

BCA_SB713_FAV

Uploaded by: Blendy, Nicholas

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BERNARD C. "JACK" YOUNG
MAYOR

*Office of Government Relations
88 State Circle
Annapolis, Maryland 21401*

SB 713

February 11, 2020

TO: Members of the Senate Finance Committee

FROM: Nicholas Blendy, Deputy Director of Government Relations

RE: Senate Bill 713 - Opportunity Zone Enhancement Program - Eligibility –
Lead-Based Paint Affected Properties

POSITION: SUPPORT

Chair Kelley, Vice Chair Feldman, and Members of the Committee, please be advised that the Baltimore City Administration (BCA) **supports** Senate Bill (SB) 713.

SB 713 alters the information required to be provided to the Department of Commerce in order to qualify for certain tax credit enhancements under the Opportunity Zone Enhancement Program to include, with respect to certain qualified opportunity zone business property, a detailed plan for the performance of certain lead hazard reduction activities.

The Baltimore City Health Department (BCHD) combats childhood lead poisoning through a number of means, including medical case management of lead poisoned children, environmental inspections of homes with lead hazards and enforcement of applicable laws, prosecution of noncompliant property owners, intensive primary-prevention home-visiting, health education and outreach, and referrals of families to lead abatement programs.

Lead is a powerful neurotoxin that can have debilitating effects on people of all ages. In particular, it can severely compromise the behavioral and cognitive development of children. The Centers for Disease Control and Prevention reports that over 4 million households nationwide have children exposed to lead. Every child deserves to grow up free from the permanent harm lead exposure can cause; unfortunately, lead hazards in homes remain a serious threat. SB 713 would incentivize property and business owners to address lead hazards and keep children safe.

Baltimore City contains 42 of the 149 census tracts designated as Opportunity Zones by the U.S. Treasury.¹ Designated Opportunity Zones are located throughout the city, with many located in neighborhoods with high rates of lead poisoning.² As a result, adding the requirements found in this bill to the process of qualifying for Opportunity Zone credits will help provide greater incentive to removing lead hazards.

For the above reasons, we respectfully request a **favorable** report on SB 713.

¹ <http://baltimoredevelopment.com/opportunity-zones>.

² <http://baltimoredevelopment.com/wp-content/uploads/2018/08/Baltimore-City-Opportunity-Zone-Census-Tracts-NeigSBorhoods.pdf>.

GHHI_FAV_SB713

Uploaded by: Norton, Ruth Ann

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February 11, 2020

Senator Delores G. Kelley, Chair
Senate Finance Committee
Miller Senate Office Building, 3 East
Annapolis, Maryland 21401

**RE: SB713 – SUPPORT WITH AMENDMENTS – OPPORTUNITY ZONE
ENHANCEMENT PROGRAM – ELIGIBILITY- LEAD – BASED PAINT
AFFECTED PROPERTIES**

Dear Chairwoman Kelley and Members of the Committee:

The Green & Healthy Homes Initiative (“GHHI”) writes in support of Senate Bill 713 with amendments. The Opportunity Zone investments are a new national community investment program that incentivizes long-term capital investments in low-income communities that are traditionally underinvested in across the United States. These zones create opportunities for development and redevelopment in communities where the need for safe and healthy affordable housing is of the utmost priority. For decades, lead poisoning has been a leading contributor to learning disabilities, speech development problems, loss of IQ and attention deficit disorder, which results in poor school performance. Millions of dollars are spent on special education and juvenile justice costs in Maryland to combat the effects of lead poisoning, and thousands of children enter our public-school systems with the propensity for disruptive behavior that impedes their development and that of their classmates. Children poisoned by lead are 7 times more likely to drop out of school and 6 times more likely to end up in the criminal justice system. The ultimate tragedy of childhood lead poisoning is that it is an entirely preventable disease, especially through housing interventions and lead abatement.

The most recent Maryland Department of the Environment (MDE) Annual Enforcement and Compliance Report states that over 133,000 affected properties were registered in the State of Maryland in fiscal year 2018. Many of these older homes may contain lead paint hazards, such as dust as result from indoor sources such as old lead paint on surfaces that are frequently in motion or bump or rub together (such as window frames and doors), deteriorating old lead paint on any surface will lead to paint chips and dust and get on surfaces that occupants in the home will increase their exposure to lead. Unfortunately, many older homes are populated in communities occupied by people of color where communities have experienced long periods of disinvestments, which has directly led to an increase in lead exposure through deterioration of home and community infrastructure.

Maryland is one of the first states addressing the transparency of proposed development in opportunity zones with an interactive search portal for opportunity zone investments and one of

the first to introduce legislation for implementation. Maryland, by adding requirements related to healthy and safe environments, can continue its proactive leadership in this area and create the standard for the country.

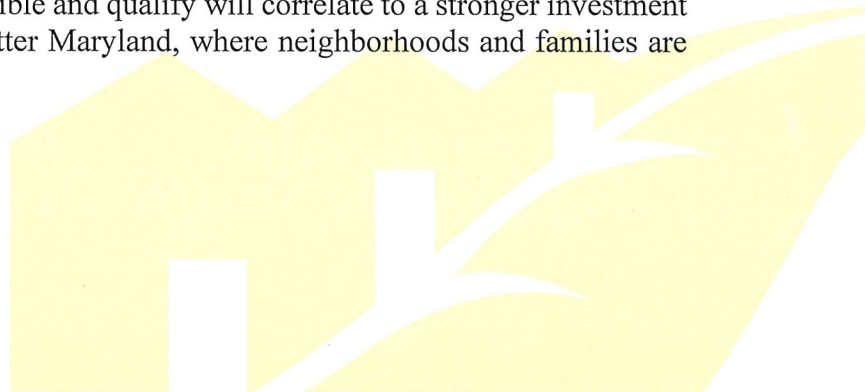
We thank the Senate for its leadership and support for passing SB174 in 2019, which extends certain benefits under the More Jobs for Marylanders 4 Program to businesses that locate or expand in opportunity zones in the State and requiring certain reports. We know the potential for the amount of investment that will impact these communities and request that with any development or redevelopment align with the requirement to provide lead free windows and doors, and remediate any structural defects that may cause chipping, flaking, and peeling lead paint.

Solution

SB713 is an innovative bill to ensure the substantial national investment in Opportunity Zones work to prevent lead poisoning and to bring housing to a higher standard of health and safety.

The Bill requires for full compliance with current law, Maryland Reduction of Lead Risk in Housing Act (property registration with MDE and lead inspections) and calls for a complete lead hazard control measures for affected properties that are redeveloped within Opportunity Zones investment. The lead hazard control measures should align with HUD guidelines for leaded window and door replacements to ensure adherence to that nation's best practices. Further, the proposed amendment below would strengthen SB713 to make the Bill language clear that replacement of leaded windows and doors, which is the most frequent source of toxic lead exposure, is required to receive the Opportunity Zone benefits, where applicable. This enhanced incentivized tax credit for owners, who will provide not only proof of lead remediation with a passing lead dust clearance test, but verification of replacement of doors and windows free of lead-based paint.

These critical requirements improve lead safety standards as a part of renovation and rehabilitation and allows Maryland investors to be at the forefront in a huge economic benefit that will stabilize communities and protect children and families from the irreversible, lifelong impact of lead exposure. Both homeowners and renters will have an overall improvement in housing stability, health and comfort, while developers and owners experience less maintenance, increased property value and improved occupancy within these communities. This is a critical step to ensure that communities at risk for the toxic legacy of lead contamination have access to safe and healthy housing. The direct impact for investors, fund managers, property developers, new or expanding businesses, and local stakeholders to be eligible and qualify will correlate to a stronger investment in housing that will continue to shape a better Maryland, where neighborhoods and families are healthy, thriving, and lead-free.



Support Senate Bill 713
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Amendment

GHHI supports SB713 and offers a friendly amendment to the Committee for its consideration:

- We recommend that the Bill be amended to include the following language:
“**REQUIRED** that, for the substantial improvement of the property performed in accordance with § 1400Z-2(D)(2)(D)(II) of the Internal Revenue Code, replacement doors and windows are free of lead-based paint.”

WE ASK YOU TO SUPPORT SB713 WITH AMENDMENTS.

Respectfully Submitted,



Ruth Ann Norton
President and CEO



Senator Carter_FAV_SB713

Uploaded by: Senator Carter, Senator Carter

Position: FAV



THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

**Testimony of Senator Jill P. Carter
In Favor of SB0713 - Opportunity Zone Enhancement Program –
Eligibility – Lead-Based Paint
Affected Properties
Before the Finance Committee
on February 11, 2020**

Madam Chair, Mr. Vice Chair, and Members of the Committee:

We all want to revitalize our older and distressed neighborhoods. We all want to make them safe and attractive places to live, work, and play once more. The Opportunity Zone program is proving to be an effective way to do this. It is an incentive program administered by the US Treasury that gives capital gains tax breaks for investment in distressed neighborhoods. Areas designated as Opportunity Zones are now better able to attract new capital investment to help redevelop underserved communities.

The program is working, but we can make it better. The late Congressman Elijah Cummings had an idea about how to do this. He drafted and introduced United States House of Representatives HR 4011 to do just that. This bill requires that residential properties in Opportunity Zones meet established standards for lead-based paint remediation.

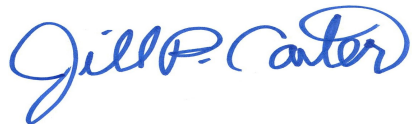
By this point, there should be no need to recount the harm that environmental lead does. Lead exposure can cause anemia and

damage to kidneys. Lead poisoning has been linked to learning disabilities, increased incidence of attention deficit disorder, and significantly greater rates of incarceration, among other things. This damage is entirely preventable.

Sadly, Congressman Cummings' voice no longer echoes in the House of Representatives. He cannot make this dream a reality. His bill has been languishing in the House Way and Means Committee since its introduction last summer. We can bring it forward here in Annapolis and make it the law of Maryland to honor his memory and help protect the citizens of Maryland.

As such, I urge this committee to give a favorable report on SB0713. Thank you.

Very Truly Yours,

A handwritten signature in blue ink that reads "Jill P. Carter". The signature is written in a cursive, flowing style.

Jill P. Carter