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Testimony in Support with Amendments of
House Bill 929 - Department of Housing and Community Development - Opportunity Zone Fund -
Establishment
House Environment and Transportation Committee
March 08, 2022

The Rural Maryland Council supports with amendments House Bill 929 - Department of Housing and Community Development - Opportunity Zone Fund - Establishment. The creation of the Opportunity Zone Fund will help Maryland's low income communities by providing loans, grants, and other financial incentives for projects located in an opportunity zone. Due to the higher rates of poverty reported in rural Maryland, this bill would assist in the creation of additional projects and investments to help support and develop communities that are currently struggling.

The Opportunity Zone Program was originally established to promote new businesses in low income areas by offering federal tax incentives to investors. These designated opportunity zones are areas of low income that could benefit from private investment in their communities. Many businesses took a major hit during the pandemic, with many being forced to permanently close their doors. The Opportunity Zone Fund will help bring projects to these areas, creating more vibrant communities with more jobs and opportunities.

Rural areas take longer to recover from economic disasters, making it crucial that incentives are put in place to assist in the recovery of rural Maryland. The differences in recovery can be seen after the 2008 recession. According to USDA Economic Research, the rural employment rate of 2017 was still 2% below the 2007 peak while metro areas had increased by 7.2%.

Each county of Maryland has at least one opportunity zone, but rural zones do not receive as much private investment as the urban and suburban zones. This is due to the smaller return on investment and the smaller scale of projects in rural areas compared to the more populated areas of the State.

With the current administration's term ending soon, the Council would like House Bill 929 to recognize and create additional incentives that promote more programs in the rural communities of Maryland. Please find the proposed amendments attached which creates a rural opportunity zone carve out; establishes criteria for investments that differentiates the rural and non-rural opportunity zones; and adds a reporting requirement for the department's investments.

The Council respectfully requests your favorable with amendments support of House Bill 929.

The Rural Maryland Council (RMC) is an independent state agency governed by a nonpartisan, 40-member board that consists of inclusive representation from the federal, state, regional, county and municipal governments, as well as the for-profit and nonprofit sectors. We bring together federal, state, county and municipal government officials as well as representatives of the for-profit and nonprofit sectors to identify challenges unique to rural communities and to craft public policy, programmatic or regulatory solutions.

Amendments

HB929 – Department of Housing and Community Development – Opportunity Zone Fund – Establishment

Amendment 1.

On page 2, line 19 strike “;AND”.

On page 2, line 23 insert “ASSIST LOCAL GOVERNMENTS, COMMUNITY DEVELOPMENT ORGANIZATIONS, NON-PROFIT ORGANIZATIONS AND FOR-PROFIT BUSINESSES IN THE OPPORTUNITY ZONES LOCATED IN RURAL AREAS.”

Amendment 2

On page 4, line 15 after (J) insert “THE DEPARTMENT SHALL DEVELOP CRITERIA TO REVIEW, EVALUATE AND RATE PROJECT PROPOSALS.”

- 1) THE CRITERIA SHALL ENSURE THAT THE PROJECTS LOCATED IN RURAL OPPORTUNITY ZONES:
 - a. CREATES OR RETAINS AT LEAST 10 JOBS;
 - b. CREATES, RETAINS OR EXPANDS BUSINESSES;
 - c. CREATES NEW STATE AND LOCAL TAX REVENUES; OR
 - d. SIGNITIFANTLY SUPPORTS A PROJECT IN A RURAL OPPORTUNITY ZONE.
- 2) THE CRITERIA SHALL ENSURE THAT PROJECTS LOCATED IN OTHER OPPORTUNITY ZONES:
 - a. CREATES OR RETAINS MORES THAN 10 JOBS;
 - b. CREATES, RETAINS OR EXPANDS BUSINESSES; OR
 - c. CREATES NEW STATE AND LOCAL TAX REVENUES.

Amendment 3

On page 5, line 8 insert “ON OR BEFORE OCTOBER 1 EACH YEAR, THE DEPARTMENT SHALL SUBMIT TO THE GOVERNOR, AND IN ACCORDANCE WITH SECTION 2-1246 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY AN ANNUAL REPORT THAT INCLUDES THE AMOUNT OF EACH INVESTMENT IN RURAL OPPORTUNITY ZONES, THE AMOUNT OF EACH INVESTMENT IN OTHER OPPORTUNITY ZONES, THE NUMER OF PROJECTS, THE NUMBER OF LOCAL JOBS CREATED, AND THE NUMBER OF PARTNERSHIPS WITH COMMUNITY DEVELOPMENT ORGANIZATIONS AND UNITS OF LOCAL GOVERNMENTS.”