



OPPORTUNITY ZONE LEADERSHIP TASK FORCE

Southern Maryland Regional Summit

Indian Head

April 24, 2019

4:30PM

I. Call To Order:

Lieutenant Governor Rutherford called to order the second regional meeting of the Opportunity Zone Leadership Task Force at 4:30PM on April 24, 2019 in Indian Head, Maryland.

II. Roll Call/Attendees:

Task Force Members: Lt. Governor Rutherford, Secretary Kelly Schulz, Secretary James Rzepkowski, Secretary Rob McCord, Assistant Secretary Sean Powell, Sylvia Lawson, Phil Hutson, Thomas Sadowski, Dannielle Glaros, Jake Romanell & Robert Brennan

Designees: Deputy Secretary Tony Reed, DHCD, Samantha Blizzard, DHS & Marlene Murphy, MD Assoc. Of Community Colleges

Presenter: Frank Dickson, DHCD

Absent: Secretary James Fielder & George Davis

III. Introductions:

See minutes from February 22, 2019 – Governor’s Reception Room Meeting

IV. New Business:

1. Department of Labor, Licensing, & Regulation - July 1, 2019 Name change to Department of Labor
2. Maryland Department of Planning - Historical Tax Credit renamed to Historic Revitalization Heritage Structure Rehabilitation Tax Credit
3. Department of Housing & Community Development

1. The second round of regulations from IRS on OZs were released for public comment on April 17, 2019 – appears to be more interest in investing into businesses, prior to release of regs it was unclear how much investment would go into businesses other than those selling direct goods into the OZs business. Positive for technology businesses locating in OZs and any other non-place based businesses that would be seeking capital. Great news for MD.

MD is doing its best to support OZs to complement the Federal Program. Other states have not put forth the same efforts nor incentives to entice investments. MD is working to benefit all OZ areas, not just urban OZs.

MD has 149 OZ, the Governor had a choice of about 590 to choose from. These were chosen because they followed the federal guidelines for why they should be chosen as an Opportunity Zone. Some of those guidelines were (not inclusive of all factors): 1) Impact sooner rather than later (is there investment activity going on in those OZs)? Public investment? 2) Are you near an academic institution? Can businesses work with those institutions? 3) Transportation oriented investment: where there is concentration of people and investment (some of the major themes that went towards the selection process).

Key for MD – we conform to the federal tax code. Benefit attributed to this federal benefit is also attributable to MD tax paying entities. They do not have to pay the MD 7-9% tax. Significant advantage to MD tax paying entities looking to take advantage of this incentive.

2. Information Exchange Demo - This program is a mapping tool to show projects, businesses, funds, non-profits or government agencies that have decided to list on the exchange for whatever the individual purpose is. The main goal is to connect investors to investment opportunities. Anybody can list a business or project.

V. Elected Officials Comment:

1. Senator Arthur Ellis – *District 28 (Charles County)*
Senator Bailey and I pledged next year, to make funding state-wide; spread the wealth across the state. Has the administration pledged to make all the funding for OZ available for all the state? MDOT and transportation are critical in Charles County – we want a light rail.

Lt. Governor – The OZ program is national and Maryland’s complementary incentives are state-wide. That is what we are doing now. I do not know the specifics of the bills you mentioned but this is a state-wide initiative. We have to have a certain amount of people that will ride the light rail before it is approved.

There is a lot that has to go into this decision before it is approved. There are studies going on and processes with county/local economic developers and they are working with us. We are not going to build a system and not be sure there are people are going to be on it. But this isn't the time to debate – this is not the purpose of this meeting.

2. Senator Jack Bailey – *District 29 (Calvert & St. Mary's Counties)*
Thank you Sir for coming down to recognize the OZs in Southern MD and especially those in Indian Head. We look forward to revitalization in Charles County and my door is always open, thank you very much.
3. Delegate Edith Patterson – *District 28 (Charles County)*
You have a big job but I am confident that you will get it done. Thank you for listening to our comments and concerns and coming down to Southern Maryland. Appreciate the support from the Administration and Secretaries
4. Delegate CT Wilson – *District 28 (Charles County)*
Thank you Lt. Governor for paying attention to Southern MD. In regards to the Governor's Office of Small, Minority & Women Business Affairs, women and veteran businesses are having a hard time. The state issue is, the money is always going to the same people. These small businesses can't pass on a job to their children and we can't give a 15\$ job, we need to help these businesses. Get GOMA onboard. We have to go out to see these minority business investors. This place (Indian Head) is a goldmine – a straight shot to 210. These large corporations can come here and be near the beltway. And we ask that we get those transportation dollars for funding. We can't say, "Here is some tax free credits", without transportation. My door is always open. Thank you.

Lt. Governor – I'd like to address your minority business comment. What is happening is, the investment that is coming is going to be private – when you look up the road at PG County, the investors getting involved are minorities which will suggest that minority businesses step up. The Small Business Reserve program is what I recommend to all small businesses. Our Administration and Department Secretaries are here to assist.
5. Mayor Brandon Paulin - *Indian Head*
I would like to thank the members of the Task Force. OZs has gotten Indian Head many calls. We have a positive outlook for opportunities. There is a giant incentive for investors to come here and develop.
6. Kelly Roberston-Slagle – *Director of Calvert County Economic Development*
DHCD has been a fantastic partner with us. We want to let you know that OZs do work. Grey Ops is a perfect example. When they came to us, we were able to turn around an offer letter from Commerce within weeks. State-wide, this is going to be a successful program for us.

7. Staff of Senator Van Hollen's Office

All three counties are going to benefit from OZs. The quality of life for citizens here is going to improve. Making sure the people know the incentives is a great thing. Thank you all for being here today.

5 Minute Intermission

VI. Public Comments:

1. Cornell Posey – There was a discussion on CNN for OZs and it made me recognize the opportunity for communities like ours. Our economic development team is trying every route possible to take advantage. Welcome to the best county and the best two cities – Indian Head and La Plata. The elected officials and business stakeholders are here today to show how important this is to us. The most important thing for you to see today is the commitment from all these elected officials. I want my daughters, 12 and 13, to have an opportunity like me. Thank you for coming and if you're interested, we will expose you to best seafood in MD.
2. Darrell Brown – *Charles County Economic Development*
Thank you for spending time with me and my staff today. Thank you, Commerce & DHCD because in the very beginning when we were talking about how many Zones we could get, I asked for 5 and was told that we were going to get 1 but we got 3. So thank you for listening to us. Thank you for being here.
3. Sue Greer – *Waldorf Business Stakeholder*
I represent a number of businesses in Waldorf and one of the questions they asked me when they realized they were in an OZ is, does it help them as an existing business?

Answer – Expansion of the More Jobs for Marylander's Act, as they add employees they will be eligible for a tax credit for new net job (five jobs or more) they create. Outside investments will also benefit.
4. Danny Michael – *Charles County Chamber of Commerce*
Thank you for being here. The Chamber of Commerce along with the Military Alliance Council has been working very hard with county commissioners. We can't thank you enough. We are excited for what's to come.
5. Barbra Eising – *Southern MD Board of Directors*
Thank you for being here. I am in charge of workforce development and I want to thank you all for being here.
6. Southern MD Citizen
If we have a successful business within the county but not in an OZ, is there an incentive to move to the OZ area?

Response - If you are an existing business and are not in a zone but choose to move, you could take advantage but you would have to create new net jobs to get the benefits. Existing facilities that want to expand (already in OZ) they could invest in their own and get the incentive.

7. Bennet Wilson – *St. Mary's Economic Development Department*

I have a few questions: 1. Is there going to be any type of incentive for infrastructure development, our company owns underdeveloped sites (lacking sewer water) does state funding help with that?

Frank Dickson – That is going to be difficult, unless your investor is going to invest in infrastructure, most companies are not going to sale their sewer/water for people to invest in. Most infrastructure does not appreciate. But if there were an investment in the infrastructure, then that would be local.

Danielle Glaros, MACo – Opportunity by the feds, states aligned with the fed with additional incentives, and then the question becomes on the county level, how counties want to align their incentives with OZs – i.e. TIF, payment in lieu of taxes, bond financing, etc. Think through layering incentives at every level of government to ensure locals are meeting their desired objectives.

BW– If there is a property divided by a road and one side of the property is an OZ but the other is not, can they take advantage of the OZ benefit?

Frank Dickson – I will follow up with you but the short answer is depending where the dollars are going to be spent. If they are on the non-OZ side, then you will not get the benefit. I will touch base with you and follow up.

8. Charles County Maryland Realtor

Over the years selling houses in Charles County, many people question the caliber of our schools. 4 out of the last 5 years, western Charles had the highest scores in science and math because this is where the engineers work and frankly, their kids learn better. This data is beneficial for our development. We look at the people and the demographics in areas and realtors know what people do for a living or what their socioeconomic situation is or what job they have. I think we should take advantage of this data.

Secretary Rob McCord, Planning

I want to note that MDP collects all census data and we do have ways to slice and dice the data. If you need specific information, please contact me. We will get you what you need.

9. Chris McMilles – *MEDCO*

Are you leaving it up to counties and local stakeholders to find locations to invest?

Response – At the end of the day, it is going to be up to the businesses and the investors where to invest. This is market driven, we are here to entice investment in Maryland. Government is only a partner in this to level the playing field. It is up to county/city in an OZ to make themselves attractive, the investor is making sure the locals are behind it for the long term.

Secretary Kelly Schulz, Commerce – You are responsible for marketing; however, DHCD put this program (Information Exchange) together and this is one of its kind and other investors are able to look at this, this is your marketing tool. You should be using this! We are at your service in order to be able to help throughout this process.

VII. Closing Remarks:

Lt. Governor – Thank you all for coming out. The next meeting will be hosted in Baltimore City. May 23, 2019 at 4:30PM.

VIII. Next Meeting

Location: Hippodrome Theatre, 12 N Eutaw St, Baltimore, MD 21201319

Date: May 23, 2019

Time: 4:30PM

IX. Adjournment

Lt. Governor adjourned the meeting at 6:20PM.

Minutes submitted by: Heather Poston & Courtney Highsmith