



- Washington County Government
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- Hagerstown Community College
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- The Greater Hagerstown Committee, Inc.
- Hagerstown-Washington Co. Chamber of Commerce
- Visit Hagerstown (Local Convention & Visitor's Bureau)
- CHIEF (Hagerstown-Washington Co. Industrial Foundation)

Washington County Community Coalition

Lobbyist: John Favazza, Esquire Mannis Canning & Associates 410.263.7882 jfavazza@maniscanning.com

February 14, 2022

The Honorable Vanessa Atterbeary
Chair, Ways and Means Committee
House Office Building Room 131
6 Bladen Street
Annapolis, MD 21401

RE: House Bill 438 – Economic Development - Enterprise Zone Program - Alterations

Dear Madam Chair and Distinguished Committee Members,

The Washington County Community Coalition, representing ten community partner groups, would like to express our opposition in its current form for HB 478 – “Enterprise Zone Program – Alterations”.

Washington County is a rural county who has depended on the Enterprise Zone program as one of our leading incentives to attract quality jobs and new investment to our area. Interstate I-81 is the North/South backbone of our regional, quad state economy and we often find ourselves fiercely competing with our neighbors in Pennsylvania, West Virginia, and Virginia just a few miles away. For many of our new companies over the last 20 years, the Enterprise Zone has been cited as a primary reason for locating to our county. This has meant millions in new investment and thousands of new jobs that have supported our local economy and state and local tax base.

In addition, the Enterprise Zone within our City’s downtown is a strategic piece of Hagerstown’s ongoing revitalization efforts. Our challenge attracting companies to this area continues to be the higher cost of retrofitting older historic buildings versus building something new on green space outside our city’s core. The tax advantages of being in the Enterprise Zone help mitigate some of these extra costs and encourage development in our urban core where it’s most needed. Over the last decade, we’ve partnered with the State to build multiple public investments in this area. These catalytic projects have increased our educational footprint downtown with the expansion of University of Maryland Hagerstown, The Barbara Ingram School for the Arts, and the Collegium. In addition, we updated our historic Maryland Theatre and are in the process of building a new \$70M multi-use sports and entertainment center. These private/public projects coupled with incentives like the Enterprise Zone are drawing the attention of investors and companies to an area in need of revitalization. Some of the alterations to the EZ legislation would jeopardize our revitalization efforts and be counter productive to the partnership we’ve had with the state to spur new investment and create jobs.



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Furthermore, our EZ areas, as the designers intended, have a high concentration of poverty and low income housing. The new companies that come as a result of this incentive create jobs nearby, most not requiring 4-year degrees, that our citizens with limited post-secondary education and transportation options can secure. These jobs consistently pay more than minimum wage and provide families much needed health and retirement benefits – helping lift them from poverty into the middle class.

Our main concerns with some of the new language being proposed is three-fold. First, we do not support the 2030 sunset clause for an economic development incentive that has been highly successful in attracting jobs and investment to Washington County. Without this incentive, we would not be competitive with our adjoining states.

Secondly, placing a cap on this program could in essence end the program and create uncertainty for our economic development officials. Negotiations with site consultants or companies can take months or even years. If there is uncertainty in whether the incentives put on the table will be available due to a cap, we will lose our competitiveness to negotiate with prospective businesses. Use of a “First Come, First Served” approach to award the EZ incentive is problematic and we have strong concerns how this would be fairly executed.

Finally, we recognize the value in having the data to track how a program is working, and are not opposed to all reporting. However, we’d ask that any new reporting requirements take into consideration the current level of paperwork required for companies utilizing this incentive which is often cited by past awardees as problematic and excessive. Adequately tracking the success of the program should be done through data readily available to the counties and comptroller’s office. Companies should spend their time focusing on the growth and expansion of their products or services, not filling out more paperwork.

In closing, we respectfully ask you do not support HB 478 in its current form. The Enterprise Zone has been an essential piece to our economic development efforts, has added jobs and money into our local economy, and increased our state and local tax base. Passage of this bill with a sunset clause, cap, and new reporting requirements will significantly damage our rural county’s ability to attract new jobs and investment into the areas of our community that have the most need.

Sincerely,

Paul Frey, *Managing Partner for The Washington County Community Coalition*