

**SB 794 Sen Carozza Written Testimony.pdf**

Uploaded by: Carozza, Senator Mary Beth

Position: FAV

MARY BETH CAROZZA  
Legislative District 38  
Somerset, Wicomico,  
and Worcester Counties

Education, Health, and Environmental Affairs  
Committee



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THE SENATE OF MARYLAND  
ANNAPOLIS, MARYLAND 21401

**February 24, 2021**

**The Senate Budget and Taxation Committee**

**SB 794 Wicomico County - Property Tax Credit - Hotel or Residential Development  
Statement of Support by Bill Sponsor Senator Mary Beth Carozza**

Thank you Chairman Guzzone, Vice Chair Rosapepe, and members of the Senate Budget and Taxation Committee for the opportunity to respectfully ask for your support of Senate Bill 794 Wicomico County - Property Tax Credit - Hotel or Residential Development. The Bill establishes a “Hotel or Residential Incentive Zone” (HORIZON) in Downtown Salisbury. This tax credit program would incentivize large-scale hotel or multi-family residential development in the Central Business District and Riverfront Redevelopment District downtown.

During the interim, I met with the Salisbury Chamber of Commerce to discuss several priorities including this legislation before you to encourage large-scale residential and hotel developments in Downtown Salisbury. The program offers new jobs to the Downtown workforce by providing spaces, culture and an environment that will be attractive to new companies and promote local growth. It will additionally attract private capital investments into the Central Business District and Riverfront Redevelopment Districts by funding large scale development projects that increase the assessed value of real property in Downtown by millions of dollars.

Specifically, there are seven projects in the pipeline within the proposed HORIZON district, which, upon completion, the projects will have an increased assessed value of \$75 million dollars and will bring over 750 new residents to downtown Salisbury.

Local jurisdictions can stimulate new development by offering property tax abatements that lower the amount of taxes owed for a specified period of time. Alternatively, property tax incentives can be structured to exempt, for some period of time, increases in the assessed value of a property that would otherwise result from new construction. Both abatements and exemptions can be used to encourage real estate developments that advance the community’s goals.

The primary goal is to accelerate the construction or expansion of hotel or multifamily residential development in the Central Business Zoning District and Riverfront Redevelopment Zoning Districts spurring economic activity in Downtown Salisbury. This legislation, supported by the City of Salisbury and Wicomico County, expands the tax base, increases property values, adds amenities that improve the quality of life, and provides long-term benefits to the community which will ultimately stimulate a quicker economic recovery from the COVID-19 pandemic.

For these reasons, I respectfully ask my colleagues on the Senate Budget and Taxation Committee for a favorable report of Senate Bill 794.

Thank you for your kind consideration.

# **Delegation Support Letter SB794.pdf**

Uploaded by: Eckardt, Adelaide

Position: FAV

**ADDIE C. ECKARDT**  
*Legislative District 37*  
Caroline, Dorchester, Talbot  
and Wicomico Counties



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Budget and Taxation Committee

Health and Human Services  
Subcommittee

*Joint Committees*  
Administrative, Executive,  
and Legislative Review

Audit

Children, Youth, and Families

Fair Practices and  
State Personnel Oversight

Pensions

**THE SENATE OF MARYLAND**  
ANNAPOLIS, MARYLAND 21401

*District Office*  
601 Locust Street, Suite 202  
Cambridge, MD 21613  
410-221-6561

The Honorable Guy Guzzone  
3 West Miller Senate Office Building  
11 Bladen Street  
Annapolis, MD 21401

February 24, 2021

Dear Chairman Guzzone,

As chair of the Wicomico County Senate Delegation, I am writing in support of SB794 - Wicomico County - Property Tax Credit - Hotel or Residential Development. This bill is a request of Wicomico County and enables the County, and municipalities in the County, to grant property tax credits for newly constructed hotel and residential developments. Thank you for your consideration and we respectfully ask for a favorable report.

Best regards,

A handwritten signature in cursive script that reads "Addie C. Eckardt".

Senator Addie C. Eckardt

# **SB794 Testimony.pdf**

Uploaded by: Eckardt, Adelaide

Position: FAV

**ADDIE C. ECKARDT**

*Legislative District 37*

Caroline, Dorchester, Talbot  
and Wicomico Counties



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**THE SENATE OF MARYLAND**

**ANNAPOLIS, MARYLAND 21401**

*District Office*

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Testimony for Senate Bill 794  
Wicomico County - Property Tax Credit - Hotel or Residential Development  
Budget and Taxation Committee  
February 24, 2021

Chairman Guzzone and Members of the Committee:

Thank you for the opportunity to present Senate Bill 794 - Wicomico County - Property Tax Credit - Hotel or Residential Development. This bill is a request of Wicomico County and the City of Salisbury and allows the County to grant certain property tax credits.

There are currently multiple large-hotel and residential projects in the pipeline in the Downtown Salisbury area. These projects, however, have faced enormous setbacks, due to the impacts of the COVID-19 Pandemic.

As a request of Wicomico County, Senate Bill 794 is enabling legislation and allows Wicomico County, and municipalities in the County, to grant property tax credits for hotel and residential projects that are newly constructed and substantially increase the assessed value of a property. The County or municipalities can determine the amount and duration of such credits, as well as the eligibility requirements.

This legislation is similar to legislation passed in other states which have encouraged development. In addition, the language in this bill mirrors existing language in property tax laws for Wicomico County that allow the County to grant property tax credits for properties owned by the East Side Men's Club, agricultural land and easements, and property owned by the Salisbury Area Chamber of Commerce.

Thank you for your consideration and I respectfully ask for a favorable report of Senate Bill 794.

Best regards,

A handwritten signature in cursive script that reads "Addie C. Eckardt".

Senator Addie C. Eckardt

**SB794GlanzTestimony.pdf**

Uploaded by: Glanz, Julia

Position: FAV



Good afternoon Chair Guzzone, and Committee Members, my name is Julia Glanz. I am the City Administrator for the City of Salisbury and have been standing in for Mayor Day over the past years as he serves with the Army National Guard in Djibouti.

Thank you to Senator Eckardt for sponsoring this bill and being acutely aware of the needs of Salisbury and Wicomico County. Over the last 7 years the City of Salisbury has undergone a truly remarkable transformation. We continue to be the fastest growing City in Maryland, recently completed a \$12.5-million-dollar overhaul of our Downtown infrastructure, attract new businesses, host the nation's oldest running traditional arts festival, and so much more.

To continue to build upon this success we need to make sure that Salisbury, and Wicomico County, can stand out from the crowd of potential cities investors and developers look at. We believe that this enabling legislations for Wicomico County, and its municipal corporations, to offer tax credits will help us stand out. The goal here is to bring more heads in beds to our community. We know that this is the key to long term successful economic development. We want to grow our tax base through smart, infill development. Once we have the people we know that spending throughout the community, higher property values, more jobs, a vibrant culture and environment will follow. A body in motion wants to stay in motion, and we have that motion now.

In the COVID-19 world, development and investment are moving a little slower than we all would like. Investors are choosing Salt Lake City, Greenville, and others communities to invest in over Salisbury and Wicomico County. We believe this program will spur excitement in the investment and development community and drive jobs, create a larger taxable base, increase property assessments, and improve the quality of life in Salisbury, Wicomico County, and Maryland.

Thank you for your time today and I hope we can count on your support for SB 794.

# **SB7494 - Nick Simpson Witness Testimony.pdf**

Uploaded by: Simpson, Nick

Position: FAV

Senate Budget and Taxation Committee (B&T)  
Senator Guy Guzzone, Chair  
Senator Jim Rosapepe, Vice Chair

February 24, 2021 1 p.m.

R.E.SB794 Wicomico County – Property Tax Credit – Hotel or Residential Development

Nick Simpson Witness Testimony:

Thank you, members of the Assembly and lower shore delegation. I'm Nick Simpson, I started a real estate development company nine years ago with the goal of exceeding my tenant's expectations and leaving a lasting impact on my community.

In recent years, I have developed the concept The Ross building. The project will invest tens of millions into the local economy, and when complete, it will house over 300 permanent residents in Downtown Salisbury.

However, the success of our project and other new developments in tertiary markets like Wicomico County are anything but preordained. While Wicomico County and Salisbury, Maryland have numerous opportunities to offer, large-scale investments have been hard to come by from investors who perceive the market as risky.

I have personally spoken with many analysts, financial institutions, family offices, and private investors who consider an investment on the eastern shore to be a difficult proposition.

However, in my experience, they are reinvigorated to see forward-thinking and business-minded initiatives like the proposed legislation, that will encourage entrepreneurs and community members to take risks and make new investments.

In my view, this legislation holds the keys to empowering the local governments to spur on economic development. Why? Because at the heart of this legislation, it creates jobs in a market that needs it the most. Economic development does not happen overnight. Slowly, over time, with the right incentives and hard work, we can create communities we want to live, work, and play in.

In fact, I have talked with countless community members and business owners in Wicomico County who are excited for more growth in our community. For example, Vicente Hernandez started Old Towne Café in Downtown Salisbury and has managed to keep a positive attitude despite the onset of the pandemic. He recently said, "I love this community and can't wait for it to grow, we are primed to do big things, but it seems like we are at a sticking point." I agree, we are primed to grow, but we need help, and the appropriate incentives to ensure large-scale investments can follow in the years to come that can create jobs and potentially walking traffic and new customers to business like Old Towne Café.

Let me close by saying that I believe in this legislation and expect its impact will substantially help Wicomico County. Thank you for the opportunity to appear before you today, and I appreciate your consideration.

# **SB794 Letter of Support .pdf**

Uploaded by: Simpson, Nick

Position: FAV

February 19, 2021

Members of Maryland State Senate  
Miller Senate Office Building  
11 Bladen St.  
Annapolis, Maryland 21401

RE: Enabling Legislation for Local Property Tax Credits and Property Tax Relief

Dear Maryland State Senators:

Please accept this letter of support for passage of enabling legislation for local tax incentive programs in Wicomico County and their municipalities. As business owners and community leaders, we are encouraged to see initiatives like SB794 that will create economic development, new jobs, and large investments in our community.

**Primary Goals:**

- Foster job growth within Wicomico County
- Create an environment to attract new companies and promote local growth.
- Entice private equity and banking capital to invest within Wicomico County.
- Increase the pipeline for tax revenue that would not have been generated but-for the Horizon Tax Incentive.
- Stimulate a quicker economic recovery from the CV-19 pandemic.
- Promote infill construction to breathe new life into empty buildings, vacant parking lots, and unused parcels.

Overall, we believe property tax abatements and exemptions can be used to encourage real estate developments that advance the community's goals. Ultimately, the incentives expand the tax base, increase property values, add amenities that improve quality of life, and provide long-term benefits to the community. We look forward to the continued growth of Wicomico County and appreciate your thoughtful consideration.

Sincerely,

Nick Simpson  
Frank Hanna, Sr.  
Ed Wilgus  
David Harkins  
Bradley Gillis  
Chris Gilkerson  
Joey Gilkerson  
Tom Ay  
David Layfield  
Jeremy Norton

Vicente Hernandez  
Parisa Gholamvand  
Hossain Said Mahmoudian  
Justin White  
Kirk Davis  
Bret Davis  
Timothy Dennis  
Mark Beisler  
Leonard Arvi  
Tonney Insley

Leif Hancock  
Katherine Mills  
Bryan Whipple  
Chelsea Smith  
Marissa Petrack  
Constance Melvin  
Nicole Leidy  
Tricia Beisler  
Joie Poliet  
Julie Milliken



# **SB794 Letter of support Northmarq.pdf**

Uploaded by: Simpson, Nick

Position: FAV

December 5, 2020

Wicomico County Council  
125 N. Division Street  
Room 302  
Salisbury, Maryland 21901

Dear Members of the Wicomico County Council,

For nearly 60 years, NorthMarq has provided debt, equity, and loan servicing to commercial real estate owners and investors through our offices across the nation.

We are sending this letter of support to encourage the passage of enabling legislation for the Property Tax Credits and Property Tax Relief in Wicomico County or municipal corporation within Wicomico County.

We strive to be a reliable real estate partner with credible sources of capital and remarkable insight into commercial real estate investment opportunities. With our strong presence throughout the country, we consider property tax relief a critical incentive to attract banking and private capital to the county. Furthermore, we are encouraged by Wicomico County and their municipal corporation's actions to seek enabling legislation that will encourage business growth, especially in these tough economic times. We expect these initiatives to give future stakeholders the assurance they need to make substantial upfront investments, create jobs, and spur on new economic development in low-income and distressed neighborhoods throughout Wicomico County.

We have seen projects in numerous markets receive tax incentives from counties and municipalities looking to encourage new development. The benefits for the surrounding community improve the quality of life, increase commerce, and create jobs, especially in tough economic times.

In closing, we appreciate members of the Wicomico County and City of Salisbury government who requested this enabling legislation. We believe this forward-thinking and business-minded initiative will encourage development and create countless jobs in the State of Maryland.

Sincerely,

Brett Bowmen

*Vice President*

*Debt & Equity*



**sb 794 Palmer**

Uploaded by: Palmer, John

Position: UNF

**[EXT]:SB 794 & HB 1179**

John Palmer &lt;electpalmer@gmail.com&gt;

Mon 2/22/2021 1:15 PM

To: John Palmer &lt;electpalmer@gmail.com&gt;; Print &amp; Marketing Services 411 &lt;print.marketing0411@Staples.com&gt;

Dear Senator Guzzone,

My name is John Palmer. I am a resident of Wicomico County and a member of the Wicomico County School Board. I am sending this information in a fax because we've had some problems with connecting with the prompt on the Maryland General Assembly Homepage. I know others have had similar problems so I hope they will be able to get through to you.

I am writing in opposition to SB 794. This legislation is going to be devastating to the future of Wicomico County's revenue. Right now very few citizens know anything about this legislation. It has been kept in the dark because the people pushing this legislation know what will happen if the citizens get full wind of this and what it will cause. They will petition to rescind this bill in 2022. This has been designed to aid a group of developers and investors who have run out of funding for their project. It is a great deal for them but lousy for the future of our county. When it was brought out at a County Council meeting to have some kind of public input or acknowledgement of this legislation it was voted down by the same four council members who wanted this legislation.

I don't know what has gotten into our Eastern Shore Delegation on this issue and I don't know who they are listening to to push this. It's definitely not the citizens because they don't know about it. I'm sure this is what they will be telling you when this comes up. I get these from what we've been told.

1. We have more important issues at the top of our list
2. We are only doing what the county government wants.( yes, all four of them. It takes five votes to get an agenda item added but only four votes to spend millions of dollars on speculation on developers. Perhaps that should be changed in the current Charter Review Committee).
3. Well, all five city council members plus the four county members want this. It's easy to see why the city would want this. It's less money they have to spend and free money from the county. Why can't our delegation see this?. I'm still not clear why two of the four members who voted for this legislation could have future problems with the property that they own in the city and the appraisal business one had but sold it and is now employed by the same business. Do you know what this will look like when the citizens find out about what's going on?
4. This will give people jobs and students will have more rooms.( Right. Always a good phrase to throw in there. Tugs at your heart doesn't it? The last six hundred room student hotel was built with private funding and has never been occupied more than eighty-five percent).

Senator, I would like to see this bill pushed back to the county to be scrutinized not only by the council, who wanted to approve this at the first hearing, but also receive some kind of public input and perhaps raising the votes required to five members instead of just four for a matter that will affect the future of the entire County.

Thank you for your time Senator. You guys have a tuff job. John Palmer.



## HOUSE BILL 1179 & SENATE BILL 794 -- WOULD YOU BELIEVE ...

The only Maryland County with a property tax revenue limit ("cap") that does not have a real estate transfer tax and pleads poverty when asking for more "disparity grant" and other state funding now wants to waive its property tax for major residential facilities. A bare majority of the Wicomico County Council have induced members of the Wicomico County Delegation to seek this enabling legislation to allow the Council to provide a "property tax credit" for both hotel and multifamily residential development without any significant limits as to the time/duration, amount, etc., of the tax waiver.

The undisclosed purpose of this proposed property tax policy should cause HB 1179/SB 794 to be deposited in the circular file. The following facts are a matter of public record.

Salisbury City officials and potential developers want to implement a huge property tax abatement scheme - called the "Horizon Program" - for large-scale residential and hotel development in and near downtown Salisbury. Those facilities would be totally free of property tax (100% credit) for five years following completion, and for the next 15 years the tax would be partially waived. During the 20-year period, the average annual waiver would be 70%, equal to the entire taxes for 14 years. The City Council is all in favor of this increase for the bottom line of those developers and their investors. Not surprisingly, groups like the local Chamber of Commerce also support the public giveaway.

City officials and potential developers have asked the County to provide a similar tax waiver to further benefit the developers and investors. To gain the necessary (fourth) County Council member's support, its request for this legislation does not mention the scope of the tax waiver under the Horizon Program, but simply suggests that the County wants enabling legislation so it can provide a tax waiver in the indefinite future if that seems to be needed. This is patent subterfuge - the other three members of the Council who voted to request this legislation, including a real estate appraiser and a major landlord, openly support the 20-year tax giveaway. That is the genesis of HB 1179/SB 794.

This unlimited tax credit legislation is not prudent public policy. The closest generally similar enabling legislation, which appears in section 9-304(f) of the *Tax-Property Article*, authorized the City of Baltimore to waive its property tax on new market-rate residential facilities at a specified and declining rate that averaged 30% over a 5-year period, equivalent to the entire tax for 1.5 years. That expressly limited enabling legislation expired in 2001. The unlimited tax credit legislation in HB 1179/SB 794 would enable a much greater tax waiver that would be unfair to the owners of existing or newly built residential facilities elsewhere in Salisbury or anywhere in the County. The waiver could be even longer lasting and greater in amount than under the Horizon Program.



Proponents of HB 1179/SB 794 have presented bogus argument to support the proposed tax revenue giveaway: for example, that it is like the Enterprise Zone tax credit. Another myth is that developers/investors and construction lenders from elsewhere consider Salisbury too insignificant ("tertiary") to do or finance large-scale development in the City. That is plain nonsense – in recent years there has been much large-scale residential development in Salisbury, including a major (648 bed) student housing project (*University Orchard*) that was developed and financed by firms from elsewhere. It opened in 2014, and several years ago it was purchased by a group of investors from elsewhere. That facility has received no tax waiver or "credit." Nor have the many other residential and hotel/motel facilities in Salisbury and elsewhere in Wicomico County.

A prospective downtown developer that wants to build a student housing facility is seeking investors (\$50,000 minimum investment), stating that they will have an IRR of over 15% and tax benefits. Under HB 1179/SB 794 and the Horizon Program, that facility would be relieved of all property tax for 5 years, during which, at its current assessment, the *University Orchard* facility would be taxed over \$1,000 per student bed every year in City and County property taxes. There would be significant property tax disparity for the following 15 years. Information about that proposed facility ("The Ross") is enclosed.

Rewarding certain developers and their investors by property tax credit would be unfair to both the owners of similar facilities, who would be at a substantial competitive disadvantage, and all property owners, who would pay more taxes to cover the lost revenue due to the waiver. And it would be horrid public policy for another reason.

According to the City of Salisbury, the residential and hotel facilities that would be largely tax-free for 20 years under the Horizon Program would have an assessed value of \$75 Million. At the County's current tax rate, that would result in about \$3.5 Million of lost revenue during the initial (100% waiver) 5-year period and about \$10 Million during the entire 20-year tax waiver period, assuming modest assessed value increase. At Salisbury's current tax rate, its lost revenue would be somewhat greater. Wicomico County is now the next to the lowest county in per capita property tax revenue and in the portion of its revenue from property tax (only Allegheny County is lower) according to DLS data. It is also among the highest in dependence on state grants.

Don't be deceived by certain local public officials and developers or by organizations such as the Chamber of Commerce and Greater Salisbury Committee that support this foolhardy legislation. The deliberately concealed purpose of HB 1179/SB 794 is to enable outrageously huge public welfare for the affluent at the expense of the County and its residents. Disregard the possible compromise suggestion that these bills could be made acceptable by amendment adding limits on the duration and/or amount of the tax credit. That's pure hogwash, and why put lipstick on a pig that should go straight to slaughter?