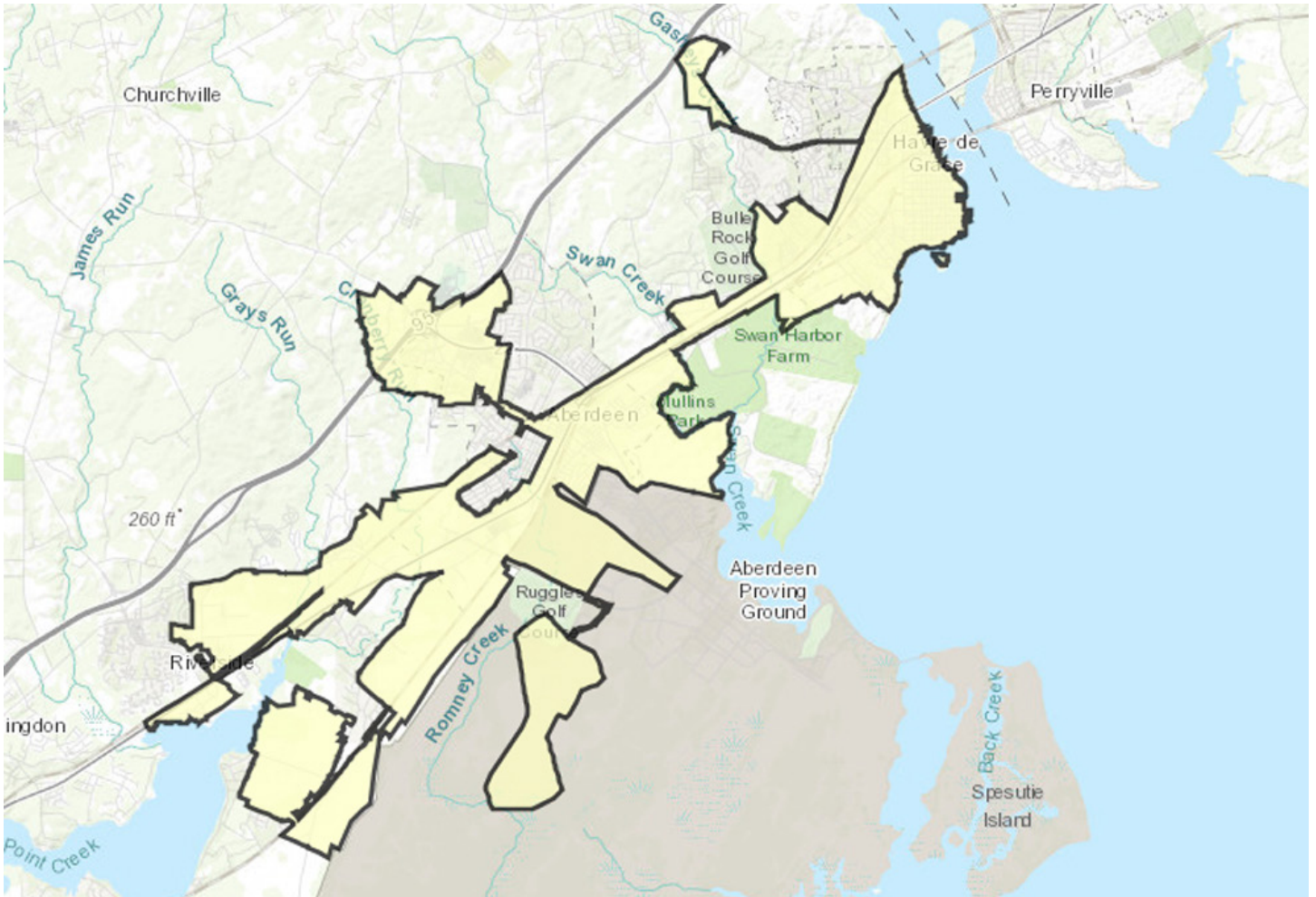
Note: Application, site plan & landscape plan must be submitted no later than October 1 for real property tax credit on the next July 1 tax bill.

- **For REAL PROPERTY TAX CREDITS**, no additional paperwork needs to be completed by applicant. The Office of Economic Development will notify the Maryland Department of Assessments, Maryland Department of Commerce and Taxation and the property owner.
- **For STATE INCOME TAX CREDITS**, submit State of Maryland Tax Form 500CR along with annual return filed with the Comptroller of the Treasury. Form 500CR is used to claim a credit against the income tax for certain wages paid to qualifying employees in the Enterprise Zone.

OTHER PROGRAMS

- **STATE INCOME TAX CREDITS FOR HIRING “ECONOMICALLY DISADVANTAGED” EMPLOYEES**, requires the company to have such employee or potential employee certified through Maryland Department of Labor, Licensing & Regulation. For more details, contact Job Service Division, Susquehanna Region at the Bel Air Office, 410.836.4631.
- **BGE SMART ENERGY SAVERS PROGRAM**: BGE offers a comprehensive portfolio of energy efficiency programs to support businesses in their quest to save energy and operate their businesses more efficiently.

For more information, please refer to <http://bgesmartenergy.com/business/energy-solutions-business> or contact Stuart Page, BGE Manager of Economic Development, at 1-800-685-0123 / stuart.page@bge.com.



CONTACT FOR FURTHER INFORMATION/APPLICATION

**HARFORD COUNTY
OFFICE OF ECONOMIC
DEVELOPMENT**

Enterprise Zone Administrator
2021-D Pulaski Hwy
Havre de Grace, MD 21078
1.888.195.SITE / 410.638.3059

www.harfordcountymd.gov/oed
oed@harfordcountymd.gov

**CITY OF ABERDEEN
DEPARTMENT PLANNING &
COMMUNITY DEVELOPMENT**

60 N. Parke Street
P.O. Box 70
Aberdeen, MD 21001
410.272.1600 / Fax: 410.273.7402

www.aberdeen-md.org

**CITY OF HAVRE DE GRACE
OFFICE OF ECONOMIC
DEVELOPMENT**

711 Pennington Avenue
Havre de Grace, MD 21078
410.939.1800 /
Fax: 410.939.3692

www.havredegracemd.com

GREATER ABERDEEN/HAVRE DE GRACE ENTERPRISE ZONE ELIGIBILITY STANDARDS

The following standards have been developed by the State of Maryland and by Harford County and the Cities of Aberdeen and Havre de Grace. All business entities wishing to receive the benefits of the Greater Aberdeen/Havre de Grace Enterprise Zone must comply with these standards.

1. The business must have been located within the Zone boundaries on the date of designation, relocated to the Zone after the designation date, or started new construction or expansion within the Zone after the designation date.

Designation Date: Greater Aberdeen/ Havre de Grace Enterprise Zone June 15, 2016
(encompassing U.S. 40 and Parts of MD 22, MD 159 and MD 155. See map for exact area.)

2. (a) INCOME TAX CREDITS - MINIMUM QUALIFICATION

Greater Aberdeen/Havre de Grace Enterprise Zone:

For businesses employing ten (10) or fewer full-time equivalent employees, two (2) NEW full-time jobs created must be at least 35 hours per week per new job created at an hourly wage of 150% of minimum wage.

For businesses employing eleven (11) or more full-time equivalent employees, five (5) NEW full-time jobs created must be at least 35 hours per week per new job created at an hourly wage of 150% of minimum wage.

(OR)

- (b) PROPERTY TAX CREDITS - MINIMUM QUALIFICATION

Greater Aberdeen/Havre de Grace Enterprise Zone

For businesses employing ten (10) or fewer full-time equivalent employees, \$100,000 in capital investment above the base level.

For businesses employing eleven (11) or more full-time equivalent employees, \$125,000 in capital investment above the base level.

Proprietorships, partnerships and corporations may be deemed eligible for benefits at the discretion of the Office of Economic Development (OED) if the employment or capital investment criteria above are met.

ADDITIONAL ELIGIBILITY CRITERIA FOR ENTERPRISE ZONES

Property owners and businesses located within the Greater Aberdeen/Havre de Grace Enterprise Zone may be certified for incentives if the primary business activity conducted on the properties is in the general public interest and consistent with any of the following categories: (1) research and development; (2) offices; (3) manufacturing, fabrication and assembly; (4) warehousing and distribution (outside the City of Aberdeen and the City of Havre de Grace); (5) services excluding mini-storage and self-storage facilities; (6) retail (employing 5 or more persons, but excluding convenience stores, gasoline stations, and fast food establishments. Note for clarification, fast food establishments are those eateries that do not have both a sit-down area AND a wait staff); (7) tourism activities; (8) hospitality services; and (9) professional or personal commercial services.

Additionally, resident and new businesses within the Greater Aberdeen/Havre de Grace Enterprise Zone must create a minimum of two (2) NEW full-time jobs above the base employment level, and which must be at least 35 hours per week at an hourly wage of 150% of minimum wage) above the base employment level for those businesses employing ten (10) or fewer full-time equivalent employees. For those businesses employing eleven (11) or more full-time equivalent employees, resident or new businesses within the Greater Aberdeen/Havre de Grace Enterprise Zone must create a minimum of five (5) NEW full-time jobs above the base employment level, and which must be at least 35 hours per week at an hourly wage of 150% of minimum wage.

- OR -

Make a capital investment of at least \$100,000 above the base level for those properties. Any property owner or resident business seeking incentives through the Greater Aberdeen/Havre de Grace Enterprise Zone must be in full compliance with all federal, state, and local laws, codes and ordinances governing the use and occupancy of its premises. If such is not the case, then, prior to consideration of any incentives, or as a condition of local approval of the planned expansion or major improvements, all items not in compliance shall be brought into compliance prior to receipt of any incentives.

GREATER ABERDEEN/HAVRE DE GRACE ENTERPRISE ZONE QUALIFICATION CHECKLIST

This form is for your reference only. For assistance, please call Harford County OED at (410) 638-3059.

BEFORE SUBMITTING APPLICATION(S):

- _____ Determine that the business property is in the Greater Aberdeen/Havre de Grace Enterprise Zone
- _____ Meet minimum eligibility criteria for Jobs OR Capital Investment:
 - _____ New job(s) created “or”
 - _____ New construction “or”
 - _____ Rehabilitation of property “or”

APPLICATION(S): Submit a “Qualification Application” to the Office of Economic Development

- _____ Property Tax Credits: Submit form immediately when applying for building permit.
- _____ Income Tax Credits: Indicate on form if you intend to apply for state income tax credits.

BEFORE SUBMITTING APPLICATION(S):

- _____ Enterprise Zone Administrator sends an approval letter or an explanation for disapproval. (Copies of the approval letter are submitted by OED to appropriate local and state agencies.)
- _____ **Property Tax Credits (PTC) ONLY:** Property tax credits will automatically appear on Harford County tax bills in July. (Credits will not appear on half-year tax bills in January. Please pay any half-year taxes owed.)
- _____ **Income Tax Credits (ITC) ONLY:** Contact the Job Service Division, Susquehanna Region, Bel Air Office 410.836.4631 to review list of employees and determine individual eligibility as “disadvantaged” or “non-disadvantaged.”

Current Number of Employees: Full-time: _____ Part-time: _____
Number of New Full-time Jobs Created (2 or more): _____
Number of New Part-time Jobs Created: _____

NOTE: By submission of and signature on the Qualification Application, the business creating new jobs agrees (through its owner, principal, employee or authorized agent) to provide a written report to the Harford County Office of Economic Development (specifically, to the Enterprise Zone Administrator) on the number of new full-time and new part-time jobs created for each calendar year until the end of the Enterprise Zone designation on June 1, 2026. Further, to continue receiving the Tax Credits there must be an active business use on the subject property. Such information regarding new jobs created must be submitted no later than March 1st of each calendar year for the prior calendar year. This information is required for compilation of an annual report to the Maryland Department of Commerce.

Signature of Person Completing this Form: _____
Printed Name: _____
Position/Title: _____ Date: _____

Please submit application as follows:

1. *For projects located within the City of Aberdeen:*

Send one signed original to the Department of Planning, City of Aberdeen, P.O. Box 70, Aberdeen, MD 21001 AND a second signed original to Harford County Office of Economic Development, ATTN: Enterprise Zone Administrator, 2021-D Pulaski Highway, Havre de Grace, MD 21078.

2. *For projects located within the City of Havre de Grace:*

Send one signed original to the Department of Planning, City of Havre de Grace, 711 Pennington Avenue, Havre de Grace, MD 21078 AND a second signed original to Harford County Office of Economic Development, ATTN: Enterprise Zone Administrator, 2021-D Pulaski Highway, Havre de Grace, MD 21078.

3. *For projects located at Aberdeen Proving Ground:*

Send one signed original to the Director of Plans, Training & Mobilization, Commander, U.S. Army Garrison Activity, ATTN: STEAP-PF, APG, MD 21005-5001, AND a second signed original to Harford County Office of Economic Development, ATTN: Enterprise Zone Administrator, 2021-D Pulaski Highway, Havre de Grace, MD 21078.

4. *For projects located in Harford County:*

Send one signed original to Harford County Office of Economic Development, 2021-D, Pulaski Highway, Havre de Grace, MD 21078, ATTN: Enterprise Zone Administrator.