



NEWS RELEASE

City to Consider Application for Enterprise Zone

Eye Toward Promoting Investment in 'Golden Mile'

FREDERICK, MD – April 3, 2018: The Frederick Department of Economic Development is pursuing an application for the Enterprise Designation of Frederick's West Patrick Street "Golden Mile" area, to acquire an additional tool to promote investment on the City's west side.

"The Department's Enterprise Zone application proposal was authorized in an effort to bolster the momentum already gaining on the Golden Mile," said Mayor Michael O'Connor. "Between the recent kick-off of the mall re-tenanting project and the advancing plans for Westside Regional Park, we are positioning for a renaissance on Frederick's west side."

The [Maryland Enterprise Zone Program](#) is an economic development program established by the Maryland General Assembly that offers real property and state income tax credits in return for job creation and capital investments in targeted areas. There are currently [36 Enterprise Zones](#) across the state of Maryland. The City of Brunswick's zone - established in 2016 - is the only designation currently within Frederick County.

The proposed application seeks to have approximately 570 acres of predominantly commercially and industrially zoned properties along U.S. Route 40 established as a Maryland Enterprise Zone. This designation would enable eligible businesses and property owners to apply for and claim a 10-year credit against local real property taxes on a portion of property improvements. The credit is calculated during the first five years as 80 percent of the assessed property, and then decreases 10 percent annually to 30 percent in the 10th year.

Eligible businesses in the enterprise zone would also be able to claim one-year or three-year state income tax credits for wages paid to new, qualifying employees. The general credit would

allow 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.

In the early 2000s, the City of Frederick introduced the "[Golden Mile Property Tax Credit](#)" to encourage commercial rehabilitation within the designated Golden Mile revitalization district. Any property located within this district currently qualifies for this tax credit, provided that the rehabilitation increases the value of the property. The existing rehabilitative tax credit can be claimed for seven years. Despite the existing Golden Mile Property Tax Credit program, the aging retail corridor continues to face significant economic challenges - including the difficulty attracting new private capital investments, the rise of e-commerce and the bankruptcy of several national chains that once anchored the corridor. These changing trends in retail have created higher vacancy rates and underutilized commercial spaces on Frederick's west side.

The Golden Mile area represents 23.80 percent of the City of Frederick's total commercial area. If awarded this enterprise zone designation, the Golden Mile businesses and property owners would benefit tremendously from this joint effort between the state and local government.

Mary Ford-Naill, Economic Development manager outlined the value of the zone.

"The Maryland business tax credit for enterprise zones has been successfully implemented throughout the state of Maryland," Ford-Naill said. "Receiving an enterprise zone designation will provide the Golden Mile area a new tool to further stimulate capital investment."

According to the Department of Commerce, over the past five years, businesses in Maryland's enterprise zones have made a total of \$13.7 billion in capital investments.

The application is being brought to a public Mayor and Board meeting on April 5, 2018. Pending formal support by both the City of Frederick and Frederick County, the application will be forwarded for state review.

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