

**Department of Legislative Services**  
Maryland General Assembly  
2000 Session

**FISCAL NOTE**  
**Revised**

House Bill 1208 (Delegates Hill and Brown)

Economic Matters

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**Economic Development - Enterprise Zones**

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The bill requires the Department of Business and Economic Development (DBED) to take into consideration whether a project will be located in a focus area or an enterprise zone when deciding whether to provide financial assistance to a business project. Further, the bill prohibits the Secretary from designating any area as an enterprise zone unless that area is designated as a priority funding area.

The bill also establishes a 15-member Task Force to Study the Maryland Enterprise Zone Program. The task force must study further enhancements to the State's enterprise zone program including: (1) allowing local legislative authority to grant real estate credits for converting vacant commercial property to residential use; (2) the feasibility of State agencies favoring enterprise zones in the delivery of services; and (3) examination of other states' enterprise zone incentives. DBED must provide staff support to the task force. The task force must issue its final report of its findings and recommendations to the Governor and the General Assembly by December 1, 2000. The task force becomes effective July 1, 2000 and sunsets December 31, 2000.

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**Fiscal Summary**

**State Effect:** The bill would not alter the total funds granted from existing DBED programs; rather it could change the distribution of awarded funds to business projects located in focus areas or enterprise zones. Any expense reimbursement for task force members and staffing costs for DBED are assumed to be minimal and absorbable within existing budgeted resources.

**Local Effect:** Potential increase in tax revenues from increased economic activity in local jurisdictions with focus areas.

**Small Business Effect:** Minimal.

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## Analysis

**Current Law:** The Secretary may not designate any area an enterprise zone unless that area satisfies at least one of the following requirements: (1) the average rate of unemployment in the area for the most recent 18-month period must be at least 150% of the average rate of unemployment in either the State of Maryland or the United States, whichever average rate is greater; (2) the population in the area is a low-income poverty area; (3) at least 70% of the families living in the area have incomes that are less than 80% of the median family income within the political subdivision; or (4) population in the area decreased by 10% between the most recent census and the immediately preceding census, and the political subdivision can demonstrate to the Secretary's satisfaction that either chronic abandonment or demolition of property is occurring in that area or substantial property tax arrearages exist within that area.

A political subdivision may request the Secretary of DBED to designate all or part of an enterprise zone as a focus area. A focus area is an area located in an enterprise zone that meets at least three of the following criteria: (1) for the most recent 18-month period, the average unemployment rate for the area is at least 150% of the average for the State or the United States (whichever is the greater); (2) the incidence of poverty for the population in the area is 150% of the national average; (3) the crime rate in the area is at least 150% of the crime rate in the political subdivision; (4) the percentage of substandard housing is at least 200% of the percentage of housing units in the State that is substandard; or (5) the percentage of square footage of vacant commercial property in the area is at least 20%.

Priority funding areas are: (1) municipal corporations; (2) neighborhoods that qualify for the Neighborhood Business Development Program; (3) enterprise zones; (4) certified heritage areas; (5) areas inside the Baltimore and Washington beltways; and (6) areas designated by the governing body of a county.

**Local Fiscal Effect:** Currently, Prince George's County has the only designated focus area in the State. The bill may increase the amount of DBED funds targeted toward businesses in Prince George's County, while reducing the funding for the rest of the State. Accordingly, tax revenue in Prince George's County could increase from increased economic activity.

To the extent that additional jurisdictions request focus area status, their tax revenues could increase in the future.

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## Additional Information

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Business and Economic Development, Department of Legislative Services

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