Research Section of the Prince George's County Planning Department


# ECONOMIC DEVELOPMENT TOOLBOX

## Prince George's County

The Maryland-National Capital Park and Planning Commission
Prince George's County Planning Department
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# 2015

# ECONOMIC DEVELOPMENT TOOLBOX UPDATE

Research Section
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# INTRODUCTION

The 2015 Economic Development Toolbox updates the 2011 Toolbox. The Toolbox is a catalogue of resources and information about available government and private sector opportunities for support and assistance in economic development policies, strategies and projects. It provides a practical, readily accessible guide to elected officials, county agencies, local community and economic development practitioners, community technical assistance providers, private investors and developers, non-profits, community leaders, and the general public.

Contents of this toolbox include statutory references, brief program descriptions, potentials they offer, qualifications and procedures for applying, funding amounts, recent examples of usage, and contact information.

Staff of the Planning Department Research Section, with assistance from Prince George's County Economic Development Corporation (PGCEDC), explored wide ranging sources for current information to enhance the Toolbox as a practical guide whereby users can easily identify, assess, and utilize the most appropriate tools with the most potential for needed resources.

This current Update has been prepared to highlight the tools that must be used to realize PlanPGC2035, especially the Downtowns and Employment Corridor as well as priorities of the Economic Development Strategic Plan.

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# FINANCE TOOLS

## FEDERAL PROGRAMS

### Section 108 Financing

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**Description:** Section 108 is the loan guarantee provision of the Community Development Block Grant (CDBG) program. Under this program, HUD offers communities a source of financing for certain community development activities, such as housing rehabilitation, economic development, and large-scale physical development projects.

**Statutory Reference:** Section 108 of the U.S. Housing and Community Development Act of 1974.

**How Implemented:**

1. Office of Law and County Executive's Office approves project scope.
2. County agency submits application to HUD. Key components of the application include a description of what the funds will be used for; a schedule for repayment of the loan; a "Citizen Participation Plan"; evidence of a public hearing; proof that the project is in the county's Consolidated Plan; a County Council resolution.

**Implementation Time:** Upon the county's submission to HUD, the local HUD office reviews the application for 45 days then submits its recommendation to HUD headquarters for its 45-day review.

**Negatives:** In the event of nonpayment or insufficient payment, the county loses future CDBG monies. Limited capacity is available because capacity is evaluated based upon the amount of CDBG monies allocated to the county.

**Positives:** Section 108 financing is an effective way for the county to borrow funds for economic development. It assists developers in accessing capital that might otherwise not have been available. Section 108 Financing is often paired with Economic Development Initiative (EDI) or Brownfield Economic Development Initiative (BEDI) grants that may be used to pay pre-development costs for a project.

## HOME Investment Partnership Program

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**Description:** HOME is a federal entitlement program administered by the U.S. Department of Housing and Urban Development (HUD). The program is designed to encourage nonprofit and for-profit developers to produce and rehabilitate housing for low- and moderate-income households. HOME funds assist first-time homebuyers to purchase homes and nonprofits to acquire or improve homes. HOME also funds Community Housing Development Organizations (CHDOs) to create and support housing opportunities for households with limited incomes; that is, below 80 percent of area median incomes. HOME is the primary financing tool for carrying out Prince George's County's affordable housing priorities.

**Statutory Reference:** National Affordable Housing Act; Title X of the Housing and Community Development Act of 1992

How Implemented:

1. DHCD recommends to the County Executive for review and comments, prior to delivery to the County Council.
2. County Council passes legislation to adopt the annual action plan, which outlines the uses of funds.
3. DHCD delivers the adopted action plan to HUD by mid-May for the fiscal year beginning July 1.

**Implementation Time:** HUD awards funds annually to be used within the fiscal year for which they were awarded.

**Previous Examples:** The total HOME award to Prince George's County in FY 2002 was $2,759,000. Fifteen percent of this was set aside to fund CHDOs. Not all objectives for FY 2007 were achieved; however, most of the activities resulted in disposition of surplus properties. HOME-funded CHDOs did not produce as many new or rehabilitated for-sale units as projected.

**Negatives:** It is difficult to find projects under the maximum size requirement of $10 million. The program requires the county to provide a match of not less than 25 percent of HOME funds drawn down for project costs. HUD insists on timely spending of the funds. Often, the bond allocation goes unspent because there are no borrowers available to use the bond allocation. There are additional time and costs (associated legal fees) to projects.

**Positives**: Funding is a grant from the federal government and may be used exclusively for residential development projects.

## Community Development Block Grant

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**Description**: Community Development Block Grant (CDBG) is a federal entitlement program administered by the U.S. Department of Housing and Urban Development (HUD) that funds activities addressing the priorities of public improvements, housing, homeless services, economic development, and public services. Projects include infrastructure improvements, acquisition, demolition, rehabilitation, and others that address the needs of low- and moderate-income households or eliminate conditions of slums and blight.

**Statutory Reference**: U.S. Housing and Community Development Act of 1974

**How Implemented:**

1. Conduct a public forum.
2. An appointed proposal analysis group (PAG) ranks applications according to the county's priorities. County Executive reviews application.
3. DHCD makes recommendations to the County Council.
4. Pass County legislation to adopt the annual action plan, which outlines the use of the funds.
5. Submit the adopted plan. Due to HUD by mid-May for the fiscal year starting the next July 1.

**Implementation Time**: Funds are awarded annually by HUD and are to be used within the fiscal year for which they are awarded. HUD insists on timely utilization of the grant.

**Previous Examples**: The county has used CDBG funding for 30 years. Projects vary from acquisition and rehabilitation to infrastructure improvements. During FY 2007, CDBG funds were used to accomplish affordable housing, economic development, community revitalization, infrastructure, and public service goals. Loans (with a maximum of $30,000) with 20-year terms were granted. For owners with limited incomes, loan repayment may be reduced based on their ability to repay or, in some cases, may be forgiven over a period of time. In FY 2007, $144,678 in operating subsidies was made available to three CHDOs; 83 housing units were rehabilitated, 7 jobs were created, and 14 businesses received assistance. In May, 2009, 20 organizations in the county received a total of $4 million in grants, including $98,000 to the City of Mount Rainier for revitalization of blighted areas in the city.

**Negatives**: Traditionally, fifteen percent of grants have been used to fund public service projects. Municipalities within the county become accustomed to receiving an annual funding of approximately $100,000. CDBG funds are always accompanied by requirements and restrictions.

**Positives**: Funding is a grant from the federal government, and may be used only for economic development projects.

## Small Business Technology Transfer Program

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**Description:** Small Business Technology Transfer Program (STTR) is an important small business program that expands funding opportunities in the federal innovation research and development arena. Central to the program is expansion of the public/private sector partnership to include the joint venture opportunities for small business and the nation's premier nonprofit research institutions. STTR's most important role is to foster the innovation necessary to meet the nation's scientific and technological challenges in the 21st century. STTR is a highly competitive program that reserves a specific percentage of federal R&D funding for award to small business and nonprofit research institution partners. Small business has long been where innovation and innovators thrive. But the risk and expense of conducting serious R&D efforts can be beyond the means of many small businesses. Conversely, nonprofit research laboratories are instrumental in developing high-tech innovations. But frequently, innovation is confined to the theoretical, not the practical. STTR combines the strengths of both entities by introducing entrepreneurial skills to high-tech research efforts. The technologies and products are transferred from the laboratory to the marketplace. The small business profits from the commercialization, which, in turn, stimulates the U.S. economy.

**How Implemented**: The STTR program consists of the following three phases:

1. Phase I is the startup phase. Awards of up to $100,000 for approximately one year fund the exploration of the scientific, technical, and commercial feasibility of an idea or technology.
2. Phase II awards of up to $750,000, for as long as two years, expand Phase I results. During this period, the R&D work is performed and the developer begins to consider commercial potential. Only Phase I award winners are considered for Phase II.
3. Phase III is the period during which Phase II innovation moves from the laboratory into the marketplace. No STTR funds support this phase. The small business must find funding in the private sector or other non-STTR federal agency funding.

**Qualifications:**

Small businesses must meet certain eligibility criteria to participate in the STTR Program.

- American-owned and independently operated
- For-profit
- Principal researcher need not be employed by small business
- Company size limited to 500 employees

Nonprofit research institutions must also meet certain eligibility criteria.

- Located in the US
- Meet one of three definitions

- Nonprofit college or university
- Domestic nonprofit research organization
- Federally funded R&D center (FFRDC)

**Recent Awards**: In 2010 a total of 30 wards were made to private sector and non-profit organization in several states. They did not include any organization or business from Maryland. Examples of recipients and amounts are; American Society for Engineering Education DC ($2.28 million); Environmental Forensics, LLC, CO ($168,886); and Applied Plasma Science, LLC, MI ($149,475).

## STATE PROGRAMS

### Maryland Industrial Revenue Bond/Industrial Revenue Development Bond/Private Activity Bond

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**Description:** These bonds are used to finance the construction of a manufacturing or commercial facility for a private user. The county receives bond authorization from the State of Maryland for the purpose of issuing non-housing industrial development revenue bonds. Authorized projects include manufacturing facilities with a total project cost of less than $10 million.

The bonds are typically secured by the revenues of the company receiving the proceeds of the bonds and are not obligations of the county in any manner. Typically, a company can borrow at interest rates between 1 percent and 1.5 percent below the current market rate by taking advantage of this program.

**Statutory Reference:** Maryland Economic Development Revenue Bond Act, Section 14-101 through 14-109 of Article 41 of the Annotated Code of Maryland

How Implemented:

1. The county issues IRBs through the Industrial Development Authority, the Redevelopment Authority, or the county.
2. The applicant submits an application to the county or the appropriate entity issuing the bond.
3. The applicant presents the project scope and application documents to the Office of Law and County Executive's Office for approval.
4. The County Executive's Office presents the application to the County Council.
5. The County Council passes a resolution.
6. The County Executive's Office presents the resolution to the appropriate organization board.
7. The appropriate board passes a resolution to approve or disapprove.

**Private Sector Involvement:** Underwriters, bond counsel, underwriter's counsel, financial advisor, trustee, and other professionals.

**Previous Example:** May 2003: County Council resolution authorizing and approving the Industrial Development Authority (IDA) of Prince George's County to issue new money bonds and bonds to refund all or a portion of the outstanding Series 1993 bonds and to achieve debt service savings, and also to issue revenue bonds for the financing of an expansion of a portion of the County Justice Center, Marbury Wing, in Upper Marlboro.

**Negatives:** It is difficult to find projects under the maximum size requirements of $10 million. Oftentimes, the bond allocation goes unspent because there are no borrowers available to use the bond allocation. This adds time and cost (associated legal fees) to projects.

**Positives:** These bonds provide incentives to companies relocating or remaining in the county. They maintain and/or expand property tax base and jobs in the county. Typically the interest rate is several percentage points below conventional interest rates.

## Maryland Industrial Development Finance Authority

**Contact:**

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http://business.maryland.gov/fund/programs-for-lending-institutions/midfa

**Description:** MIDFA encourages private sector financing in economic development projects located in Priority Funding Areas. Maryland Industrial Development Finance Authority (MIDFA) facilitates capital access by issuing private activity revenue bonds and can provide credit insurance in the form of a deficiency guaranty to reduce lender's risk. While the transaction size is generally not limited, the credit enhancement is subject to the applicable program limits.

**Statutory Reference:** Article 83-A of the Maryland Annotated Code

**Private Activity Revenue Bonds**

- **Taxable Bond:** Provides access to long-term capital markets for primarily fixed asset financing
- **Tax-Exempt Bond:** Provides access to long term capital markets for fixed asset financing at tax-exempt rates. Eligibility is limited by Federal tax law to 501(c)(3) non-profit organizations, manufacturing facilities and certain solid waste projects. Additional limitations apply to the specific transaction type.

**Credit Insurance**

- **Conventional Program**: Insures up to 80 percent, not to exceed $2.5 million of a transactions made by a financial institution. Export transactions may be insured up to 90 percent.
- **Bond Program**: Insures bonds up to 100 percent, not to exceed $7.5 million of taxable or tax-exempt bonds.
- **Linked Deposits**: In designated distressed jurisdictions, MIDFA can provide a certificate of deposit to the lender as a funding source and pricing incentive to provide below market rate loans to an eligible small business. The certificate of deposit is not a guaranty or collateral to the loan.

How Implemented:

1. Each eligible business applies through the Maryland Department of Business and Economic Development's Division of Financing.
2. DBED reviews and approves applications.
3. The MIDFA Authority and/or the Executive Director approves application.
4. Secretary of Insurance approves application.
5. Lender approves the request.

**Implementation Time:** Implementation varies with each project and the timing needs of each project.

**Positives:** The MIDFA program encourages the use of private investment, somewhat removing the burden on government.

## Maryland Economic Development Assistance Authority and Fund

**Contact:** Timothy Doyle, Director
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A flexible and broad-based program, MEDAAF funds grants, loans and investments to support economic development initiatives. Uses include business attraction and retention, infrastructure support, brownfield redevelopment, arts and entertainment districts, daycare, revolving loan funds and local strategic planning. Projects must be within Priority Funding Areas and eligible industry sectors. Awards are made on a competitive basis.

**Benefits:** Five financing capabilities are offered through the Maryland Economic Development Assistance Authority and Fund (MEDAAF) with assistance being provided to the business community and political jurisdictions.

- Strategic Economic Development Opportunities
- Local Economic Development Opportunities
- Direct Assistance to Local jurisdictions or MEDCO
- Regional or Local Revolving Loan Fund
- Special Purpose Programs

**Eligibility:**
Projects must be within Priority Funding Areas and eligible industry sectors.

More information about MEDAAF can be found at:
http://business.maryland.gov/fund/programs-for-businesses/medaaf

## Neighborhood Business Works Program

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**Description:** The Neighborhood BusinessWorks Program (NBWP) provides gap financing, i.e. subordinate financing, to new or expanding small businesses and nonprofit organizations in sustainable communities throughout the State.

How Implemented:

1. Applicants complete a Neighborhood BusinessWorks loan application package.
2. MDPCD reviews and approves application.
3. Approved applicant is sent a commitment letter from the Maryland Department of Housing and Community Development.

**Loan Amount**: $25,000–$500,000, Note: State funds cannot exceed 50 percent of a project's total cost.

**Project Criteria:**

- Project must be located in a Designated Neighborhood.
- Project viability and potential impact on the neighborhood.
- First floor business or retail space use that generates street level activity in mixed use projects.
- Improvements to a vacant or under-utilized building or site.
- Readiness to proceed.
- Cash flow and collateral.

Eligible Projects include market/planning/feasibility studies, mixed-use projects combining residential and commercial uses in the same building, real estate acquisition, new construction or rehabilitation, leasehold improvements, machinery and equipment, working capital (when part of total project costs), and certain other costs associated with opening or expanding a small business or nonprofit organization.

**Implementation Time:** Implementation time varies with each project.

**Negatives:** Priority is given to projects that strengthen neighborhood commercial districts and are part of a greater revitalization strategy. The following types of projects and activities are not granted NBWP financing:

- Residential or transient living facilities (other than mixed-use projects described in eligible projects section above).
- Facilities such as community halls, fire stations, hospitals, colleges, or universities.
- Adult bookstores, adult video shops, other adult entertainment facilities, gambling facilities, gun shops, liquor stores, massage parlors, pawn shops, tanning salons, or tattoo parlors.

**Positives:** This program offers grants and below-market gap financing to projects in targeted communities that would otherwise not receive traditional financing. There are no pre-payment penalties and the target loan term is 5–15 years.

## Maryland Small Business Development Center

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**Description**: The Maryland Small Business Development Center network provides services to budding entrepreneurs and existing businesses across the state. Services include individual counseling—at no cost to the client—to assist in developing and refining business plans, solving specific problems, locating capital, and brainstorming innovative strategies to support growth and profitability. MDSBDC also offers training programs for all stages of small business development.

**How Implemented**: The network has six regional offices and more than 20 statewide locations where services are delivered. The Capital Region SBDC, which serves businesses in Montgomery and Prince George's Counties, offers a variety of training and outreach programs and counseling with special emphasis on developing programs that meet the unique needs of local businesses.

Interested small business owners should contact the Center at www.capitalregionsbdc.umd.edu or at the mailing address.

**Previous Examples**: Through counseling and training activities, staff assisted over 10,000 entrepreneurs, helped businesses to secure more than $31.6 million in loans, and, helped clients secure over $21 million dollars in government contracts. In addition, MD SBDC clients created 873 new jobs.

## Maryland Technology Development Corporation

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**Description**: The Maryland Technology Development Corporation (TEDCO), an independent entity, was established by the Maryland General Assembly in 1998 to facilitate the creation of businesses and foster their growth in all regions of the state. TEDCO's role is to be Maryland's leading source of funding for seed capital and entrepreneurial business assistance for technology transfer and development programs.

**Statutory Reference**: Created by the State legislature in 1998

### Recent Programmatic Initiatives:

### TEDCO Joint Technology Transfer Initiative Fund (JTTI)

Under this program, the Maryland Technology Development Corporation (TEDCO) has contracted with the Department of Homeland Security (DHS) and the U.S. Army Medical Research and Materiel Command (USAMRMC) to facilitate transfer of technology. Technology development projects will be considered within the scope of the JTTI if the company can show how the proposed technology will meet the needs of DHS and/or USAMRMC (Spin-In) and/or the commercialization of DHS or USAMRMC technologies (Spin-Out). Funding for the JTTI is provided by Congress.

**Funding and its Uses:** JTTI awards of up to $75,000 will be made to for-profit small businesses in support of technology development projects that fall within the scope of the JTTI. Assistance in identifying whether or not a technology meets DHS or USAMRMC needs and in forming technology transfer collaborations is available from the point of contact listed. Applicants may submit a white paper describing the technology insertion opportunity for assistance in finding a collaboration. Proposals for JTTI funding may be submitted with an approved collaboration.

### Proposal Submission Procedures

Interested parties submit proposals for JTTI funding which must include the following:

1. Basic proposal and company information (e.g., proposal titles, non-proprietary abstract, company POC.
2. A development plan that outlines the steps necessary to develop or commercialize the subject technology into a viable product or service.
3. A specific scope of work and budget that addresses one or more specific aims in the early stage of the development plan.
4. An outline of the funding necessary to complete the development plan and the proposed sources for this funding.
5. Documentation of an approved technology transfer agreement (e.g. CRADA).
6. Applicants must submit proposals in accordance with the Proposal Guidelines via the 'TEDCO Funds' online submission process.

**Review of JTTI Proposals**

Proposals are accepted any time. The proposal review process begins the fifteenth of each month and will normally be completed within 60 days. Proposals will be reviewed by the JTTI proposal review team. The JTTI Board; with senior representatives from TEDCO, Frederick County OED, DHS, and USAMRMC; will review the proposal review team recommendation and make a final funding decision.

1. Proposal will be reviewed according to application guidelines.
2. Review may include independent assessments by professional business and technical consultants under TEDCO confidentiality agreements.
3. The proposal review team will make a funding recommendation.

## TEDCO University Technology Development Fund (UTDF)

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The Maryland Technology Development Corporation's (TEDCO) University Technology Development Fund (UTDF) provides resources to Maryland universities to support pre-commercial research on university intellectual property to increase the likelihood of commercializing that intellectual property. The program helps universities to license early stage technologies more effectively and serves as a source of technology development projects for Maryland companies that are eligible for additional TEDCO and other State financing programs.

**Eligible Institutions**

All institutions of higher education in Maryland are eligible for UTDF grants. Institutions that operate offices of technology transfer have the infrastructure to participate effectively in the program and to manage intellectual property developed with UTDF funding. TEDCO can assist other institutions in establishing technology transfer infrastructure.

**Revenue Sharing**

Universities are obliged to share revenues with TEDCO on intellectual property created or developed with a UTDF grant. A university must pay TEDCO 25% of all revenue received for rights to intellectual property developed with UTDF funding until it has repaid two times the UTDF funding provided. Thus, a university that receives a $50,000 TEDCO grant to develop patented or copyrighted intellectual property would pay TEDCO 25% of revenue received after the UTDF grant award until it had repaid $100,000. After this the university has no obligations to TEDCO. TEDCO does not control any of the terms of a license or exact any royalty of its own from a licensed technology. TEDCO will assist institutions in finding a licensee to the extent the university wishes and provide licensees access to other TEDCO and State programs.

**Application Procedures**

1. University faculty or staff must apply for UTDF funding in cooperation with the technology licensing office or other entity that performs the same function.
2. A proposal must include a detailed work plan, specific milestones to be achieved, a timeline and a budget.
3. UTDF grants are usually limited to $50,000 total cost, including 10% of direct cost for overhead.

## TEDCO Technology Commercialization Fund (TCF)

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TEDCO Technology Commercialization Fund (TCF) provides up to $100,000 to support projects that advance a technology toward commercialization. TCF enables companies to achieve early technical milestones that are critical to move technologies further along the commercialization pathway and lead to follow-on investments. There are three main eligibility requirements for TCF so for the interested companies, it is critical to check with the Request for Applications (RFA) prior to initiating an application. The application deadline is the 1st of each month and the review process is approximately two months.

**Overview**
TCF is a seed funding program for companies in Maryland. The program: (i) helps develop and commercialize new products based on technology created in Maryland's universities, federal laboratories having a partnership agreement with TEDCO, and other non-profit research organizations in the State, (ii) supports the commercialization of technology by companies affiliated with Maryland's qualified incubator programs, or (iii) supports companies receiving mentorship through TEDCO-supported, entrepreneurial development programs including ACTiVATE, INNoVATE, and the Rural Business Innovation Initiative ($RBI^2$). TCF enables companies to reach a critical milestone in their product (or service) development efforts that will move technologies further along the commercialization pathway, increase the company's valuation, and lead to follow-on investment for further growth.

**Eligibility Criteria**

1. The company must be a for-profit entity located in Maryland (i.e., a majority of its employees must work in Maryland and the company's proposed project must have the potential to lead to future growth of the company within the State) with fewer than 16 employees (Full-Time Equivalents – FTEs)
2. The company must meet one of the following conditions:
   a. The company has an active license or research agreement in place with a Maryland university, a federal laboratory that has a partnership agreement with TEDCO, or another non-profit research organization in the State, to advance a technology toward commercialization, or
   b. The company is affiliated with one of Maryland's qualified incubator programs and has been receiving business advice or mentoring from the incubator's manager or entrepreneur in residence (Business Advisor) for at least three months prior to the submission of an TCF, or
   c. The company has received mentorship from one of the TEDCO-supported, entrepreneurial development programs including ACTiVATE or INNoVATE (the applicant must be a graduate), or the Rural Business Innovation Initiative ($RBI^2$); and
3. The company is pre-revenue OR has received less than an aggregate of $500,000 in equity investments from sophisticated investors (i.e., 'Angels' or institutional investors other than company founders)

**Investment Conditions**
TCF provides up to $100,000 to support projects that advance a technology toward commercialization. TCF is a convertible note bearing 8% interest. In the event that the company receives an aggregate outside

investment of $500,000 or more, or in the event that the company sells substantial assets or equity, TEDCO may, at its sole option, convert the principal and interest due on the note at the time of the investment or sale to an equity investment in the company on the same terms and conditions received by the most recent investors.

**Application Process**

Deadline for the application is the 1st of each month. The full review cycle begins on the first day of the month and takes approximately 60 days. Applications must be uploaded and submitted through TEDCO's on-line application management system. Prior to submitting an application through TEDCO's web portal, companies must set-up an account in the system. It is strongly advised that applicants follow the guideline provided in the Request for Application (RFA) very closely to ensure that all elements requested in the RFA are covered in the full proposal.

## Maryland Industrial Partnerships Program

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**Description**: The Maryland Industrial Partnerships (MIPS) program accelerates the commercialization of technology in Maryland by jointly funding collaborative R&D projects between companies and University System of Maryland faculty. MIPS provides funding, matched by participating companies, for university-based research projects that help companies develop new products. MIPS projects help companies find solutions to technical challenges, as well as develop products, processes or training materials. MIPS projects are conducted by university faculty and graduate students in conjunction with company researchers. With more than 400 Maryland companies participating in project awards since 1987, worth over $160 million. MIPS-supported products have generated more than $19.5 billion in sales, added jobs to the region, and infused state-of-the-art technology into the global marketplace.

**How Implemented**: MIPS will match 25 to 90 percent (up to $200,000) of university project costs. Companies of any size are encouraged to apply. Through MIPS, companies can:

- Leverage research and development dollars through cost-effective research
- Gain access to world-class researchers and facilities
- Select research capabilities to meet specific requirements
- Engage with top-notch student researchers who can become valuable, experienced future employees

**Previous Examples**: MIPS has made more than 800 project awards since 1987, worth over $140 million. MIPS-supported products have generated more than $9.8 billion in sales, added jobs to the region, and infused state-of-the-art technology into the global marketplace.

**Positives**: Companies benefit from cost-effective research through partnership with the university.

- Access to expert university faculty and state-of-the-art facilities--including laboratories, graduate students, and equipment.
- Ability to select research capabilities to meet specific requirements.
- Efficient transfer of technology from universities to companies.
- Opportunity to work with students, who are potential future employees.
- For Faculty.
- Opportunity to perform research leading directly to the commercialization of technology.
- Funding that can lead to publication and improve university research facilities.
- Valuable experience for students working on commercial technologies.
- Rapid proposal evaluations--MIPS notifies award winners within 60 days of the proposal deadline.

## Maryland Economic Adjustment Fund

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**Description**: MEAF assists small businesses with upgrading manufacturing operations, developing commercial applications for technology, or entering into and competing in new economic markets. Eligible businesses include manufacturers, wholesalers, service companies, and skilled trades. Funds can be used for working capital machinery and equipment, building renovations, real estate acquisitions and site improvements. Funding assistance through MEAF is available to small businesses in all regions of the state.

**Statutory Reference**: Economic Development Article, secs. 5-203 through 5-209

**How Implemented**: This fund assists business entities in the state with modernization of manufacturing operations, the development of commercial applications for technology, and exploring and entering new markets. Applicants must demonstrate credit worthiness, the ability to repay the obligation, and an inability to obtain financing on affordable terms through normal lending channels. A loan may not be used to relocate jobs from one commuting area to another. Funding assistance through MEAF is available to small businesses in all regions of the state.

**Previous Examples**: Since the inception of the program through June 30, 2010, the Department has approved one hundred seven (107) transactions including eighty six (86) loans totaling $8,994,900, three (3) interest subsidies totaling $300,000 and eighteen18 grants to local government or non-profit economic development organization revolving loan funds totaling $2,225,000. The combined activity of the MEAF and MCAFF programs have contributed to the creation and retention of 1,645 jobs and encouraged approximately $8 million in private capital investment.

## Capital Access Program

**Contact:** Michael Haloskey, Director
Business Lending Programs
Maryland Department of Housing and Community Development
100 Community Place
Crownsville, MD 21032
410-514-7237
Haloskey@mdhousing.org

**Description**: The Maryland Capital Access Program (MCAP) is a revitalization resource to support the growth and success of small businesses in priority funding areas throughout the State of Maryland. MCAP is a credit enhancement program that enables private lenders to establish a loan loss reserve fund from fees paid by lenders, borrowers, and the State of Maryland. Communities that have small businesses receiving financing through loans enrolled in MCAP will benefit from new or expanded services provided by the small businesses.

**Statutory Reference**: Smart Growth Act of 1997

**Eligibility:** Small businesses and non-profits in priority funding areas qualify to apply.

**How Implemented:** A small business applies to a participating lender. Current participating lenders are:
BB&T- www.bbandt.com
PNC Bank- www.pncbank.com

1. The lender underwrites and enrolls an appropriate loan (or portion of a loan). Enrolled amounts may range from $10,000 to $1,000,000.
2. Typical loans under this program would be those that fall slightly outside the lender's normal credit guidelines.
3. The lender, borrower and DHCD deposit their contributions into a reserve account. Typically, the borrower and lender make up one-half of the contribution and DHCD matches that amount. An example would be 1.5 percent each from the lender and borrower, or a total of three percent, and a three percent match from DHCD, for a total of six percent of the original loan amount for the reserve account. The lender determines the amount of contribution within a range established by DHCD. A one-page enrollment form with summary information is submitted to DHCD by the lender.
4. There is one reserve account for each financial institution where all their enrolled loans are placed.
5. In the event an early loan defaults, reserves may not be sufficient to cover the loss. In that case, additional withdrawals from the reserve account may be made on subsequently enrolled loans, providing the remaining balance of the claim is not greater than 75 percent of the balance in the reserve account. Early loans are considered to be the first two million dollars of enrolled loans made by the lender.
6. If a loan goes into default and the lender has performed their normal methods of collection, at the time of charge off a lender uses a one-page form to file a claim for all or part of an enrolled loan.

**Restrictions:**

- A project financed by a loan enrolled under MCAP must be located in a Priority Funding Area in the State of Maryland.
- The following types of projects and activities will not be considered for enrollment as a MCAP Loan:

- The proceeds of the loan will not be used to finance passive real estate ownership.
- Residential or transient living facilities, e.g., multifamily or single-family housing developments, nursing homes, assisted living facilities, crisis care centers, group homes, transitional housing, and homeless shelters.
- Facilities such as community halls, fire stations, hospitals, colleges, or universities.
- Adult bookstores, adult video shops, other adult entertainment facilities, check cashing facility, gambling facilities, liquor stores, massage parlors, pawn or gun shops, tanning salons, or tattoo parlors.
- The proceeds of the loan will not be used for the furtherance of sectarian religious instruction.

**Positives:**

- Easy and timely loan processing for both the lender and the small business borrower
- Assistance to borrowers who may not be covered under other existing loan programs
- May be combined with other loan programs
- Can be used for both lines of credit and term loans
- Leverages $1 million of state funds to develop approximately $33 million in small business loans

**Sustainable Communities Program**
**(Formerly known as Community Legacy Program)**

**Contact**: John Papagni
Division of Neighborhood Revitalization
Maryland Department of Housing and Community Development
100 Community Place
Crownsville, MD 21032
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Papagni@mdhousing.org
http://www.mdhousing.org/website/programs/dn/

**Description**: The Sustainable Communities Act of 2010 strengthens reinvestment and revitalization in Maryland's older communities by reinventing an existing rehabilitation tax credit and extending the life of the credit through 2014, simplifying the framework for designated target areas in the Community Legacy (CL) and Neighborhood BusinessWorks (NBW) program by creating "Sustainable Communities", establishing a new transportation focus on older communities, and enhancing the role of the Smart Growth Subcabinet (SGSC) in the revitalization of communities.

**Who Can Apply:**
- Local governments
- Community development organizations (for example: county councils, community development corporations, main street organizations, downtown partnerships)
- Groups of local governments sharing a common purpose or goal
- Applicants are required to attend three days of training prior to submitting applications

**Eligible Projects:**
- Mixed-use development consisting of residential, commercial and/or open space
- Business retention, expansion and attraction initiatives
- Streetscape improvements
- Increasing homeownership and home rehabilitation among residents
- Residential and commercial façade improvement programs
- Real estate acquisition, including land banking, and strategic demolition
- Establishing funds to provide loan guarantees and credit enhancement to leverage other public or private financing

**How Implemented**: As part of a competitive application process, communities are required to have and/or develop a comprehensive revitalization plan that specifically identifies projects meant to revitalize blighted areas.

**Recent Grants:**
In June 2010, $75 million in funding was provided – $35 million in TIGER II Planning Grants and $40 million in Sustainable Community Challenge Grants – for local planning activities that integrate transportation, housing, and economic development. HUD also announced $100 million in funding for the Sustainable Communities Regional Planning grant program, which will be awarded competitively to support regional planning efforts that integrate housing, land use, economic and workforce development, transportation, and infrastructure investments in a manner that empowers jurisdictions to consider the interdependent challenges of economic growth, social inclusion, and environmental impact.

**FY 2011 Funding**: In FY 2011, the Community Legacy (CL) Program had $4.2 million in Capital funds. In June 2010, $75 million in funding was provided – $35 million in TIGER II Planning Grants and $40 million in Sustainable Community Challenge Grants – for local planning activities that integrate transportation, housing, and economic development. HUD also announced $100 million in funding for the Sustainable Communities Regional Planning grant program, which will be awarded competitively to support regional planning efforts that integrate housing, land use, economic and workforce development, transportation, and infrastructure investments in a manner that empowers jurisdictions to consider the interdependent challenges of economic growth, social inclusion, and environmental impact.

**The Maryland Heritage Area Loans of Capital Projects and Business Development**

**Contact**: Anne Raines, Administrator, Capital Grants and Loans
Office of Preservation Services
Maryland Historical Trust
100 Community Place
Crownsville, MD 21032
410-514-7685
Anne.raines@maryland.gov
http://mht.maryland.gov/heritageareas_partners.shtml

**Description**: The Maryland Heritage Areas Authority (MHAA) may award loans to non-profit organizations, local jurisdictions, individuals, and business entities to assist with the preservation of heritage resources and the enhancement of heritage attractions and visitor services located within Certified Heritage Area (CHA) Target Investment Zones (Contact your local CHA management entity to determine if you are in a Target Investment Zone).

The maximum loan commitment made for any specific project is limited by the available uncommitted balance in the MHAA Financing Fund at the time of application. Up to 50 percent of the total project cost will be provided based on an assessment of the applicant's financial need. Refinancing will not be considered part of the project cost.

**Statutory Reference**: Established by the General Assembly in 1973

**Implementation**: Eligible uses of loan funds include:

- **Acquisition**: Acquisition of fee title or interest other than fee title of real property.
- **Rehabilitation**: Activities directed to sustain the existing form, integrity, and material of a building, structure, or site. Includes repair or alteration that makes possible a contemporary use while preserving those features of the property which are significant to its historical, architectural, and cultural values.
- **Restoration**: Activities directed to accurately recovering the form and details of property and its setting as it appeared at a particular period of time by means of the removal of later work or by the replacement of missing earlier work.
- **New construction**: Eligible use of loan funds if design is responsive to relevant design guidelines.
- **Leasehold improvements**: Rehabilitation, restoration, or minor new construction activities are eligible uses of loan funds if the term of the lease is at least equal to the term of the loan.
- **Purchase of equipment, furnishings, inventory**: Loan funds may be made available in combination with other capital improvements and may be made for the purchase of major capital equipment.

**Applicant Eligibility:** Eligible applicants include non-profit organizations, local jurisdictions, individuals, and business entities. Non-profit organizations and business entities must be in good standing, qualified to do business in Maryland and have the legal capacity and authority to incur obligations required by MHAA.

**Standards & Requirements:** To be eligible for an MHAA loan, the project must address or complete a priority activity outlined in the approved CHA Management Plan. Only projects located in CHA Target Investment Zones are eligible for loan funding. The Anacostia Trails Heritage Area is located in Prince

George's County.

- All capital project activity must conform to the Secretary of the Interior's *Standards for the Treatment of Historic Properties*.
- Projects that otherwise are eligible for funding through the Maryland Department of Housing and Community Development's Neighborhood BusinessWorks Program (NBWP) - formerly named the Neighborhood Business Development Program - will not be considered for MHAA funding unless an application has also been submitted to NBWP. More information on the NDWP is available on DHCD's web site.

**Loan Terms and Conditions:** Interest rate is below market, based on underwriter's analysis

- Target loan term is 5-10 years, depending on use and loan size.
- Minimum 5 % applicant capital cash contribution is required (based on total new project cost).
- Personal guarantees and collateral are required.
- No prepayment penalties.
- No origination fees.
- Appropriate acknowledgment of MHAA assistance by means of on-site signage, use of MHAA logo on project materials, or other methods may be required.

**Application Process and Timeline:** MHAA may accept loan applications at any time provided that the loan amount does not exceed the available uncommitted balance in the MHAA Financing Fund at the time of application, prior to submitting an application:

1. Applicant submits completed application to Administrator, Financial Assistance & Easements, Office of Preservation Services (OPS), Maryland Historical Trust, 100 Community Place, Crownsville, Maryland, 21032.
2. Project application is evaluated by OPS against Open Project Selection Criteria. If applicant qualifies, OPS reviews loan application with applicant, reaching tentative agreement on rate and term of loan, scope of work, and easement requirements. The trust issues a written notification letter to the applicant, which details conditions which must be met.
3. Loan request is presented to the Maryland Historical Trust Board of Trustees at their monthly meeting. The applicant is notified of the Board's recommendation.
4. The loan request is presented to the Secretary, Department of Planning. The secretary's approval must be obtained for all loan requests. The applicant is notified of the decision of the secretary. The applicant may request reconsideration of a rejection made by the trustees or the secretary by submitting a written request to the Director of the Trust, which must be received within 30 days following the date of the rejection notice.

The maximum loan commitment made for any specific project is limited by:

- The available uncommitted balance in the loan fund at the time of application
- For acquisition projects, the loan will not exceed 80 percent of the appraised value of the assisted property or 90 percent of the purchase price, whichever is less.
- For rehabilitation projects, the loan will not exceed 80 percent of the after-rehabilitation appraised value of the assisted property (minus existing mortgage balances), or 100 percent of the project costs, whichever is less.
- For refinancing projects, the loan will not exceed 80 percent of the appraised value of the assisted property.
- For pre-development projects, the loan will not exceed 100 percent of the project costs.

Additionally business entities and individuals must submit evidence to support their application that they are unable to secure private financing for the requested loan amount. All Historic Preservation Loans are made subject to a loan closing fee equal to the lesser of $1,000 or 10 percent of the loan amount. The fee may be incorporated into the loan, or paid at time of settlement.

## Maryland Small Business Development Financing Authority (MSBDFA)

**Contact:**

Maryland Department of Business and Economic Development
401 E. Pratt Street
Baltimore, MD 21202
410-767-6300

Prince George's Financial Services Corporation
1100 Mercantile Lane
Largo, MD 20774
1-800-248-1960
www.fscfirst.com

**Description:** The Maryland Small Business Development Financing Authority began in 1978 (Chapter 879, Acts of 1978) to provide financial assistance to socially and economically disadvantaged persons who own small businesses within the state. MSBDFA administers four programs: Contract Financing; Equity Participation Investment; Guaranty Fund; and Surety Bond Fund. The Meridian Management Group, a private firm, manages the fund for MSBDFA.

The MSBDFA program has had a substantial impact on Maryland's economy by helping local businesses create and retain employment opportunities in Maryland.

**Statutory Reference:** Chapter 879, Acts of 1978. Chapter 691, Acts of 1994

**How Implemented:** A major criterion for approval of MSBDFA guarantees and loans is the economic impact resulting from the use of available funds. This impact is measured according to the projected number of jobs retained and created and the projected amount of tax revenue generated from the use of these funds.

*Contract Financing Program:* This program provides financial assistance to eligible businesses in the form of a direct loan or the guaranty of loans made by a financial institution. These funds may be used for working capital and the acquisition of equipment needed to begin, continue or complete work on contracts where a majority of funds are provided by a federal, state or local government or utility regulated by the Public Service Commission. Financing in either form is limited to $1 million and must be repaid during the term of the contract. Interest rates generally range from the prevailing prime rate up to prime plus two percent. Applicants may qualify for financing prior to contract award.

*Equity Participation Investment Program:* The purpose of this program is to enhance business ownership of socially or economically disadvantaged entrepreneurs. Financial assistance is provided through the use of loans, loan guarantees, and equity investments. The proceeds are used for the specific purpose of purchasing a franchise, acquiring an existing profitable business or developing a technology based business. Investments may take the form of the purchase of qualified securities, certificate of interest, interest in a limited partnership and other debt and equity investments—all of which must be disposed of by the end of the seventh year. All investments are subject to limitation on a percentage of total project cost, subject to type of investment, and may range from $50,000 to $5 million depending on type of project.

*Guaranty Fund Program:* Provides financial assistance to eligible businesses in the form of loan guarantees and interest rate subsidies to financial institutions for long term loans and short term lines of credit. Proceeds may be used for working capital, the acquisition of machinery or equipment and the purchase or improvements to real property owned or leased by the applicant. Loan guarantees are subject to minimum and maximum thresholds, term, and amount of interest that may be charged. Interest rate subsidies are subject to annual review.

*Surety Bond Fund Program:* Assists eligible small businesses in obtaining bid, performance, or payment bonds necessary to perform on contracts where the majority of funds are also provided by a government agency or public utility. SBP directly issues bid, performance or payment bonds or guarantees a surety's losses incurred as a result of the contractor's breach of a bid, performance or payment bond. Both performance bonds and guarantees are subject to limitations as to amount.

**Recent Awards**: In 2004, the Maryland Department of Business and Economic Development approved $1.21 million in loans through its Maryland Small Business Development Financing Authority to four businesses: Navtrak Inc., Salisbury, ($250,000); Victory Global Solutions, Columbia, ($500,000); All Phaze Construction, Prince George's County, ($100,000); and AmDyne Corp., Baltimore, ($360,000).

## COUNTY PROGRAMS

### Economic Development Incentive Fund

**Contact**: James Coleman, President and CEO
Prince George's County Economic Development Corporation
1801 McCormick Drive, Suite 350
Largo, MD 20774
301-583-4601
http://www.pgcedc.com/edifund/

In 2012 the County Executive with approval from County Council introduced a $50 million – one time appropriation to support multiple fiscal year appropriations to the Economic Development Incentive Fund at $7-11 million level per year.

**PROGRAM GOALS**: Expansion of the County's commercial tax base, job retention and attraction, support for small and local businesses, promotion of development and redevelopment opportunities, transit oriented development and growth of key industry sectors.

**ELIGIBLE USES**: Land and building acquisitions, building construction and improvement, equipment acquisition, working capital.

**PROGRAM CRITERIA**:

- Economic Impact – Measurable outcomes such as job creation and retention, broadening of the commercial tax base, increasing industry and commerce, job growth, promoting local, minority and small business development
- Alignment with County development goals and priorities – Project adequately reflects the articulated goals for revitalization and is located in or adjacent to the developed tier and key strategic areas
- "But for" test – Demonstration that the project would not move forward without offering of public incentives from the County
- Ability to leverage private funds, federal and state financial support, and incentive programs for strategic economic development opportunities for the State and County

**APPLICATION PROCESS**: All applications are reviewed for consistency with statutory goals and purposes of the program, with independent review of credit and financial soundness of the borrower, and projections.
Application forms are online at https://edif.princegeorgescountymd.gov/ and at the Prince George's County Economic Development Corporation. The review process is approximately 90 days. A check list of documents and materials maybe found on this website
Office of Finance and Office of Management and Budget provides financial management and analysis, record keeping, collections, reporting and disbursement of fund, and analysis for compliance with terms and conditions of loan or grant agreements and goals.

**RECENT AWARDEES**:

| Company Name | Council District | Sector | Jobs | Awarded Funds | Year of Award |
|---|---|---|---|---|---|
| Hampton Inn | 9 | Hospitality | 16 | $1,200,000 | 6/1/2012 |
| Little Caesars Pizza | 5 | Retail | 24 | $300,000 | 7/1/2012 |
| Man and Machine | 5 | IT | 44 | $500,000 | 7/1/2012 |
| IMS | 1 | IT | 165 | $110,000 | 9/1/2012 |
| Nash Finch | 5 | Distribution | 136 | $200,000 | 9/1/2012 |
| Vocus | 1 | IT | 600 | $100,000 | 10/1/2012 |
| Campus Properties/Strayer University | 9 | Education | 80 | $2,500,000 | 1/1/2013 |
| Euro Restaurant Solutions | 1 | Manufacturing | 50 | $455,000 | 5/1/2013 |
| Bozzuto & Associates, Inc. | 4 | Real Estate | 328 | $500,000 | 6/1/2013 |
| Patak Realty | 1 | Real Estate | 67 | $650,000 | 11/1/2013 |
| Echo – UTC,LLC | 2 | Real Estate | 100 | $2,000,000 | 11/1/2013 |
| Dutch Mill Catering | 8 | Food Services | 88 | $750,000 | 11/1/2013 |
| Total | | | | $9,265,000 | |

## Tax Increment Financing (TIF)

**Contact**: County Executive's Office
14741 Governor Oden Bowie Drive
Upper Marlboro, MD 20772
301-952-4131
http://www.princegeorgescountymd.gov/sites/executivebranch

**Description**: Tax Increment Financing (TIF) allows the incremental taxes generated from a defined area of the county to be used to pay debt service on a financing. The County Executive delineates a project area and declares a "base" year. The existing base-assessed valuation is taxed as before. The additional assessed valuation, added to the tax rolls over the base, is taxed at the same rate as the base valuation. However, the tax revenues attributed to the new incremental assessed valuation are for bonds for public infrastructure improvements.

**Statutory Reference**: Authorized under state law in Sections 14-201 through 14-214, previously referred to as Article 41 of the Annotated Code of Maryland, and precedent set in Section 10-258 of the Prince George's County Code.

How Implemented:

1. Delineate the TIF district (County Executive)
2. Show the need for TIF (County Executive)
3. Set a stop date when the increment will revert to the county's General Fund.
4. Establish a base line assessment in the district
5. Gain approval from the County Executive
6. Initiate a resolution to the County Council including explanations and projected revenue (done by the County Executive)
7. Pass a supporting resolution (County Council)
8. Pass supporting resolutions for ITFs located in a municipality (passed by municipality)
9. Establish an administrative mechanism is in the Office of Finance (upon County Council approval) to identify and separate the increment of taxes ("Tax Increment Financing District Fund")
10. Designate a management entity

**Implementation Time**: Dependent upon County Council approval

**Previous Examples**: National Harbor Convention Center (CR-026-2004) $190,000,000, Centre at Laurel Shopping Center (CB-116-2004) $1,750,000, and Greenbelt Station (CR-065-2006) $300,000,000.

| | | |
|---|---|---|
| New Carrollton Metro Development District (DR-2) | CB-95-2014 | September 16, 2014 |
| Largo Town Center Metro Development | CB-92-2014 | September 16, 2014 |
| Prince George's Plaza Metro Development District | CB-93-2014 | September 16, 2014 |
| Suitland-Naylor Road Development District (DR-2) | CB-94-2014 | September 16, 2014 |

**Negatives**: Incremental taxes are captured in a TIF district and generally are not available to the General Fund, which may provide a cap on revenue growth for the General Fund. Financing using TIF district revenues can be extremely speculative. Thus, a high borrowing cost-and-coverage-ratio is associated with using TIF to ensure project costs are covered.

**Positives**: An effective way to finance projects in a targeted area or for specific development. There is flexibility in the size and shape of TIF district. District property owners pay the normal tax burden, and no more. Developments that result from TIFs may increase real estate, sales and income taxes. Property tax increments may eventually be returned to tax rolls. Tax increment or allocation bonds are not counted against the jurisdiction's bond indebtedness.

## General Obligation Bonds

**Contact:** County Executive's Office
14741 Governor Oden Bowie Drive
Upper Marlboro, MD 20772
301-952-4131
http://www.princegeorgescountymd.gov/sites/executivebranch

**Description**: A General Obligation Bond is a debt obligation secured by the full faith, credit and taxing power of the county. The higher the bond rating the lower the county's cost for debt service to build roads, public safety facilities, libraries, county buildings, schools, and public infrastructure. The county must assess property taxes, regardless of the amount, sufficient to pay all General Obligation Bond debt service, subject to applicable TRIM legislation.

**Statutory Reference:** Article 25A of the Annotated Code of Maryland and the County Code

**How Implemented – Requirements from Applicants:**

1. Present to the county Office of Law
2. Present to the County Executive's Office
3. County Executive gives approval
4. Present to the County Council
5. County Council passes a resolution

**Implementation Time:** Once the appropriate decisions have been made by the County Executive's office to move forward, it takes approximately 8–12 weeks to complete the transaction.

**Recent Example:** On September 16, 2014, the county issued CB-23-2014 for $253,307,000 General Obligation Consolidated Public Improvement Bonds, to finance various public infrastructure improvements and repay previous bonds.

**Negatives:** The County is ultimately responsible for the debt service. The county must stay under its debt ceiling in order to maintain a high bond rating.

**Positives:** It is one of the least costly financing tools.

## Parking Revenue Bonds

**Contact:** Peter A. Shapiro, Executive Director
Revenue Authority of Prince George's County
1300 Mercantile Lane, Suite 108
Largo, MD 20774
301-772-2060
http://www.princegeorgescountymd.gov/sites/RevenueAuthority

**Description:** Parking revenue bonds are issued to fund the acquisition, construction or renovation of parking garages, lots and other facilities. The bonds are typically secured by revenues from the garage being financed along with other potential parking revenue sources in the county, including other parking garage, parking tickets, and parking meter revenues. The financing tool allows the county to finance new parking facilities.

**How Implemented:** The Revenue Authority of Prince George's County has the authority to issue parking revenue bonds on behalf of the county. There is a separate Revenue Authority Board that would have to approve the transaction.

1. The applicant submits a project scope to the Revenue Authority to begin the process.
2. The applicant presents to the Revenue Authority Board.
3. Revenue authority Board passes a resolution.
4. The applicant and the Revenue Authority staff present the project scope to the Office of Law and the County Executive's Office for approval.
5. The applicant and Revenue Authority staff presents to the County Council.
6. County Council passes a resolution.

*Private Sector Involvement*: Underwriters, bond counsel, underwriter's counsel, financial advisor, trustee, parking consultant, and other professionals.

**Implementation Time:** Upon approval by the county (Revenue Authority, County Council and County Executive's Office), it takes approximately 8–12 weeks to complete the transaction.

**Previous Examples:** The Revenue Authority has previously issued bonds to finance the construction of new parking facilities in the county, which have included a parking garage near the County Administration Building. A recent example was the November 2006 County Council Bill (CB-069-2006) to issue and sell special obligation bonds in an amount not to exceed $190,000,000 to finance the construction of parking facilities and other infrastructure improvements associated with the Greenbelt Station development.

**Negatives:** To the extent the new garage is being built solely for the purpose of a private entity, tax-exempt financing cannot be used. Previous financing has required support from the General Fund to realize competitive interest rates. Only a limited amount of the proceeds of a tax-exempt issue could be used for non-parking functions (i.e., first floor retail, office building, etc.). Collection of parking fees is difficult because of the county's suburban character.

**Positives:** These bonds provide incentives to companies relocating or remaining in the county to provide a new parking facility if that is a concern in the particular location. Appropriately structured, they can provide financing without incurring a General Fund obligation. It allows for the financing of new parking structures in areas of the county where parking may be a concern.

## Economic Development Opportunities Program (Sunny Day)

**Contact:** Wanda L. Plumer, Director
Business Development Retention and Expansion
Prince George's County Economic Development Corporation
1801 McCormick Drive, Suite 350
Largo MD, 20774
301-583-4650
wplumer@pgcedc.com
http://www.pgcedc.com/

**Description:** The Sunny Day program targets projects that will bring economic development opportunities to the state of Maryland. These opportunities should also include significant returns to the state through job retention, job creation, and capital investment. The program provides financing to eligible projects in the form of loans, conditional loans, grants and investments. Generally, the project range is unrestricted; however, eligible companies must meet the following requirements:

- Possess a strong balance sheet with minimal credit risk.
- Increase employment significantly (especially in areas of high unemployment).
- Be consistent with the state's economic development strategy.
- Make minimal capital investment of a least five times the amount of the Sunny Day assistance.
- Must be located in Maryland.
- Restricted from using Sunny Day funds if other state or local programs are adequate and available.
- Prohibited from using Sunny Day funds to finance sport activities or facilities and projects undertaken by the Maryland Stadium Authority.

**Statutory Reference:** Article 83-A of the Maryland Annotated Code

How Implemented:

1. Each eligible business applies through Department of Business and Economic Development's Division of Financing.
2. Upon review, each project is subject to approval by the county Legislative Review Committee. Typically, the local jurisdiction is required to participate with a targeted ten percent match.

**Implementation Time:** Implementation varies with each project and the timing needs of each project.

**Previous Examples:** Digex, a locally grown high technology company expanded its operation significantly in Laurel. The company will receive $4 million in Sunny Day funds in two phases as conditional loans/grants, contingent upon meeting specific employment projecttions. The county's required match of ten percent is funded through the county's Incentive Leverage Fund (ILF). It consists of a $400,000 loan (five years at 5 percent annual interest rate) and will also be distributed in two phases to correspond to the funding associated with the state. In addition, the county's ILF loan will require the guarantee of Digex's parent company, Intermedia Communications to repay the loan.

Recent deals have supported the expansion or relocation of companies who have invested at least $4 million in real estate and created over 100 new jobs. Upon accepting an Incentive Leverage Fund Loan, the firm must meet certain pre-determined benchmarks for the project—typically numbers of jobs created and funds invested in the project over a period of three-five years. At the end of the term, the ILF loan  may convert to a grant if the firm meets or exceeds all benchmarks.

**Negatives:** The Sunny Day program requires a minimum ten percent match of local funds. Prince George's County uses ILF as a source for the required match. The county is in a subordinate position relative to the state's loan. The county's loan may be unsecured.

**Positives:** The Sunny Day program is very effective in retaining and attracting businesses that have a significant impact on Maryland's economy. Use of the funds is flexible and can be used for various elements of a project.

## Investment Financing Group

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wplumer@pgcedc.com
http://www.pgcedc.com/

**Description:** The Investment Financing Group (IFG) program targets venture capital investments in emerging high-technology businesses in the early stage of capital needs. Each project is judged by its potential for returns, promotion of economic development, and the creation of jobs. Targeted high technology business sectors include: biotechnology, information technology, telecommunications, software development and advanced materials. There are four subprograms that encompass the IFG:

- Challenge Investment Program (CIP)
- Enterprise Investment Program (EIP)
- MD Enterprise Venture Capital Limited Partnership Investments
- Maryland Venture Capital Trust (MVCT)

The programs vary in detail, but generally the funds may be used for:

- Working Capital
- Salaries
- Marketing Material
- Acquisition of Inventory, Equipment or Real Property
- Construction
- Leasehold Improvements
- Research and Development
- Product Development

**Statutory Reference:** Article 83-A of the Maryland Annotated Code

How Implemented:

1. Each eligible business applies through the Maryland Department of Business and Economic Development's Division of Financing
2. DBED reviews and approves applications
3. The Secretary of DBED approves application
4. Advisory Board approves application

**Implementation Time:** Implementation varies with each project and the timing needs of each project.

**Positives:** The IFG program targets venture capital investments into the growing, high technology, start-up business sector in the state and serves as an alternative to other financing resources for emerging businesses.

## High Technology Incentive Package

**Contact:** Wanda L. Plumer, Director
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301-583-4650
wplumer@pgcedc.com
http://www.pgcedc.com/

**Description**: The High Technology Incentive Package (HTPT) was developed to encourage growth and development of existing high technology companies and to attract new high-technology companies. As used in this Section, "high technology" means any business entity, including a developer who enters into a lease agreement with a high technology governmental agency, that is primarily involved with the applications of engineering, life sciences, computer sciences, research and development, or produces materials, parts, or equipment used in the type of applications noted above. Eligible companies may receive a Real Property Tax Credit if they make at least a $500,000 investment in 5,000 square feet or more of real property that is newly constructed or substantially improved by, or for, them and create at least 10 new full-time positions over a period of three years. The Real Property Tax Credit is phased in over a five year-period, beginning with a 100% exemption on the increased assessment in year one; 80% in year two; 60% in year three; 40% in year four; and 20% in year five.

**Statutory Reference:** CB-79-1998; CB-80-1998; CB-51-2001; CB-79-2004

How Implemented:

1. Each eligible business applies through the EDC for the tax credit.
2. EDC reviews applications and submits to the County Finance Department.
3. County Finance Department reviews each project.
4. County's Finance Department makes decision to approve or disapprove.

**Implementation Time:** Implementation varies with each project and the timing needs of each project.

**Previous Examples:** Siemens Building Technology in Laurel and Greenhorn & O'Mara.

**Negatives:** The threshold for capital investment and the threshold for new employment are too high to benefit many small technology companies that lease space. A different program is required to attract and retain these firms. It has been used only a few times.

**Positives:** It is the only tax credit program available anywhere in the county and it targets companies that generally provide high-paying jobs in growing industries.

## Incentive Leverage Fund

**Contact:** Wanda L. Plumer, Director
Business Development Retention and Expansion
Prince George's County Economic Development Corporation
1801 McCormick Drive, Suite 350
Largo MD, 20774
301-583-4650
www.pgcedc.com

**Description:** The Incentive Leverage Fund (ILF) was established in October 1999 in response to the state's requirement that local jurisdictions participate with a minimum of ten percent matching funds for county projects receiving state assistance.

**Statutory Reference:** Incentive Leverage Fund Agreement dated October 15, 1999

How Implemented:

1. The president of the EDC makes a request to the County Executive to use the ILF.
2. The County Executive approves the request.
3. County Executive refers the approved request to County Council
4. County Council passes an affirmative resolution approving the financing.
5. Incentive Leverage funds are disbursed to the company.

Typically mirroring the conditions of the state's loan, the loan may convert to a grant upon the company's achievement of certain pre-determined benchmarks, primarily job creation, capital investment, and occupancy of real estate located in the County.

**Implementation Time:** Implementation varies with each project and the timing needs of each project. Since 2009, use of ILF funds to finance development projects typically has been reserved for projects involving significant job creation and/or capital investment and/or to retain a large employer in the County.

**Previous Examples:** Following are examples of projects that have received ILF commitments since 2006 and the funding amounts:

| | ASSISTANCE | ILF | STATE |
|---|---|---|---|
| a. | Capital Lighting | $20,000 | $200,000 |
| b. | Comcast | $50,000 | $500,000 |
| c. | Vocus (pre-closing) | $40,000 | $400,000 |

**Positives:** The ILF allows Prince George's County to meet state requirements and compete with surrounding jurisdictions. It is a General Fund allocation and subject to annual appropriation. The companies receiving state and ILF assistance are generally strong, growing companies, who are investing in and creating jobs in the community.

# SMALL AND MINORITY BUSINESS TOOLS

## FEDERAL PROGRAM

### Small Business Jobs Act of 2010

**Contact:** Antonio Doss, District Director
Washington Metropolitan Area District Office
Small Business Administration
409 3rd Street SW, 2nd floor
Washington, DC 20416
202-205-8800
https://www.sba.gov/offices/district/dc/washington

**Description**: On Sept. 27, 2010, President Obama signed into law the Small Business Jobs Act, the most significant piece of small business legislation in over a decade. The new law is providing critical resources to help small businesses continue to drive economic recovery and create jobs. The new law extended the successful SBA enhanced loan provisions while offering billions more in lending support, tax cuts, and other opportunities for entrepreneurs and small business owners.

**Statutory Reference:** HR5297 Small Business and Credit Act of 2010

**Provisions:**

**A. Provides Capital to Entrepreneurs and Small Business Owners**

*SBA Enhanced Loan Provisions* – more than $12 billion in lending support

- SBA loan provisions, with the 90% guarantee and reduced fees, were extended through 2010. The $505 million in subsidy for Jobs Act loans supported more than $12 billion in overall small business lending.
- According to self-reported data, a significant share of Jobs Act loans went to rural (22%), minority-owned (21%), women-owned (16%) and veteran-owned (7%) businesses.

*Higher Loan Limits* – increased maximum loan sizes in top loan programs

- The law permanently increased 7(a) and 504 limits from $2 million to $5 million (for manufacturers in 504 loan program, up to $5.5 million).
- The law permanently increased microloan limits from $35,000 to $50,000, helping more entrepreneurs with start-up costs and small business owners in underserved communities.
- The law temporarily increased the maximum amount of quick-turnaround SBA Express loans from $350,000 to $1 million (expires 9/27/2011).

*Alternate Size Standards* – more small businesses eligible to get SBA loans

- The law expanded the number of small businesses eligible for SBA loans by increasing the alternate size standard to those with less than $15 million in net worth and $5 million in average net income.

*Temporarily Allow for Commercial Real Estate Refinancing*

- Beginning in spring 2011, the law will allow some small businesses to refinance their owner-occupied commercial real estate mortgages into the 504 loan program (expires 9/27/2012).

*Dealer Floor Plan (DFP) Pilot Program*

- Building on the agency's previous DFP pilot program, the new pilot will expand financing opportunities for small businesses that sell cars, RVs, boats, other titleable inventory (target rollout first quarter of 2011, effective through 2013).

*Small Business "Intermediary" Lending Pilot*

- The law provides for funding up to $20 million per year over the next three years for a pilot program that leverages local nonprofit organizations and other organizations that help small businesses that need loans up to $200,000 (target rollout mid-2011).

## B. Strengthens Small Businesses' Ability to Compete for and Win Contracts

*Equal Treatment across Federal Contracting Programs*

- The law reaffirmed "parity" among federal small-business contracting programs. When awarding contracts that are set-aside for small businesses, contracting officers are free to choose among businesses owned by women and service-disabled veterans, as well as businesses participating in HUBZone and 8(a) programs.

*More Opportunities for Small Businesses*

- The law eliminates the "Competitiveness Demonstration" program, which limited opportunities for small contractors in 11 industries where they excel, such as construction, landscaping and pest control. This will build on the $24 billion small businesses won in these industries in Fiscal Year 2009 (effective January 31, 2011).
- The law gives contracting officers the ability to reserve orders for small business participation on contracts with multiple awards including the Federal Supply Schedule (GSA Multiple Award Schedule). The law makes it harder for agencies to "bundle" contracts, a practice that makes it more difficult for small businesses to compete.

*Combating Fraud, Waste and Abuse*

- The law establishes a legal standing of "presumption of loss" when a business misrepresents its ownership status or size in winning a government contract. This allows a federal agency to claim a loss on the purchase, enabling those agencies, including the Department of Justice, to vigorously pursue fraudulent firms.
- The law holds large prime contractors more accountable to their own subcontracting plans by requiring written justification when plans aren't met and when small business subcontractors aren't paid on time. This helps eliminate "bait-and-switch" tactics that occur when large primes – after winning the prime contract – don't follow through with their own plans to give subcontracts to small businesses.

## C. Promotes Small Business Exporting

*Higher Loan Limits* – increased maximum size of top export loan program

- The law permanently increased the maximum size of 7(a) International Trade Loans and Export Working Capital Loans to $5 million.

*Export Express Pilot Becomes Permanent*

- The law turned the Export Express pilot loan program into a permanent program with 90% guarantees for loans up to $350,000 and 75% for loans between $350,000 and $500,000.

*State Trade and Export Promotion Grants Pilot*

- The law will provide $90 million in competitive grants over next three years for states to help small business owners with exporting (target rollout summer 2011).

**D. Expands Training and Counseling**

*Major Investment in Counseling and Training*

- The law provides up to $50 million in grants to Small Business Development Centers across the country starting January 2011.

**E. Provides $12 Billion in Tax Relief to Help Small Businesses Invest in their Firms, Create Jobs**

*Extension, Expansion of Tax Cuts* – 8 Small Business Tax Cuts

- The law increases the small business expensing limit to $500,000 for 2010 and 2011.
- The law makes a permanent change to allow qualified small businesses to carry back their general business credits to offset five years of taxes.
- The law temporarily puts in place for 2010 the elimination of all capital gains taxes for those who invest in small business.
- The law temporarily increases the amount of start-up expenditures entrepreneurs can deduct for 2010.
- The law permanently provides deductions for employer-provided cell phones.
- The law allows the self-employed to deduct health insurance costs for themselves and their family members this year.
- The law changes, beginning this year, the limitations on penalties for errors in tax reporting that disproportionately affect small business.
- The law extended 50% bonus depreciation through 2010; however, the new Tax Relief Act of 2010 further extends and expands this to 100% of any productive capital investments in 2011.

**F. Treasury Department Provisions**

*Small Business Lending Fund* – $30 billion

- The law provides smaller community banks with low-cost capital (as low as 1%) if they go above and beyond 2009 small business lending levels.

*Establishes State Small Business Credit Initiative*

- The law provides up to $1.5 billion to support state-run small business lending programs.

## Additional U.S. Small Business Administration Tools

**Contact**: Antonio Doss, District Director
Washington Metropolitan Area District Office
Small Business Administration
409 3rd Street SW, 2nd floor
Washington, DC 20416
202-205-8800
https://www.sba.gov/offices/district/dc/washington

**Description:** Consists of the following tools:

***SBA Micro Loans:*** The Micro Loan Program provides very small loans to start-up, newly established, or growing small business concerns. Under this program, SBA makes funds available to nonprofit community-based lenders (intermediaries), which in turn make loans to eligible borrowers in amounts up to a maximum of $50,000. The average loan size is about $13,000. Applications are submitted to the local intermediary and all credit decisions are made on the local level.

***SBA Special Purpose Loans:*** The SBA offers various special purpose loans. These include loans to help grow businesses to meet demand internationally, to aid businesses that have been impacted by NAFTA, to assist in implementing employee ownership plans, and to help implement pollution control mechanisms, in addition to other special programs.

***SCORE:*** The SCORE Association (Service Corps of Retired Executives) is a resource partner of the SBA dedicated to entrepreneur education and the formation, growth and success of small businesses nationwide. There are more than 10,500 SCORE volunteers who assist small businesses with business counseling and training operating in 374 chapters in over 800 locations. SCORE also operates an active on-line counseling initiative.

***Small Business Development Centers (SBDC):*** The Office of Small Business Development Centers (SBDC) provides management assistance to current and prospective small business owners. SBDCs offer one-stop assistance to individuals and small businesses by providing a wide variety of information and guidance in central and easily accessible branch locations. The program is a cooperative effort of the private sector, the educational community, and federal, state and local governments and is an integral component of Entrepreneurial Development's network of training and counseling services.

***Women's Business Centers (WBCs):*** Women's Business Centers represent a national network of nearly 100 educational centers designed to assist women in starting and growing small businesses. WBCs operate with the mission to level the playing field for women entrepreneurs, who still face unique obstacles in the world of business.

**STATE PROGRAMS**

### Small Business Reserve Program

**Contact**: William Villaneuva Senior Small Business Reserve Program Manager
Department of General Services
Small Business Reserve Program
301 West Preston Street, Room M-3
Baltimore, MD 21201
410-767-0788
William.Villanueva@maryland.gov
http://www.dgs.maryland.gov/SmallBusiness/

**Statutory Reference**: Maryland General Assembly SB904

**Description**: The Small Business Reserve Program, administered by the Department of General Services, became effective October 1, 2004. The law requires 23 state agencies to participate, reserving ten percent of the value of their annual procurements for bidding by qualified small businesses as prime contractors.

The agencies are:

- State Treasurer
- Department of Business and Economic Development
- Department of Environment
- General Services
- Department of Health and Mental Hygiene
- Department of Housing and Community Development
- Department of Human Resources
- Department of Information Technology
- Department of Juvenile Services
- Department of Labor, Licensing, and Regulation
- Department of Natural Resources
- State Department of Education
- Department of State Police
- Department of Public Safety and Correctional Services
- Department of Transportation
- University System of Maryland
- Maryland Port Commission
- State Retirement Agency
- Maryland Insurance Administration
- Maryland Stadium Authority
- Maryland Transportation Authority
- State Lottery Agency
- Morgan State University

The Maryland Department of Transportation's Office of Minority Business Enterprise (OMBE) is the official certification agency for the State of Maryland.

**Types of Certification**

1. Minority Business Enterprise (MBE) – State-funded contracts
2. Disadvantaged Business Enterprise (DBE) – U.S. Department of Transportation (USDOT)-funded contracts

3. Airport Concessionaires Disadvantaged Business Enterprise (ACDBE) – Airport concessions contracts

**Certification Process**

1. Application – Applicant submits completed application and supporting documentation.
2. Investigation – Office of MBE staff reviews documentation submitted by applicant, conducts an on-site/job-site visit and prepares an investigative report.
3. Determination – MBE Advisory Committee (MBEAC) reviews the investigative report to evaluate whether the firm meets the MBE/DBE program requirements.
4. Certification – MBEAC Chair issues a certification letter and the firm is listed in MDOT's online MBE/DBE Directory.

**MBE/DBE Eligibility Standards**

Eligibility can be broken down into five key standards:

1. **Ownership** - A minimum of 51% ownership by one or more socially and economically-disadvantaged individual(s).

2. **Minority Status** - Certain groups are presumed to be socially and economically disadvantaged:
   African American
   American Indian/Native American
   Asian American
   Hispanic American
   Women
   Disabled (MBE only)
   Non-profit organizations serving the physically and/or mentally disabled population (MBE

3. **Control** - The minority applicant(s) must have technical expertise and experience relating to specific products and/or services provided by the firm as well as the authority to make day-to-day and long-term business decisions for the firm.

4. **Personal Net Worth** - Applicants must fall below the personal net worth cap established for the State and federal programs: *MBE - $1,530,652 (Effective 1/1/2011 through 12/31/2011.)*
   *DBE - $750,000.*

5. **Size** - The applicant firm must meet the small business size standards established by the U.S. Small Business Administration. Size standards are measured by average annual gross receipts (ranging from $750,000 to $35,500,000 depending on the industry) or average number of employees (ranging from 500 to 1,000 depending on the industry).

## Small Business Preference Program

**Contact**: Department of General Services
301 West Preston Street
Baltimore, MD 21201
410-767-4429
http://www.dgs.maryland.gov

**Statutory Reference**: Maryland General Assembly HB1431

**Description**: The Small Business Preference Program helps ensure that small businesses receive a portion of the state's total purchases of equipment, materials and supplies. The bill adds a 2% price preference for veteran-owned small businesses and a 3% price preference for disabled veteran-owned small businesses to the existing price preference for all small businesses under the State's Small Business Preference Program. The bill also increases the maximum small business price preference for any procurement from 5% to 8%. The bill took effect July 1, 2008.

**How Implemented**: Under the Law, certified Veteran Owned Small Businesses and Service Disabled Veteran Owned Small Businesses compete for State contracts along with businesses that are not certified small businesses (non-preference businesses). If a non-preference business submits the low bid, a certified VOSB would nonetheless be awarded the contract if its bid does not exceed the low bid by more than 7%. If a non-preference business submits the low bid, a certified SDVOSB would nonetheless be awarded the contract if its bid does not exceed the low bid by more than 8%.

Once a small business is certified, it may participate in the required bidding process. Bids under this program are solicited from small and regular bidders. The award will be made to the small business that submits the lowest responsive and responsible bid, provided the bid does not exceed by five percent the lowest responsive and responsible bid received from regular bidders. If the five percent requirement is not met, the award will be made to the regular bidder who has submitted the lowest responsive and responsible bid.

**Features:**

- 5% price preference
- 7% veterans' preference
- 8% service disabled veterans' preference
- Applies to transportation, general services, Morgan State University, and public safety in connection with construction of state correctional facilities
- Registration can be done on line
- There is no fee to participate
- Annual renewal is required
- It is a simple and easy process

**Minority and Disadvantaged Business Enterprise Program**

**Contact**: Randy Reynolds, Director
Maryland Department of Transportation
Office of Minority Business Enterprise
7201 Corporate Center Drive
Hanover, MD 21076
410 865-1240
http://www.mdot.maryland.gov/

**Description**: The Maryland Department of Transportation's (MDOT) Office of Minority Business Enterprise has two primary functions: Minority Business Enterprise (MBE)/Disadvantaged Business Enterprise (DBE) certification for the State of Maryland and the administration and coordination of the MBE and DBE programs within the MDOT administrations.

MDOT administers both the State of Maryland MBE participation goal, as well as the DBE participation goal for contracts that receive assistance from the United States Department of Transportation (USDOT). Effective July 1, 2001, Maryland's MBE participation goal is 25%, with sub-goals of 10% for women-owned firms and 7% for African American-owned firms. The DBE goal for USDOT-assisted contracts is established on a tri-annual basis. Goals for USDOT-assisted contracts are implemented at the Maryland Transit Administration, the State Highway Administration and the Maryland Aviation Administration. For federal fiscal year 2009, the DBE goals were as follows: Maryland Transit Administration - 32.9%; State Highway Administration - 28.8%; and Maryland Aviation Administration - 30.1%. For federal fiscal year 2010, the DBE goals are as follows: Maryland Transit Administration - 25.9%; State Highway Administration - 24.3%; and Maryland Aviation Administration - 23.3%.

**How Implemented**: To ensure that only bona fide MBEs/DBEs participate in the programs, Maryland has a comprehensive certification program. Only those businesses determined to be owned and controlled by socially and economically disadvantaged individuals are certified. A firm designated as an MBE and/or DBE will have its name appear in the MBE/DBE Directory, a reference document made available on the Internet to all State departments/agencies, the contracting community and the general public.

**Types of Certification**

1. Minority Business Enterprise (MBE) – State-funded contracts
2. Disadvantaged Business Enterprise (DBE) – U.S. Department of Transportation (USDOT)-funded contracts
3. Airport Concessionaires Disadvantaged Business Enterprise (ACDBE) – Airport concessions contracts

**Steps to Certification**

1. Application – Applicant submits completed application and supporting documentation.
2. Investigation – Office of MBE staff reviews documentation submitted by an applicant, and conducts an on-site/job-site visit and prepares an investigative report.
3. Determination – MBE Advisory Committee (MBEAC) reviews the investigative report to evaluate whether the firm meets the MBE/DBE program requirements.
4. Certification – MBEAC Chair issues a certification letter and the firm is listed in MDOT’s online MBE/DBE Directory.

**MBE/DBE Eligibility Standards**

Eligibility can be broken down into five key standards:

1. **Ownership** - A minimum of 51% ownership by one or more socially and economically-disadvantaged individual(s).
2. **Minority Status** - Certain groups are presumed to be socially and economically disadvantaged:
   African American
   American Indian/Native American
   Asian American
   Hispanic American
   Women
   Disabled (MBE only)
   Non-profit organizations serving the physically and/or mentally disabled population (MBE only)
3. **Control** - The minority applicant(s) must have technical expertise and experience relating to specific products and/or services provided by the firm as well as the authority to make day-to-day and long-term business decisions for the firm.
4. **Personal Net Worth** - Applicants must fall below the personal net worth cap established for the State and federal programs:
   MBE - $1,530,652 (Effective 1/1/2011 through 12/31/2011.)
   DBE - $750,000
5. **Size** - The applicant firm must meet the small business size standards established by the U.S. Small Business Administration. Size standards are measured by average annual gross receipts (ranging from $750,000 to $35,500,000 depending on the industry) or average number of employees (ranging from 500 to 1,000 depending on the industry).

## COUNTY PROGRAMS

### Prince George's County Small Business Initiative

**Contact:** James Coleman, President and CEO
Prince George's County Small Business Initiative
Prince George's County Economic Development Corporation
1100 Mercantile Lane
Largo, MD 20774
301-429-3044
www.pgcedc.com

**Description:** The Small Business Initiative (SBI) provides direct assistance to the rapid-growth potential local, small and minority-owned businesses located in Prince George's County. The SBI provides access to:

- Capital
- Contract opportunities, and awards
- Comprehensive one-stop-shop delivery of entrepreneurial training, management consulting in the areas noted below
- Efficient access to SBA loans, commercial loans, equity, bonding, and insurance
- Increased access to contracting opportunities
- Improved access to procurement databases
- Foster joint ventures and alliances
- Comprehensive training, seminars, and workshops featuring one-on-one and group counseling
- Mentor / Protégé Program
- Assistance with permits and licensing
- Tax Credits and Incentives

The Prince George's County Small Business Initiative uses county, state and federal funding to hire small business specialists who provide free managerial and technical assistance to local, small and minority businesses. The SBI also uses the SBA SCORE counselors to assist with additional counseling for pre-venture companies. Consultants also help companies solve operational challenges and provide help in securing other resources. The SBI also partners with other public and private sector entities to provide informative workshops for local business owners: e.g. How to Get on the GSA Schedule; Procurement Day events, Understanding Tax Credits, Business Planning from a Lenders Perspective, etc.

The Prince George's County Small Business Initiative (SBI) brings a variety of excellent resources to companies that need additional support in growing their business. For each area of need, SBI has either a counselor with information or an 'Alliance Partner' that has agreed to work with SBI Clients. Certain areas of focus are included below.

| The Firm's Area of Need | Get the SBI Benefit |
|---|---|
| Getting Certified | MDOT, 8(a), SDB, WSSC, SBR, MBE |
| Contract Financing | Up to 90% of project funds advanced |
| Contract Bonding | Application Fee Waived, direct assistance |
| Microloans | $5,000 to $50,000 quick, little paperwork |
| Term Loans | Community and Commercial Banks |
| Equipment Financing | Affordable Rates, immediate assistance |

| | |
|---|---|
| Purchase Business Real Estate | 504 Loans—only require 10% down |
| Staffing Assistance | Construction labor, bilingual, tech, admin |
| Payroll | Partner provides 1st month free |
| Affordable Employee Benefits | Retain Employees; Saves firms $$ |
| Bookkeeping/Accounting | For loan packaging, and internal use |
| Business Plan Writing | Consultant Writes or Counselor Reviews |
| Marketing Plans | Counselor Guidance, Marketing Templates |
| Website | Pool of IT firms that can assist |
| Proposal Writing | Overview and consultation (Federal Gvt) |
| Business Discounts | Group discount pricing on business items |
| County Business Incentives | Tax Credits, etc. |
| Site Analysis | Assistance with locating a site or expanding |
| Other Training | See Calendar at www.pgcedc.com/SBI |

**Prince George's County Office of Central Services**
**Minority Business Development Division**

**Contact:** Roland L. Jones, Director
Prince George's County Office of Central Services
1400 McCormick Drive, Suite 336
Largo, MD 20774
301-883-6480
http://www.princegeorgescountymd.gov/sites/centralservices/

**Description:** The Prince George's County Minority Business Development Division provides support for minority owned businesses/ MBE certification/ Counseling/ Training. The Division maintains a vendor registration for companies that desire to do business with Prince George's County as a minority vendor. This vendor registration directory can be accessed via the county's website at:

*http://www.princegeorgescountymd.gov/sites/centralservices/*

# DEVELOPMENT PROCESS/FACILITATION TOOLS

## COUNTY PROGRAMS

### WSSC/System Development Charge (SDC) Waiver

**Contact**:

County Executive's Office
Deputy Chief Administrative Officer for Government Operation and Environmental Services
14741 Governor Oden Bowie Drive
Upper Marlboro, MD 20772
301-952-4131
www.princegeorgescountymd.gov/executive

**Description:** This program allows the County Executive to waive the WSSC/SDC for eligible revitalization projects and to partially waive the charge for elderly housing and biotechnology projects.

State enabling legislation authorizing the System Development Charge (SDC) fee provides that the Councils (Montgomery and Prince George's) shall meet annually to discuss and approve the SDC fee. The Councils met on May 10, 2001, and agreed to increase the SDC maximum allowable ceiling by a percentage equal to the Consumer Price Index for the prior calendar year. The CPI increased by 3.3% between November 1999 and November 2000. The Commission did not increase the SDC fee. The fee remained the same for the third consecutive year. This action provided the Commission with the flexibility in future fiscal years to increase the base System Development Charge for water supply fixtures with an assigned fixture value of 1 from $88.00 to a maximum of $93.00, and the base System Development Charge for drainage fixture with an assigned drainage fixture unit value of 1 from $115.00 to a maximum of $122.00.

In April 2007 the General Assembly enacted House Bill 667: Washington Suburban Sanitary District - System Development Charge - Exemptions. This legislation authorized the County Councils of Montgomery County and Prince George's County to grant full or partial exemptions for properties used exclusively for programs and services to youth which are owned by community-based organizations that are exempt from taxation under 501(c)(3) of the Internal Revenue Code. The exemption amount is limited to $80,000.

In April 2009 the General Assembly enacted House Bill 1139: Washington Suburban Sanitary Commission - System Development Surcharge - Exemptions. This legislation revised the youth facilities exemption first approved under House Bill 667 by expanding the exemption to include properties that are used, "primarily for recreational and educational programs and services to youth."

**Eligibility Criteria**: Projects must meet the eligibility criteria as defined in CR-45-1999. Full or partial exemptions from the WSSC Systems Development Charge (SDC) are available in the Enterprise Zone. Up to $50,000 per project; annual maximum countywide is $500,000. A project can be a new building, remodeling of an existing building or remodeling of a portion of an existing building.

**Statutory Reference:** CR-45-1999, Maryland House Bill 667, Maryland House Bill 1139

**How Implemented:**

Applicant submits to the Deputy Chief Administrative Officer for Government Operations and Environmental Services.

1. Deputy Chief Administrative Officer refers to the appropriate agency for evaluation and recommendation. The County Executive determines if a full or partial waiver is to be granted.
2. County Executive approves waiver.

**Implementation Time:** Three months

**Previous Examples:** Franklins General Store, Suitland Business Incubator, and Eastover Police Station, College Park Metro Station Area Development

**Negatives:** There is reduced SDC revenue to WSSC.

**Positives:** This can be a significant cost saving to development projects.

## GIS-Based Hydrologic and Hydraulic Models (Geo-STORM)

**Contact**: Adam Ortiz, Director
Department of the Environment
1801 McCormick Drive, Suite 500
Largo, Maryland 20774
http://www.princegeorgescountymd.gov/sites/environmentalresources

**Description**: This unique Environmental Services Division initiative (Geo-STORM) allows county agencies and private consultants to streamline the review and approval of development projects associated with floodplains. The initiative allows the user to conduct floodplain or watershed studies in a fraction of the time it would take to complete these projects using conventional methods. The advantages over conventional hydrologic and hydraulic modeling include improved modeling productivity, better project visualization through an interactive graphic environment, a user-friendly graphic interface that reduces staff training time, and improved accuracy and consistency of studies. The applications that these models support are estimating peak discharges for selected flood frequencies, designing dams and reservoirs, planning for urban and rural watersheds, determining flood elevations, delineating floodplain boundaries, identifying flood-prone structures, evaluating solutions to floodplain boundaries, identifying flood-prone structures, evaluating solutions to flooding problems, and analyzing cumulative impacts of all development in a stream system.

**Statutory Reference**: Council Bill 84-2000

**How Implemented**: The County Council approved the use of the Geo-STORM models for general county purposes. The models is employed by county staff to conduct floodplain or watershed studies as well as supplementing county projects with other agencies (such as The Maryland-National Capital Park and Planning Commission, Maryland Department of Environment, Maryland Department of Natural Resources, Federal Emergency Management Agency, and the U.S. Army Corps of Engineers). The applicant and private sector involvement make requests for floodplain studies to be done for a parcel(s) if there are no established and approved floodplains.

**Implementation Time**: Models are used to conduct flood insurance studies under the Federal Emergency Management Agency's Cooperative Technical Partners Program and to conduct floodplain studies for the development community. Approximately three flood insurance studies have been completed biannually, and approximately 80 have been completed to date.

**Previous Examples**: In addition to the 80-plus floodplain studies conducted for engineers, private citizens, and other county staff, the Geo-STORM models have been used in collaborative projects with the U.S. Army Corp of Engineers, The Maryland-National Capital Park and Planning Commission, and the Federal Emergency Management Agency.

**Positives**: The advantages of GIS-based models compared to conventional hydrologic and hydraulic modeling include cost savings to the developer, significantly reduced floodplain review and approval time, improved productivity, reduced staff training time, and improved accuracy and consistency of studies. In addition, the fee associated with the studies will provide a steady stream of revenue for the county that can be used to maintain and upgrade the Geographic Information System. For an applicant or the private sector, there is a much quicker approval time and reduced cost.

## Stormwater Management Capital Improvement Program

**Contacts:** Adam Ortiz, Director
Department of the Environment
1801 McCormick Drive, Suite 500
Largo, MD 20774
301-883-5810
http://www.princegeorgescountymd.gov/sites/environmentalresources

**Description:** The Stormwater Management Capital Improvement Program implemented by the Environmental Services Division (ESD) consists of several programs that promote economic development, improve quality of life, increase public safety and welfare, promote economic development, and assist in the start-up and close-out of private development activities if authorized. A summary of the various programs currently being implemented within the CIP is provided below.

- **Bond Default Program**—The bond default fund will provide a source of funds on defaulted permit bonds held by the Department of Environmental Resources to complete private activity projects, such as stormwater management facilities and sediment/erosion control measures. This fund will be used in cases of permit bond default and where private activities must be completed to eliminate public health and safety hazards.

- **County Restoration Program**—Involves the design of environmental enhancement and flood control facilities within the Anacostia River and Patuxent River watersheds of Prince George's County. Projects will include levee improvements, water quality measures, wetland creation, reforestation, and fish blockage removal in the Anacostia, Western Branch, Patuxent, and Northwestern Branch watersheds. Projects are performed in conjunction with the U.S. Army Corps of Engineers.

- **Developer Participation Program**—Provides the county's contribution to developer participation projects that may be identified under the stormwater permit review process.

- **Emergency Response Program**—Facilitates the design and construction of unanticipated projects that require immediate implementation due to emergency conditions affecting public safety or welfare. It will also provide a funding source for unanticipated state/federal grant funds that require a local match.

- **Endangered Structure Acquisition Program**—Provides for the acquisition of residential properties within the 100-year floodplain and flood-prone and/or at-risk properties due to unforeseen natural conditions/disaster (i.e., slope failure, stream erosion, etc.). Subsequent to acquisition, environmental restoration and economic revitalization measures can be implemented.

- **Environmental Protection Program**—Represents a comprehensive effort to plan, design and build new or retrofit existing stormwater management facilities and rehabilitate streams and wetlands to improve livable communities and correct serious water quality problems such as erosion, point and nonpoint source pollutant discharge and thermal pollution.

- **Environmental Revitalization Program**—Entails the use of new and creative technologies to monitor, model, restore and protect the environment in highly urbanized settings. Projects will include the implementation of low-impact development (LID) technology to retrofit urban hydrology to pre-development condition and promote livable communities in the county's watersheds. Projects include bio-retention facilities, stormwater retrofits, green roofs, and stream restoration projects.

- **Flood Protection and Drainage Improvement Program**—Consists of the acquisition of flood-prone homes within the 100-year floodplain, flood protection, and drainage relief projects whose estimated cost is less than $500,000. Eligible projects will correct home flooding, alleviate road flooding, and correct residential yard drainage deficiencies. Also included are municipal participation projects, stormdrain acceptance projects, and flood warning systems. All projects promote the Livable Communities Initiatives. When possible, water quality enhancements will be incorporated into the projects. Rights-of-way from property owners directly benefiting from project improvements must be obtained at no cost to the county.

- **Oxon Run Flood Control Structures**—Involves constructing floodwalls, channels and ditches, replacing and modifying road culverts, flood-proofing residential structures, and environmental restoration projects within the urbanized Oxon Run watershed.

- **Municipal Stormdrain Participation Program**—The Municipal Participation Program (MPP) is available to all municipalities within Prince George's County except the City of Bowie. It provides reimbursement for the planning, design, and construction-related costs for a proposed improvement to an existing, inadequate stormdrain system. The proposed improvement must be a component of a municipal road improvement project. Once a municipality identifies an area that would qualify for inclusion as an MPP, an official request is sent to the Director of the Department of Environmental Resources for consideration. Municipalities interested in getting more information on the MPP should call (301) 883-5906.

**Statutory Reference:** County Capital Improvement Program

**How Implemented:** Authorization to proceed and perform the various projects associated with the county's Capital Improvement Program comes under annual review and approval as part of the county's approved budget process. Projects are funded with monies collected and associated with the ad valorem tax and developer fees. Many of these projects are eligible for state and federal grants and cost-sharing from the Federal Emergency Management Administration, the U.S. Army Corps of Engineers, and the Maryland Emergency Management Administration.

**Implementation Time:** Implementation time is dependent upon the size and scope of the project, funding, permit acquisition, land acquisition, and other factors.

**Previous Examples**: Some examples are the Port Towns streetscape environmental improvements, Bowie Town Center drainage improvement, and numerous stormwater management ponds constructed by developers with county funding.

**Negatives:** Implementation of the county's Capital Improvement Program requires extensive resources in the form of qualified personnel and expenditure of capital to plan, design, and construct projects. If the current program were expanded, it would increase program costs and the amount of debt incurred by the county. Each million dollars of debt adds an additional $100,000 of annual debt service.

**Positives:** The general public benefits through increased public safety and welfare, increased quality of life due to the restoration and revitalization of environmental and human communities, and increased property values.

**Department of Permitting, Inspections, and Enforcement (DPIE)**

**Contact:** Dr. Haitham A. Hijazi**,** Director
Department of Permitting, Inspections, and Enforcement
9400 Peppercorn Place
Largo, Maryland 20774
301-636-2020
http://www.princegeorgescountymd.gov/sites/DPIE

**Description:** The current county administration established the Department of Permitting Inspections and Enforcement (DPIE) in order to streamline and improve the way permitting, business licensing, inspections, property maintenance and enforcement.

The principal objective is to promote economic development. Co-locating all of the various functions involved, such as, plan review, construction inspection, property code enforcement, and business licensing, has streamlined the processes and helped to promote economic development.
DPIE consolidates into a single location the various functions associated with the regulation and approval of economic development and redevelopment projects within Prince George's County. Its establishment has positioned the County as a national model for permit processing, plan review, inspection, code enforcement and business licensing. These functions include the authorization and regulation of building, site/road and utility permits, as well as business licensing, all of which help to drive the local economy and ensure the health and safety of County residents, businesses, investors and visitors. As part of this process, DPIE provides inspection oversight of construction, development and grading activities for residential and commercial construction and renovations to verify Code compliance. In addition, DPIE is charged with the enforcement of County codes that address property standards to ensure that Prince George's County's many diverse communities are aesthetically maintained for the benefit of all.

With the establishment of DPIE applicants no longer need to visit the variety of offices located in different places as was previously the case. All the functions are collocated in a single building. The location provides a "one-stop shop" for those seeking regulatory approval of economic development, redevelopment and preservation of residential, commercial and retail properties in the County. This is achieved by combining into one facility the functions and staffs of various County, bi-county and State agencies involved in the authorization and regulation of building, site, road and utility permits and business licenses. The services include:

- Permit processing
- Property maintenance and code enforcement
- Zoning enforcement
- Inspections
- Licensing
- Plan review

DPIE implements an on-line application and tracking system which enables applicants to apply and track the status of permit applications. Applicants can submit electronic versions of site and building plans applications for certain construction types. Applicants may also use the system to schedule inspections and make inquiries. The site also includes a direct link to the GIS database, including property data and historic permit data.

DPIE also has a very comprehensive, user-friendly web site that provides clear instructions and guidance to applicants and the public: http://www.princegeorgescountymd.gov/sites/DPIE.

## Low-Impact Development (LID)

**Contacts:** Adam Ortiz, Director
Department of the Environment
1801 McCormick Drive, Suite 500
Largo, MD 20774
301-883-5810
http://www.princegeorgescountymd.gov/sites/environmentalresources

**Description:** Low Impact Development (LID) protects area streams and rivers by eliminating the need for curbs and gutters and by controlling urban stormwater runoff through the use of rain gardens, landscaping, and other means that mimic the natural conditions present before development occurs. LID reduces the need for clearing and grading, requires less impervious surface, and eliminates pipes, inlet structures, and stormwater ponds. As a result, site development and maintenance costs can be reduced.

**Statutory Reference:** Code of Maryland Regulations (COMAR) 26.17.02. SUBTITLE 4. BUILDING. Sections 4-316–4-344, The Prince George's County Code (1999 Edition, 2000 Supplement)

**How Implemented:** Currently, LID is implemented during the stormwater management concept stage as a requirement to meet statutory codes with respect to stormwater management. All new land development activities are required to meet the county's stormwater management ordinance at a minimum. LID is one of the options a developer or builder may implement to meet its stormwater management requirements. Although the LID approach is voluntary, there are a number of benefits to this methodology as outlined below.

**Implementation Time:** Currently, implementation time is at the discretion of the developer or property owner. Once the developer chooses to design its site following LID principles, the implementation time to go through the development review process is approximately the same as conventional site design review. With the enactment of new legislation (Section 4-327 of the County Code: Stormwater Management Design Plans), LID will be a preferred site design approach and become the new standard way of implementation.

**Previous Examples:** Places in the county that incorporate LID components include the residential communities of Somerset, North Ridge, and Manokeek; over 50 business/industrial site applications; and several government institutions.

**Negatives:** LID is an innovative approach to land development and as such, requires engineering and development firms to "ramp-up" and adjust to this new way of addressing land development in an environmentally friendly manner.

**Positives:** As previously mentioned in the description, the advantages over conventional site design land development techniques include costs savings to the developers; well-designed, aesthetically pleasing communities; water quality improvement and stream habitat protection; and reduced infrastructure maintenance and liability costs currently associated with conventional site design techniques.

## Regulatory Streamlining - Zoning Ordinance Update

**Contact**: Chad Williams
Prince George's County Planning Department
County Administration Building, 4th Floor
Upper Marlboro, MD 20772
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Chad.williams@ppd.mncppc.org
http://zoningpgc.pgplanning.com/

A comprehensive rewrite of the Prince George's County Zoning Ordinance is underway to streamline and simplify the regulations and development approval process, consolidate and modernize our zones and development standards, incentivize economic and transit-oriented, mixed-use development, protect and enhance stable residential neighborhoods, and implement the county's Plan 2035 General Plan and current master plans.

**Project objectives:**

- Create a shorter ordinance with fewer zones.
- Provide a more predictable set of land use regulations for the community, businesses, and county officials.
- Create a Code that is economically responsible and carefully related to the real estate market.
- Provide a simplified development approval process that moves more quickly.
- Integrate with and cross-reference other land use related ordinances and documents and ensure consistency with local, state, and federal laws and regulations.
- Incorporate modern zoning principles to address form and design where appropriate.
- Update the format and structure to be more user-friendly and intuitive, including the use of illustrations or other graphics to convey standards.
- Include mixed use, commercial, industrial, and residential districts that will help the County to achieve high-quality infill and redevelopment projects.
- Create standards and processes that incentivize development near transit stations.
- Support sound and responsible economic development, multimodal transportation, and a sustainable built and natural environment.

A full draft ordinance expected to be released for public review in November 2015.

## Parking District

**Contact**: Peter A. Shapiro, Executive Director
Revenue Authority of Prince George's County
1300 Mercantile Lane, Suite 108
Largo, MD 20774
301-772-2060
http://www.princegeorgescountymd.gov/sites/RevenueAuthority

**Description:** Parking Districts have a coordinated parking program with the local jurisdiction and the property owners within the district. Typically an entity such as the Parking Authority would be responsible for operation and maintenance of public parking spaces, parking enforcement, and collection of parking fees. Construction of a public parking lot or garage is normally required.

**Implementation Time:** Six months to legislatively set up the district; 12 months or longer to design and build a parking structure.

**Previous Examples:** Mount Rainier, Hyattsville

**Negatives:** A revenue source is needed for the capital cost of the public parking spaces.

**Positives:** This can be a mechanism to create shared parking among various property owners and to increase building densities in desirable areas, such as at Metro stations.

## Engineering Assistance

**Contact**: Darrell B. Mobley, Director
Department of Public Works and Transportation (DPW&T)
9400 Peppercorn Place, Suite 300
Largo, MD 20774
301-883-5600
http://www.princegeorgescountymd.gov/sites/PublicWorks

**Description:** In the development of roadway and development plans, there are many environmental and regulatory requirements for plan approval. The county, on the direction of the County Executive, can provide assistance in helping the applicant meet these requirements if a high level of service is required for plan review or inspection to provide expedited services. Assistance can be offered for providing land for wetland replacement from county wetland land banks and providing areas for required reforestation. In cases where roadway closures and vacations are required, the county can provide assistance with the process to expedite the process.

**Statutory Reference:** County Codes, Environmental Laws

**How Implemented:** Upon the direction of the County Executive, DPW&T would provide the services to the applicant. Depending on the priority of the project, the services could be provided by a combination of county staff and consultant staff, to be funded entirely by the applicant or by county capital funding.

**Implementation Time:** The implementation time for these types of activities is directly dependent on the regulatory requirements. Some of the processes require public hearings. Most of the processes can be implemented in a 3–12 month period.

**Previous Examples:** In the past technical assistance has been provided to applicants to assist them in completing the county wetland land banks or performed the service for the applicant.

**Negatives:** Other assigned work, including service requests from citizens, is set aside while working on the priority projects. This practice results in delays in service to county residents.

**Positives:** The benefit of providing these services to the applicant will be a quicker resolution of issues surrounding regulatory requirements and possibly a cost savings to the applicant if the county performs some of the work.

## Priority Permit Processing

**Contact:** Darrell B. Mobley, Director
Department of Public Works and Transportation (DPW&T)
9400 Peppercorn Place, Suite 300
Largo, MD 20774
301-883-5600
http://www.princegeorgescountymd.gov/sites/PublicWorks

**Description:** In the development of roadway and development plans, there are many environmental and regulatory requirements for plan approval. The county, on the direction of the County Executive, can provide assistance in helping the applicant meet these requirements. Assistance can be provided in providing land for wetland replacement from county wetland banks and providing areas for required reforestation. If a high level of service is required for plan review or inspection, the county can consider third-party plan review and inspection to provide expedited services. In cases where roadway closures and vacations are required, the county can provide assistance to expedite the process.

**Statutory Reference:** County Codes, Environmental Laws

**How Implemented:** Upon the direction of the County Executive, the DPW&T would provide services to the applicant. Depending on the priority of the project services could be provided by a combination of county staff and consultant staff, to be funded entirely by the applicant or by county capital funding.

**Implementation Time:** The implementation time for these types of activities is directly dependent on the regulatory requirements. Some processes require public hearings; most processes can be implemented in a 3–12-month period.

**Previous Examples:** In the past technical assistance has been provided to applicants to assist them in completing the permitting requirements. The county has not offered the use of county wetland banks or performed services for the applicant.

**Negatives/Positives:** The benefit of providing these services to the applicant will be a quicker resolution of issues surrounding regulatory requirements and possibly a cost savings to the applicant if the county performs some of the work. Other assigned work, including service requests from citizens, is set aside while working on the priority projects. This practice results in service delays to county residents.

## Enhanced Roadway Infrastructure

**Contact:** Darrell B. Mobley, Director
Department of Public Works and Transportation (DPW&T)
9400 Peppercorn Place, Suite 300
Largo, MD 20774
301-883-5600
http://www.princegeorgescountymd.gov/sites/PublicWorks

**Description:** In order to support economic development and revitalization in a designated high priority area, DPW&T can provide enhanced roadway infrastructure maintenance. By implementing such items as roadway resurfacing; brick crosswalks; improved street lighting; reconstruction of curbs, gutters and sidewalks; enhanced landscaping; speed controls; increased litter control and mowing activities; and other amenities, the attractiveness of a community can be improved to support quality economic development.

How Implemented:

1. The state designates an economic development priority area.
2. County Executive makes a request and gives direction to improve the infrastructure.
3. The Department of Public works and Transportation utilizes capital funding for capital items and operating funding for maintenance improvements.
4. DPWT establishes programs to improve the roadway infrastructure in the designated area.

**Implementation Time:** Most improvements can be implemented in a 6–12-month timeframe.

**Previous Examples:** Examples are the MD 202 revitalization project, the Sheriff Road revitalization project, the Columbia Park Subdivision, the Suitland Road revitalization projects, and the FedEx Stadium roadway system.

**Negatives/Positives:** The improvement of the roadway infrastructure in any area adds to the potential for development or redevelopment. In order to utilize available funding effectively, a systematic approach must be used to identify the projects to be implemented.

## Transportation Capital Improvement Program (CIP) Projects

**Contact:** Darrell B. Mobley, Director
Department of Public Works and Transportation (DPW&T)
9400 Peppercorn Place, Suite 300
Largo, MD 20774
301-883-5600
http://www.princegeorgescountymd.gov/sites/PublicWorks

**Description:** If the County Executive determines that transportation infrastructure improvements or enhancements are required to support an economic development proposal, the county can financially support the project through the CIP. The CIP is a six year plan for the provision of capital facility and infrastructure needs. The capital budget consists of those projects scheduled for activity in the first year of the CIP; it appropriates the amounts necessary to defray the estimated cost of that activity. This program can provide aesthetic enhancements, capacity improvements, or safety improvements that are necessary to support the project and benefit the community.

**Statutory Reference:** The Transportation CIP is authorized by the County Charter.

**How Implemented:** The CIP Process involves three phases: (1) formulating capital budget requests; (2) executive review and proposal; and (3) County Council review and adoption. The process follows:

1. In August each year, the Director of OMB issues instructions and guidelines to agencies and departments based on the County Executive's priorities and the County's financial abilities.
2. Agency heads access their capital needs and submit requests.
3. OMB staff reviews the requests.
4. County Executive holds public hearing.
5. OMB makes recommendations to the County Executive.
6. County Executive submits a proposed Capital Budget and six-year CIP to the Council
7. County Council reviews, holds public hearings, and approves/adopts annual budget to take effect on July 1.

After approval, construction of the project can be accomplished by DPW&T or the applicant utilizing acceptable county contracting and minority business requirements. FedEx Stadium roadways and Maryland Science and Technology Center roadways were constructed by the applicants with public funding and with agreements to assure county requirements were met.

**Implementation Time:** The implementation time for a project is a function of a number of factors. The magnitude of the project, the regulatory requirements, availability of funding, CIP requirements, right-of-way requirements and construction seasons determine the time to construct a project. Priority projects often take between 9 and 18 months to complete. Projects may also be completed in phases.

**Previous Examples:** The FedEx stadium systems, Ammendale-Virginia Manor Road, National Harbor roadways, University of Maryland Science and Technology Center roadways, MD 193 reconstruction (Perrywood School access), Regency Parkway and Regency Lane (school access) are all examples.

**Negatives:** Many transportation projects are competing for limited funds. If economic development projects are funded, then projects designed to address the capacity, safety, infrastructure, and revitalization needs of the county will be delayed.

**Positives:** Assists the development of priority projects.

## Commercial Development Bond Fund (CDBF)

**Contact:** James Coleman, President and CEO
Prince George's County Economic Development Corporation
1801 McCormick Drive
Largo, MD 20774
301-583-4650
www.pgcedc.com

**Description:** The CDBF is an incentive program that uses low-interest loans, funded by taxable bonds issued by Prince George's County, to partially finance the construction of or substantial rehabilitation of commercial buildings. The program will be used to help retain, expand and attract businesses from targeted industry sectors or to stimulate development in targeted areas that are in need of a stimulus to increase the level of commercial development.

The proposed initial program targets are:

- **High-Tech Business Incentive**—To help reduce the cost of developing or rehabilitating a building to be occupied by a high-tech business. This program is being proposed as an alternative to offering high-tech real estate tax credits.
- **Brandywine Industrial Area**—To help make the cost of developing commercial buildings in the Brandywine Industrial District competitive.
- **Other Commercial Development Projects**—To assist other priority projects that need but are not eligible for other county incentives or that need additional assistance from the county.

How Implemented:

1. Borrower submits an application to the EDC.
2. An outside consultant and EDC staff review and underwrite the loan request.
3. EDC staff presents to the CDBF Loan Review Committee, which includes a designee of the County Executive.
4. The County Executive approves the loan.

**Implementation Time:** Implementation time varies with each project.

**Previous Examples:** This would be a new program; however, this program is similar in structure to the Commercial Building Loan Fund (CBLF) and will be implemented in a similar manner.

**Negatives:** The lending of county funds creates a credit risk, which could result in the loss of funds. In addition, there is a limit to the amount of private activity bonds that a jurisdiction may issue. It is, therefore, possible that the county may not have enough bonding capacity to fully capitalize eligible and desirable projects.

**Positives:** When the spread between traditional commercial real estate financing and the county's taxable bond rate is substantial, this proposed program would offer a substantial benefit to a commercial building user or developer.

# WORKFORCE DEVELOPMENT TOOLS

## STATE PROGRAMS

### Partnership for Workforce Quality (PWQ)

**Contact**: Jeffery Swilley, Director
Workforce Services Division
Prince George's County Economic Development Corporation
1801 McCormick Drive
Largo, MD 20774
301-583-4650
www.pgcedc.com

**Description:** The Partnership for Workforce Quality (PWQ) provides reimbursable grants that match (1:1) the investments of Maryland's manufacturing and technology companies in employee training, thus helping the companies improve their efficiency, develop quality management practices, modernized operations, and upgrade manufacturing processes. As a result, companies are better equipped to expand in Maryland and to compete in a global marketplace.

**Statutory Reference**: The PWQ Program was established by legislation in 1989 and is administered by the Department of Business and Economic Development.

**How Implemented**: Program funds are used for grants to eligible Maryland companies primarily in manufacturing and technology industries with 150 or fewer employees. PWQ assists these companies to provide:

- Training in manufacturing, professional, scientific and technical services.
- Job-specific training and training to upgrade or retain existing employees, or training related to strategic goals and objectives of a company.

**Previous Examples:** Since the program's inception in 1989, the PWQ Program has invested in nearly $37 million of training for more than 97,000 employee-training slots in Maryland companies. During fiscal year 2012, the Program approved (9) nine training grants and settled (13) thirteen to Maryland companies. Approvals totaled $131,362, with training costs of $253,724 to fund training for 262 employees. Settlements totaled $279,362, with training costs of $2,313,724 to fund training for 4,644 employees.

**Positives:** PWQ reimburses employers for up to 50 percent of eligible training expenses.

## Maryland Apprenticeship and Training Program

**Contact**: Maryland Department of Labor, Licensing and Regulation
Division of Labor and Industry
Maryland Apprenticeship and Training Program
1100 North Eutaw Street
Baltimore, Maryland 21201
410-767-2246
matp@dllr.state.md.us
http://www.dllr.state.md.us/labor/appr/

**Description**: Apprenticeships are designed to meet the workforce needs of the sponsoring employer. Apprenticeships combine supervised, structured, on-the-job training and related technical instruction to teach apprentices the skills necessary to succeed in a specific occupation. Registered apprenticeships are voluntary, industry-driven programs sponsored by employers, employer associations, and jointly by management and labor.

**Statuary Reference:** Maryland Apprenticeship and Training is responsible for registering and regulating the state approved apprenticeship programs. The program has to comply with the State and Federal regulations regarding apprenticeship.

How Implemented:
1. Participants in the Registered Apprenticeship receive supervised on-the-job training.
2. There is a ratio of one apprentice to one journeyperson (skilled craftperson).
3. The on-the-job training meets the minimum 2,000 hours (per year if the apprenticeship is longer than 1 year) and related classroom instruction meets the minimum 144 hours (per year if the apprenticeship is longer than 1 year).
4. The minimum length of an apprenticeship is one year, however most apprenticeship programs take 3-6 years to complete.
5. Successful completion of a registered apprenticeship leads to a nationally recognized Certificate of Completion of Apprenticeship attesting to the individual's attainment of skills and knowledge to be considered a journeyperson.

There are over 230 registered occupations and over 9,000 registered apprentices. Most apprenticeships are within the building trades and construction industries; however non-construction related occupations can qualify as apprenticeships.

**Positives:** Employers with a need for highly skilled workers may use apprenticeship as a method to train employees in the knowledge necessary to become a skilled worker.

## On-the-Job Training

**Contact**: Jeffery Swilley, Director
Workforce Services Division
Prince George's County Economic Development Corporation
1801 McCormick Drive
Largo, MD 20774
301-583-4650
www.pgcedc.com

**Description:** On-the-job Training (OJT) focuses on the acquisition of skills within the work environment, generally under normal working conditions. Through on-the-job training, workers acquire both general transferable skills and specific skills that are unique to a particular job. OJT is planned, organized, and conducted at the employee's worksite. Funds are available to assist in training new and existing workers. Funds will subsidize up to 50% of the wages paid during training. The length of the training may not exceed six months.

**Statutory Reference:** Workforce Investment Act, 1998

**How Implemented:** OJT funds are executed by means of a contractual agreement between the employer and the Workforce Services Division of Prince George's County Economic Development Corporation.

**Implementation Time:** The process, which includes both a fiscal and training curriculum review, may be completed within 30 days.

**Previous Examples:** OJT's have been executed for training in a variety of industries, including the "green" economy, construction, and transportation.

**Positives:** Business can reduce the cost of maintaining a skilled workforce. OJT's are an effective method of broadening employee skills and increasing productivity.

## Prince George's One-Stop Career Center

**Contact**: Jeffery Swilley, Director
Workforce Services Division
Prince George's County Economic Development Corporation
1801 McCormick Drive
Largo, MD 20774
301-583-4650
www.pgcedc.com

**Description:** The Prince George's One-Stop Career Center (One-Stop) promotes economic growth by providing the tools and resources to foster a skilled workforce. The One-Stop is a vital link between the business community and the job seeker. The combined resources of several state and local organizations are brought together in the center to address the workforce development needs of businesses and individuals.

**Statutory Reference:** The Prince George's One-Stop Career Center is part of a national network of career resource centers funded by the Workforce Investment Act, 1998.

Services are designed to assist with the rapid re-employment of the unemployed and to facilitate career advancement. Job seekers may access the following:

- Maryland Workforce Exchange
- Job Search/Placement Assistance
- Skills Assessments
- Career Guidance
- Re-Entry Assistance for the Ex-Offender
- Skills Training
- Pre-employment Workshops
- Resume Development Labor
- Market Information
- Resource Materials and Computer Lab
- Veteran Services
- ABE/GED/External Diploma/ESL Programs
- Supportive Services and Referrals

Youth, between 14 and 21 years old, can participate in postsecondary educational opportunities or employment programs. Services include:

- Tutoring
- Study skills training
- Instruction leading to completion of secondary school
- Mentoring
- Internships, paid and unpaid
- Skills training
- Leadership development
- Summer jobs

Business services are intended to equip the business community with a skilled workforce through the recruitment of new employees, or by upgrading the skills of the existing workforce. Employers may access the following:

- Maryland Workforce Exchange
- Recruitment of Workers
- Pre-Screening and Referrals
- Incumbent Worker Training
- Tax Credit Assistance
- Testing and Assessment
- Federal Bonding Program
- On-site Job Fairs
- Rental of meeting space/conference rooms
- Job Postings

**How Implemented:** The One-Stop Career Centers are the focal point of service delivery at the local level. The County system is comprised of the comprehensive center in Largo, a satellite center in Laurel, and several community "access points." The Largo and Laurel Centers provide universal access to employers and job seekers.

**Previous Examples**: The One-Stop has more than 2000 visits a month from individuals who participate in a variety of job acquisition services. On average, each month, 600 businesses access the One-Stop and/or contact the centers' Business Resource Representatives.

**Positives:** The One-Stop Career Center is a tremendous resource in sustaining the economic vitality of Prince George's County. The One-Stop operates as a comprehensive, integrated system ensuring a skilled workforce for the regional business community and emerging and high growth industries. Utilizing a funding stream comprised of WIA, state and county workforce investment funds, the One-Stop Career Center system serves over 30,000 job seekers and employers each year.

# TAXATION TOOLS

## FEDERAL PROGRAMS

### Business Energy Tax Credit

**Contact**: Department of Energy
Office of Energy Efficiency and Renewable Energy (EERE)
EERE Information Center
1-800-EERE-INFO
eereic@ee.doe.gov

**Statutory References**: Energy Policy Act of 2005
The American Recovery and Reinvestment Act of 2009

The federal business energy tax credits available under 26 USC § 48 were expanded significantly by the Energy Improvement and Extension Act of 2008 (H.R. 1424), enacted in October 2008. The new law extended the duration - by eight years - of the existing credits for solar energy, fuel cells and micro-turbines; increased the credit amount for fuel cells; established new credits for small wind-energy systems, geothermal heat pumps, and combined heat and power (CHP) systems; extended eligibility for the credits to utilities; and allowed taxpayers to take the credit against the alternative minimum tax (AMT), subject to certain limitations. The credit was further expanded by The American Recovery and Reinvestment Act of 2009, enacted in February 2009.

Credits are available for eligible systems placed into service on or before December 31, 2016.

*A. Investment Tax Credit ("ITC")*
An ITC generally allows taxpayers to take a single tax credit against the project's tax basis equal to 30% in its first year and allows a taxpayer to elect certain qualified facilities to be characterized as energy property eligible for a 10% or 30% ITC, depending on the technology. The Recovery Act repealed the $4,000 limit on the ITC for small wind energy property, and the limitation on property financed by subsidized energy financing. The repeal applies to property placed in service after Dec. 31, 2008.

*B. Production Tax Credit ("PTC")*
Alternatively, the Recovery Act allows a tax credit for the generation of qualified energy from qualified facilities. The PTC amounts, credit periods, definitions of qualified facilities are technology-specific. Qualified energy resources include:

- Wind
- Closed-loop biomass
- Open-loop biomass
- Geothermal
- Solar
- Small Irrigation Power
- Municipal Solid Waste
- Qualified Hydropower Production
- Marine & Hydrokinetic Renewable Energy

To be eligible for the credit, electricity produced from qualified energy resources at qualified facilities must be sold by the taxpayer to an unrelated person.

The Recovery Act generally extends the "eligibility dates" of a tax credit for facilities producing qualified electricity. The Recovery Act also extends the "placed in service date" for wind facilities to Dec. 31, 2012. For the other facilities, the placed-in-service date was extended from Dec. 31, 2010 (Dec. 31, 2011 in the case of marine and hydrokinetic renewable energy facilities) to Dec. 31, 2013.

*C. ITC and PTC Elections*

A taxpayer cannot take both an investment tax credit (ITC) and a production tax credit (PTC) for a facility that could qualify for both - they must elect to either receive an ITC or PTC for each project.

A taxpayer may *irrevocably* elect the ITC instead of the PTC for qualifying renewable energy projects. If a taxpayer does elect to take an ITC for energy property that qualifies for a PTC, the amount of the ITC will be 30% of the property's tax basis.

Please see IRS Notice 2009-52 for more information

*D. §1603 Grant in Lieu of ITC Program*

Recovery Act §1603 created a new renewable energy grant program administered by the U.S. Department of Treasury. This cash grant may be taken in lieu of the ITC. In July 2009, the Department of Treasury issued documents detailing guidelines for the grants, terms and conditions and a sample application. The tax credit for such property ranges between 10% and 30%, depending on the type of property. Generally, Treasury grants are available to eligible property placed in service in 2009 or 2010, or property if construction began in 2009 or 2010, but not "placed in service" until after - with certain caveats. More specifically, Treasury guidelines include a "safe harbor" provision, defining the beginning of construction as the point at which the applicant has incurred or paid at least 5% of the total cost of the property, excluding land and certain preliminary planning activities.

## New Markets Tax Credit (NMTC) Program

**Contact:** Prince George's Financial Services Corporation
1801 McCormick Drive, Suite 300
Largo, MD 20774
1-800-248-1960 or 301-883-6900
www.fscfirst.com

In December 2000, Congress enacted the **New Markets Tax Credit (NMTC)** as part of the Community Renewal Tax Relief Act of 2000. Although these tax credits are federally provided, the Prince George's County Community Capital Corporation is the local intermediary, which applies to the U.S. Treasury Department to receive New Market Tax Credits (NMTC). These tax credits can be used in variety of ways to facilitate a project by providing an additional equity or financing source.

The term of the credit is seven years. Investors are able to claim a tax credit of 5% for each of the first three years of the credit, 6% for each of the last four years, for a total of 39% over seven years. The net present value of the credit is estimated at 30% over the seven years.

It is important to note that NMTC investors will likely expect a return from the credit above and beyond the federal tax subsidy. As such, NMTC deals should make good economic sense and hold out realistic prospect of returns beyond the credit.

### Certification to Participate

Organizations will apply to the Community Development Financial Institutions Fund (CDFI) of the Treasury Department both to be certified as a Community Development Entity (CDE) and to receive an allocation of New Market Tax Credits.

### Qualifications for Participating Community Development Entities

- An organization must be a corporation or partnership,
- Have a primary mission of serving or providing investment capital for low-income communities or individuals, and
- Maintain accountability to residents of low-income communities through representation on governing or advisory boards.

### Requirements for Allocation of the Funds

The CDFI Fund will issue a yearly notice including application requirements, as well as, the criteria by which applications for Credit allocations will be evaluated. Based on applications, the CDFI Fund will allocate credits to "qualified CDE's".

Both nonprofit entities, such as PGFSC and for-profit entities may be certified as CDE's. For most non-profit entities, it will be necessary to set up a for-profit Subsidiary or affiliate to receive the credits, since non-profit corporations cannot offer equity to investors. CDE's will use their credit allocations to attract Qualified Equity Investments from individual or corporate investors. An equity investment may be any stock in a corporation or any capital interest in a partnership.

To be of "economic benefit" the recipient of the Tax Credit must have Federal Income Tax liability. Since the initial recipient of the New Market Tax Credit is the CDE, which may or may not have Federal income Tax liability, it is essential to create a corporate structure that permits the transfer of the "economic benefit" of the tax credit to the investors in the CDE, who do have Federal Income Tax liability. It is for this reason that a non-profit such as PGFSC may apply for and receive a NMTC allocation, but must transfer such allocation to its “for-profit Subsidiary or Subsidiaries”.

**Qualified Low-Income Community Investments**

Community Development Entities (CDEs) will have 5 years to place credits with investors and secure cash for equity in the CDE. The CDE will have 7 years to use these funds for Qualified Low-Income Community Investments.

With funds derived from NMTCs, CDE may make available a range of financial and technical assistance to private business enterprise in low-income communities.

Such products and services, termed Low Income Community Investments, may include:

- Loans, equity investments, or capital to businesses;
- Purchase of certain loans made by other CDEs;
- Financial counseling and related services to business; and
- Equity investment, loans, and counseling to other CDEs.
- Low-Income Community and Target Areas

The NMTC is targeted to low-income communities. In general, a Low-Income Community is defined as a Census tract or community within a census tract (Target Area) with a poverty rate of at least 20% or with median income of up to 80% of the area or statewide median, whichever is greater.

**Recent Example:** In 2005, FSC First received a New Market Tax Credit allocation of $10 million to invest in low-income communities. In collaboration with the Gateway CDC, FSC First fully deployed the credits to Siena Corporation, owner/developer of the ezStorage Corporation – Brentwood. The property is a mixed-use development project targeted at the revitalization of the Brentwood Arts District of Prince George’s County.

The ezStorage Corporation – Brentwood serves the needs of both residential and commercial customers and is located on a 1.45-acre site located at 4301-4305 Rhode Island Avenue. The six-story 149,000 square foot infrastructure is comprised of 10,500 square feet of retail/artist studio space, 92,000 square feet of storage space (consisting of 1, 027 storage units ranging in size from 5’ x 5’ to 10’ x 30’), a rental office and a resident manager’s apartment. The retail/artist studio space is located on the street level.

## STATE PROGRAMS

### Community Investment Tax Credits (CITC)

**State Contact**: Estelle Lykes, Project Manager
Maryland Department of Housing and Community Development
100 Community Place
Crownsville, MD 21032
410-209-5800
Lykes@mdhousing.org

**Description:** Community Investment Tax Credits complement other State funding programs which offer resources to assist communities with revitalization efforts. As part of an annual, competitive application process, 501(c)(3) nonprofit organizations apply to the Maryland Department of Housing and Community Development for tax credit allocations. The Community Investment Tax Credit program has leveraged nearly $27 million in charitable contributions to approximately 700 projects across the State. Businesses that contribute cash or goods to approved projects operated by tax exempt organizations are eligible for a tax credit of up to $250,000 for tax year 2007. This credit is in addition to any charitable contribution deduction that is allowed for these contributions on both the state and federal income tax returns.

**Eligibility:**
Projects must be located in or serve residents of a Priority Funding Area and typically involve activities such as:

- Education and Youth Services
- Housing and Community Development
- Job and Self-Sufficiency Training
- Enhancing Neighborhoods and Business Districts
- Arts, Culture and Historic Preservation
- Economic Development and Tourism Promotion
- Technical Assistance and Capacity Building
- Services for At-Risk Populations

The credit may be taken against corporate income tax, personal income tax, insurance premiums tax, or public service company franchise tax. The same credit may not, however, be applied to more than one tax type. Sole proprietorships, corporations, and pass-through entities, such as partnerships, subchapter S corporations, limited liability companies, and business trusts, may claim the tax credit.

**Statutory Reference**: Internal Revenue Code section 501(c)(3)

**How Implemented**: The credit is 50 percent of the value of the donation. Each business may claim a credit of up to $250,000. The total contributions eligible for the tax credits for all approved projects may not be more than $2 million per fiscal year. If the credit is more than the tax liability, the unused credit may be carried forward for the next five tax years.

## Low Income Housing Tax Credits

**State Contact**: Maryland Department of Housing and Community Development
Multi-Family Housing Community Development Administration
100 Community Place Crownsville
Maryland 21032-2033
410-514-7446
taxcredits@mdhousing.org

**Description**: Tax credits are awarded on a competitive basis to nonprofit and for-profit sponsors of eligible housing projects. Eligible types of housing projects include new construction/substandard renovation or acquisition of a residential rental building that complies with tenant income, maximum rent level, and a percentage of low-income occupancy outlined in the program guidelines. A four percent tax credit for ten years is available for projects that are subsidized by the federal government, and a nine percent tax credit is available for those that are not subsidized by the federal government.

**Statutory Reference**: Enacted as a part of the Tax Reform Act 1986 and exists in Section 42 of the Internal Revenue Code of 1996

How Implemented:

1. Nonprofit or for-profit entities obtain letters of support or resolutions from the County Executive, County Council, and communities.
2. Entities apply to MDHCD for LIHTC including the letters of support.
3. The county or local government makes a contribution that substantially reduces the project's development and operations costs, or otherwise significantly supports the project.
4. Applications are accepted in April and September.

**Previous Examples**: During 2013, The Residences at Woodland Springs project located at Atwood Street, District Heights, was awarded $758,595 to construct 36 housing units.

**Negatives**: Strict guidelines for tenant income, maximum rent levels, and a percentage of low-income occupancy may affect the developer's bottom line. There is a limited amount of tax credits available for numerous projects in the state.

**Positives**: These credits may be combined with other financing tools to assist the developer's success in funding the project. Ten percent of the state's allocation is set aside for nonprofit organizations. Developers may use their tax credits to increase their equity invested in the projects, thereby reducing their debt and the risks involved with the project.

## Biotechnology Investment Tax Credit

**Contact**: Mark A. Vulcan, Director
Tax Incentives
Office of Finance Programs
Department of Business and Economic Development
401 E. Pratt Street
Baltimore MD 21202
410-767-6438 or 877-821-0099
*www.bio.maryland.gov*

**Description**: Maryland's Biotechnology Investment Tax Credit program provides income tax credits for individuals, corporations, and qualified Maryland venture capital firms that invest in qualified Maryland biotechnology companies. This tax credit program was established to offer incentives to invest in seed and early stage, privately held biotech companies.

**Statutory Reference**: The Biotechnology Investment Tax Credit Article 10-725, passed in 2005

**How Implemented**: To qualify, companies are required to be less than 12 years old, have their headquarters in Maryland, employ fewer than 50 people, and have a valid certification from the Department of Business and Economic Development. Investors are required to submit applications prior to making an investment.

The value of the credit is equal to 50 percent of an eligible investment made in a qualified Maryland biotechnology company during the taxable year. The maximum amount of the credit cannot exceed $50,000 for individual investors and $250,000 for corporations and qualified Maryland venture capital firms. The total amount of initial credit certificates issued in each fiscal year cannot exceed the amount appropriated to the reserve fund in the state budget. At least 30 calendar days but no more than 60 calendar days prior to making a qualifying investment, the investor must complete and mail the Maryland Biotechnology Investment Incentive Application Forms to the Department of Business and Economic Development. The completed application includes both investor forms (Form A1, A2 or A3) and the Maryland Biotechnology Company Form (Form B).

**Previous Examples**: Beginning on July 3, 2006, DBED received a total of 221 applications for the Biotechnology Investment Incentive Tax Credit. Of these 221 applications, 181 resulted in the issuance of Initial Tax Credit Certificates. Maryland residents accounted for 148 applications and 73 were from other jurisdictions. Thirty-one applications were rejected for various reasons, including incomplete applications and failure to meet the criteria for a Qualified Maryland Biotechnology Companies (QMBC) as determined by DBED.

To date, the program has been highly successful in attracting $12 million in total capital investment into qualifying companies. For the calendar year 2006 a total of $6,812,380 in Initial Tax Credit Certificates were awarded. For FY2006, a total of 20 Qualified Maryland Biotechnology Companies received capital under this program. *None were located in Prince George's County*. They were located in Frederick County, Montgomery County, Howard County, Baltimore City and Baltimore County.

In FY2010, fourteen biotechnology companies, including Zymetis, which is located in Prince George's County, received investments from the Program. The program is being funded in FY 2011 at $8 million. It is a key part of the BioMaryland 2020 plan, the 10-year, $1.3 billion strategy for which the Governor was recently honored as BIO Governor of the Year.

## Research and Development Tax Credit

**Contact**: Mark Vulcan, Director, Tax Incentives
Maryland Department of Business and Economic Development
217 East Redwood Street, 22nd floor
Baltimore, Maryland 21202
410-767-6438 or 877-821-0099
http://business.maryland.gov/

**Description**: Businesses that incur qualified research and development expenses in Maryland may be entitled to Maryland research and development (R&D) tax credits.

**Statutory Reference**: The Maryland Research and Development Tax Credit program was enacted during the 2000 session of the Maryland General Assembly (Annotated Code of Maryland Article 10-721) and applied to tax years ending before December 31, 2004. In 2005, legislation was passed that reestablished the Maryland Research and Development Tax Credit.

How Implemented:

1. To become eligible, a business must apply the Maryland Department of Business and Economic Development.
2. MBED certifies the business to benefit from the tax credit.

***Basic R&D Tax Credit:*** The Basic R&D Tax Credit is three percent of eligible R&D expenses that do not exceed the firm's average R&D expenses over the last four years. However, if the total amount of credits claimed by all firms exceeds $3 million, the Basic R&D Tax Credit will be prorated.

***Growth R&D Tax Credit:*** The Growth R&D tax credit is ten percent of eligible R&D expenses that exceed the firm's average R&D expenses over the last four years. However, if the total amount of credits claimed by all firms exceeds $3 million, then the Growth R&D Tax Credit will be prorated.

The Basic R&D Tax Credit and the Growth R&D Tax Credit remained in effect until January 1, 2011. The General Assembly passed a bill in July 2010 that extended the program from June 30, 2012 to June 30, 2021. The time period in which tax credits may be earned was extended to tax years 2011 through 2019.

**History**: In the sixth year of the Research and Development Tax Credit, DBED certified 110 firms to receive credits for research conducted in Maryland for their tax year ending in 2005. The successful applicants reported $937.2 million in Maryland eligible research and development expenses. None of the benefiting firms were located in Prince George's County.

## Bio-Heating Oil Tax Credit

**Contact**: Maryland Energy Administration
60 West Street, Third Floor
Annapolis, MD 21401
Phone: (410) 260-7207
meainfo.energy.state.md.us

The state of Maryland allows individuals and corporations to take a $0.03/gallon income tax credit for purchases of biodiesel used for space or water heating. The maximum credit is $500 per year and the credit may not be refunded or carried over to subsequent years. In order to qualify for the tax credit, the heating oil blend must contain at least 5% biodiesel (B5).

Businesses may claim a credit for each gallon of heating oil blended with biodiesel purchased for space or water heating. For any tax year, the credit allowed under this section may not exceed $500, or the state income tax for that tax year. The credit is available for the tax years beginning on or after January 1, 2008, but before January 1, 2018, and remains effective for 10 years, through June 30, 2018.

The credit may be taken against corporate income tax or personal income tax. Sole proprietorships, corporations and pass through entities, such as partnerships, subchapter S corporations, limited liability companies and business trusts may claim the tax credit.

**Incentive Type**: Corporate Tax Credit

**Authority**: Maryland TAX-GENERAL Code Ann. § 10-727

**Eligible Renewable/Other Technologies**: Biodiesel

**Applicable Sectors**: Commercial/Industrial

**Amount**: $0.03/gallon

**Maximum Incentive**: $500 per year

**Equipment Requirements**: Fuel must be at least 5% biodiesel

**Start Date:** January 1, 2008

**Expiration Date**: December 31, 2012

## Maryland Job Creation Tax Credit (JCTC)

**Contact:** Wanda L. Plumer
The Prince George's County Economic Development Corporation
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Largo, MD 20774
301-583-4650
wplumer@pgcedc.com
*http://www.pgcedc.com/*

The State of Maryland provides a $1,000 tax credit to businesses that create new jobs to encourage businesses expanding or relocating to Maryland.

**Statutory Reference:** HB-13-1998

**Calculating the Credit:** The credit is 2.5% of aggregate annual wages for all newly created, full-time, jobs, up to a maximum of $1,000 per new job. In a revitalization area, the credit is increased to five percent of annual wages, up to $1,500 per new job. Credits cannot exceed $1 million per credit year. If the credit is more than the tax liability the unused credit may be carried forward for five years.

**Qualifying for the Credit:**
*Declaration of Intent* – A business must notify the Department of Business and Economic Development (DBED) of its intent to seek certification for the Job Creation Tax Credit prior to the hiring of employees.

*Certification* – A business must be certified as a qualified business entity eligible for the tax credit. To be certified, a business must submit applications to DBED.

*Job Creation Minimums* – The business must create 60 new, full-time jobs at the expanding or new facility during a 24-month period. In designated "Priority Funding Areas" (defined below), the minimum is 25. Outside "Priority Funding Areas" the requirement may be reduced to as few as 30 new jobs if the aggregate annual salary of the new employees exceeds 60 multiplied by the State's average annual salary ($2.85 million for 2009). The positions must be filled for 12 months.

*Eligibility of Activity* - The facility must be engaged in an eligible activity.

*Location* - The expansion or establishment of a business must be at a single location in the state. A single firm may have more than one eligible location, provided that each is certified and meets the requirements of the statute.

**Eligible Business Activities**

- Manufacturing
- Transportation or communications
- Agriculture, forestry, fishing or mining
- A public utility
- Warehousing
- Research, development, or testing
- Biotechnology
- Computer programming, data processing or other computer related services
- Central financial, real estate or insurance services

- The operation of central administrative offices or a company headquarters
- Business services firms (only located in a "Priority Funding Area")

A business may also be engaged in the operation of entertainment, recreation, cultural or tourism related activities in a multi-use facility located within a revitalization area if the facility generates a minimum of 1,000 new full-time equivalent filled positions in a two-year period.

**Job Creation Tax Credit Priority Funding Areas:** A business that locates or expands in a “Priority Funding Area” must only create a minimum of 25 new positions to qualify for the Job Creation Tax Credit. A “priority funding area” is defined for the purposes of the Job Creation Tax Credit as:

- State Enterprise Zone
- Federal Empowerment Zone
- DHCD Designated Neighborhood
- Incorporated Municipality
- Areas inside the I-495 and I-695 beltways
- County designated growth area

**Applications & Certifications:** The Job Creation Tax Credit remains in effect until January 1, 2014, subject to extension by the Maryland General Assembly.

**Previous Examples:** Following is a list of qualifying companies:

- Aetna/NYLCare
- Norwood Marble & Granite
- Post, Buckley, Schuh & Jernigan
- Thos. Somerville Company
- Arbros Communications
- Art & Negative Graphics
- Digex
- Protocall Communications
- Gaylord at National Harbor

**Negatives:** The program is not retroactive. The company must notify the state of its intent to use the credit prior to hiring.

**Positives:** The JCTC program can potentially offer significant income tax savings to companies hiring many employees.

## COUNTY PROGRAMS

### Special Assessment Tax Financing

**Contact:** Gail D. Francis, Director
Office of Finance
14741 Governor Oden Bowie Drive, Room 3200
Upper Marlboro, MD 20772
Tel: 301-952-5025
http://www.princegeorgescountymd.gov/

**Description:** Special Assessment Tax Financing is a mechanism similar to tax increment financing; however, in this case, additional taxes are levied on property owners in a specified area. The property owners in the delineated area agree to form a special district and to pay an additional tax to be used for projects within the district boundaries. Most improvements financed with these proceeds are related to local infrastructure, water and sewer lines, lighting improvements, roadways, sidewalks, maintenance, etc.

The Maryland General Assembly has passed a series of legislation to enable municipalities/counties to apply special assessment financing in their jurisdictions. This gives localities more opportunities and flexibility to utilize the tool and create access to new kinds of bonds to finance infrastructure, etc.

For example, the State of Maryland enacted legislation in (HB1567) May 2009 permitting local governments to create PACE programs. The legislation includes provisions permitting local governments to issue bonds to fund such financing programs. If adopted by a local governing body, the program allows local property owners to opt in to a renewable energy or eligible energy-efficiency loan program and repay the loan through a surcharge on their property tax bill. The surcharge remains attached to the property upon a change in ownership and is limited to the amount needed to recover costs associated with issuing bonds, financing the loans, and administering the program. While both renewable energy and energy efficiency improvements are allowed, the state legislation specifically prohibits commercial renewable energy projects larger than 100 kilowatts from participating in local clean energy loan programs.

**Statutory Reference:** Senate Bill 274/House Bill 300, Tax Increment Financing and Special Taxing Districts; Sections 12-201-213 of the Economic Development Article of the Maryland Annotated Code; County Code Section 10-269, Section 9-1301 of Article 24 of the Annotated Code of Maryland

**How Implemented:** The County Executive and the County Council pass legislation creating a district that:

- Identifies membership (generally local businesses)
- Identifies organizational structure, inclusive of management body
- Identifies geographical boundaries of district/authority
- Specifies one or more reasons for establishing the district/authority, such as:
  - Promotion and marketing
  - Security
  - Maintenance
  - Small physical projects

**Implementation Time**: One to two years

**Recent Examples:** Woodview Village, Victoria Falls (both residential), and National Harbor.

**Negatives:** These tools levy additional taxes on occupants within the district. The creation of a district is subject to the approval of property owners in that district.

**Positives:** This financing mechanism is often attractive since only those benefiting from the additional public improvements are paying for them. There is flexibility in size and shape of special assessment tax financing and an opportunity for local management of funds. It has proven to be an effective tool in other jurisdictions.

## Foreign Trade Zone (FTZ)

**Contact:** James Coleman, President and CEO
Prince George's County Economic Development Corporation
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Largo, MD 20774
301-583-4650
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**Description:** FTZs are intended to facilitate import and export activities by allowing domestic activity involving foreign items to take place prior to formal customs entry. This has the effect of reducing duties, tariffs and quota charges. If the items are re-exported, duty is waived. Currently, the county's Foreign Trade Zone (FTZ) consists of 77 acres.

**Statutory Reference:** FTZ Act of 1934, FTZ Board Regulations, Customs Regulations; Maryland Code/ Article 23 Miscellaneous Companies/ Foreign Trade Zones Section 468.

How Implemented:

1. Business involved in international trade submits an Activation Application requesting to use the FTZ. Submission of the application is made by the Grantee or Administrator on behalf of the Grantee.
2. The Grantee (Prince George's County), the U.S. FTZ Board and U.S. Department of Commerce approve and activate the FTZ.
3. If the company, as part of its operations, intends to conduct light manufacturing on the premises, an Application for Manufacturing Authority, to approve this activity must also be approved by the Grantee, the FTZ Board and the US Department of Commerce.
4. Other types of applications are Temporary Interim Manufacturing Authority (TIM), Temporary Minor Boundary Modifications, Sub Zone Applications and applications for Expansions/ Reorganizations.
5. All applications require approval by the Grantee, the FTZ Board and the US Department of Commerce.
6. Minor Boundary Modifications, on a case-by-case basis, may be approved by FTZ Staff at the Prince George's County Economic Development Corporation.

**Implementation Time:** 10-18 months; 75 days with a Letter of Concurrence by the Port Director for TIM applications.

**Example:** Foreign Trade Zone #63 is located in the Steeplechase 95 International Business Prince George's County, Maryland just off the Capitol Beltway and the new Ritchie Marlboro Rd. interchange just off the Capitol Beltway (I-495) and the new Ritchie Marlboro Road interchange (Exit 13).

**Negatives:** There are costs to the Prince George's County Economic Development Administration to administer the FTZ.

**Positives:** Attraction of new companies to the county that are involved in international trade; new jobs and taxes can be created; provides for the continued expansion and growth of existing local industry; and meets the needs of existing businesses whose products and services are geared to international markets.

## Payment in Lieu of Taxes

**Contact:** Eric C. Brown, Director
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http://www.princegeorgescountymd.gov/sites/housingauthority/

**Description:** Payment in Lieu of Taxes (PILOT) is an agreement from the county to abate property taxes and instead charge an amount equal to a negotiated PILOT. The payment can range from zero up to the full amount of taxes due or more. In some cases taxes are deferred rather than abated.

A properly structured PILOT can also be used as a better alternative to a tax increment financing. The PILOT agreement could be negotiated so that the payment is equal to the greater of (1) the debt service on the bonds or (2) the tax payment that would otherwise have been due.

A PILOT is a payment in lieu of taxes (also sometimes abbreviated "PILOT"), made to compensate a local government for some or all of the tax revenue that it loses because of the nature of the ownership or use of a particular piece of real property. Usually it relates to the foregone property tax revenue.

The occasion for such a payment can arise in several different ways:

- Land owned by the federal government is generally not subject to taxation by state or local governments. Under Public Law 94-565, enacted in 1976, the federal government began a program of making payments in lieu of taxation to local governments affected by this reduction in their tax bases.
- In some states where land owned by colleges and universities is not subject to local property taxes, the state government reimburses the local governments for part of the tax revenue that the local government would otherwise have collected. In other cases, the institution makes a direct payment to the local government (which would not otherwise be reimbursed) simply to maintain good relations.[1]
- PILOTs may be negotiated in specific circumstances, as when an arrangement is made for a corporation or institution to build a facility on public land without assuming ownership of the land.
- Similarly, where a non-profit organization may be exempt from equipment taxes and sales taxes, its mission may permit payment of an agreed PILOT to the local tax authorities, to offset the impact upon local services funded by town residents. The size of such payments can be controversial, especially where the organization appears to have federal income from taxable activities.
- As an incentive for investment in taxable infrastructure or other facilities that create a public benefit, a PILOT may be negotiated to limit or defer the property taxes on a developer, striking a balance between public and private economic needs. In effect, the local taxpayers are subsidizing the development, which might otherwise have gone elsewhere. This has occurred in poor rural areas where large wind energy systems are often placed, providing cost relief to the owner and a limited tax payment to the locals.

**Statutory Reference**: Tax-Property Article, §§2-201 and 2-202, Annotated Code of Maryland

**How Implemented:** Recommendations are made by a county agency along with a private developer to the County Council after County Executive review.

Payments in lieu of taxes are authorized under several sections of the law, wherein local governments are permitted to approve such payments. These agreements may affect state, county, and/or municipal taxes. When an agreement is made, the local assessment office must be notified and provided with the following:

1. Name of owner
2. Name of the project
3. Copy of the executed agreement and
4. Calculation method or amount of payment in lieu of taxes

No change in the status of the account is to be made unless this information is provided. Upon receipt of this data, the Supervisor will calculate the necessary abatements and make the following status changes:

1. Change the land use code to E (exempt) or EC (exempt commercial).
2. Assign an exempt status code of 1 (county exempt/state taxable), 2 (state exempt/county taxable), or 3 (county and state exempt).
3. Assign an exempt class code of 805 (payment in lieu of taxes).

This coding provides a method of identification, makes the property exempt from applicable taxes, and yet will continue to produce an assessment notice as required by Tax-Property Annotated Code §8-401. Payments to the Comptroller for the state portion of a payment in lieu shall be separately estimated on the Office of the Comptroller reports without an assessable base amount for the payment in lieu.

**Previous Examples:** Parkway Terrace—Housing Authority negotiated with private developer, Community Partners, to utilize PILOT along with other subsidies to create the financing package (HOME, low income housing tax credits, grants, etc.).

In September 2010, County Council Resolution CR-80-2010 permitted Rainier Development Associates to make payments in lieu of real property taxes in connection with the acquisition and rehabilitation of Rainier manor, a 100 rental unit apartment building for low income seniors.

**Negatives:** Reduces the amount of General Funds generated through property taxes. Property taxes are not received or reduced for the life of the PILOT agreement.

**Positives:** PILOT provides developers with flexibility to utilize funds and make their bottom line positive. It allows the county to negotiate additional amenities for the project (i.e., parks, infrastructure, more stringent renovation standards, etc.) and provides economic incentives for developers to participate in projects in the county.

## Enterprise Zones Tax Credit Program

**Contact:** James Coleman, President and CEO
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301-583-4650
www.pgcedc.com

**Description:** EDC administers this state- and county-supported program designed to provide incentives to encourage business investment and job creation in areas of high unemployment and poverty. The Prince George's County Enterprise Zone encompasses approximately 10,000 acres of commercially zoned land in Prince George's County. The zone is divided into the following Sub-Zones:

- Annapolis Road Corridor
- Cabin Branch Area
- Port Towns
- Southern Area
- Central Area
- International Corridor/ Gateway Arts District

Substantial state and local incentives are offered to stimulate business investment and job creation. The more severely distressed areas of the county's enterprise zone have been designated as focus areas and receive much stronger state incentives.

**Statutory Reference:** Maryland Code—Tax—Property Article 83A, Sections 5-401, 402 and 404 and Tax—General, Section 10-702 and Tax—Property Article 83A, Section 9-103(a)(6) and (d)(4). EDC has drafted and lobbied for several bills (HB-877, etc.) that have created new focus area subsets of an enterprise zone and greatly strengthened state support for these areas. Additional legislation (HB-1155) passed in the 2001 legislative session further helps to improve the program.

How Implemented:

1. EDC markets and implements this program on behalf of the county, with the support of a grant from M-NCPPC.
2. EDC provides a variety of business development services and assists clients in becoming certified to receive state and county enterprise zone incentives.
3. An interested party submits an application to the Prince George's county Enterprise Zone Administrator at PGCEDC.
4. The application will be reviewed by the Enterprise Zone Administrator to determine if the property is located in the Prince George's County Enterprise Zone.
5. A certification letter will be sent to the applicant that allows the applicant to take advantage of Enterprise Zone Incentives.
6. In order to take advantage of the real property tax credit for any given year, applications must be submitted and the company certified as eligible by December 31st of the preceding calendar year.

**State and County Incentives in a Basic Enterprise Zone (State Incentives):**

- $500 state income tax credit for hiring an individual into a newly created job who is not economically disadvantaged (one-time only).
- $1,500, $1,000, $500 (over a three-year period) state income tax credit for hiring an economically disadvantaged individual into a newly created job.

**County Incentives:**

- Ten-year real estate tax credit (sliding scale—80 percent for first five years, 70 percent–30 percent over remaining five years). The state reimburses the county for 50 percent of this cost each year.

**State and County Incentives in a Focus Area: State Incentives:**

- $1,000 state income tax credit for hiring an individual into a newly created job who is not economically disadvantaged (one-time only).
- $3,000, $2,000, $1,000 (over a three-year period) state income tax credit for hiring an economically disadvantaged individual into a newly created job.

**County Incentives:**

- Ten-year real estate tax credit 80 percent (no decline). The state reimburses the locality for 50 percent of this cost each year.
- A ten-year personal property tax credit of 80 percent of the amount of tax otherwise due on new qualified personal property. The state reimburses the county for 50 percent of this cost each year.

**Previous Examples:** In calendar year 2000, EDC actively supported 14 enterprise zone projects, which were expected to generate $33.2 million in new investment, while creating and retaining 919 jobs in the Inner Beltway area. In 2005 EDC supported many enterprise zone projects, which were also expected to generate $35 million in new investment. Results since 2004 are: 135 companies established, 6,939 jobs created, and $164.3 million invested.

**Negatives:** Utilization of this particular county incentive has been very low. For example, only one of the 14 companies that invested in the County Executive's Enterprise Zone in 2000 expected to use the county's enterprise zone real estate tax credit. In addition, the state repays the county for one-half of the taxes abated each year.

**Positives:** This program strongly supports Inner Beltway revitalization by using state incentives and resources.

## Prince George’s County Redevelopment/Revitalization Tax Credits

**Contact:** James Coleman, President and CEO
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**Description:** Redevelopment and Revitalization Tax credits encourage redevelopment and investment in Inner Beltway communities where the median household income does not exceed the county’s median. Eligible improvements to real property located within these districts can receive tax credits on county real property taxes over a five-year period.

Eligible improvements include: the construction, reconstruction or extension of nonresidential structures; the reconstruction or extension of existing residential structures; the construction or reconstruction of new single-family residential structures that are built on lots on which a residential structure has been razed or demolished within the prior five years, or on vacant lots between adjacent lots with single-family residential structures; new construction in developments of less than 10 one-family dwellings; new construction in developments of 10 or more one-family dwellings, or new multifamily units, may be eligible for the tax credit upon resolution of the County Council.

For nonresidential improvements for the first tax year following the year in which the improvements are completed and assessed, the tax credit shall be 100 percent of the amount of the county property tax imposed on the increased assessment. The tax credit shall be reduced to 80 percent in the second tax year, 60 percent in the third year, 40 percent in the fourth year, and 20 percent in the fifth year.

For residential improvements for the first tax year following the year in which the improvements are completed and assessed, the tax credit shall be 100 percent of the amount of the county property tax imposed on the increased assessment. The tax credit shall be reduced to 66 percent in the second tax year and 33 percent in the third year. The maximum amount of eligible residential improvements is $100,000 per dwelling unit.

The tax credit is applied only to improvements for which an application for a building permit is filed after September 26, 1993.

**Statutory Reference**: CB-38-1993

**How Implemented:**

1. The Economic Development Corporation markets the program to commercial and residential uses.
2. Upon the recommendation of the County Executive, or on its own initiative, the County Council may establish, by ordinance, one or more Revitalization Tax Credit Districts.
3. In establishing a revitalization tax credit district consideration is be given to factors related to community redevelopment and business revitalization, such as, but not limited to: median household income, the residential density of the area, land use in the area, economic factors, and unemployment rates.
4. All property located within a Revitalization Tax Credit District are eligible for the tax credit as set forth in Section 10-235.02 of the Prince George's County Code.

5. The Office of Finance receives applications, certifies the applicant businesses, and applies the credit. The Office of Finance web site is; http://www.princegeorgescountymd.gov/Government/AgencyIndex/Finance/index.asp

**Positives:** Revitalization/redevelopment tax credits encourage redevelopment and investment in Inner-Beltway communities of Prince George's County, especially those outside of the enterprise zone.

## Enhanced Tax Credit

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**Description:** Projects that qualify for this tax credit include real estate improvements to adjoining or neighboring new or expanded premises, and personal property located on premises. County tax credit is available at 58% of the property tax imposed for increased assessments due to new or expanded properties. State property tax credit is also available at 31.5 percent of the property tax imposed on the increased assessment. If the property tax credit is granted, then a state tax credit against individual or corporate income tax, insurance premium tax, and financial institution tax is available.

**Statutory Reference:** Maryland Code—Tax—General. Sections 8-217, 8-414, 10-704-8, and Tax—Property Section 9-230.

**How Implemented:**

1. An entity files notice with the county to specify the intent to claim property tax credit. The subject property must meet the credit requirements.
2. The county certifies to the Maryland Department of Business and Economic Development when an entity meets the requirements.

**Implementation Time:** Annually, on October 1. The county is required to notify DBED about the credit amount, and whether there is compliance with the requirements.

**Negatives:** Lower property taxes can affect General Fund receipts, and as such, rigid criteria must be satisfies for an entity to be designated as being in compliance with ETC.

**Positives:** The credit remains available for a qualified property for the duration of a 12-year period, even if the tax credits become abolished.

## Prince George's County New Jobs Tax Credit and Enhanced New Jobs Tax Credit

**Contact:** James Coleman, President and CEO
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**Description:** The New Job Tax Credit (NJTC) and Enhanced New Job Tax Credit are a new programs permitted under state law and enacted by the County Council in 2010 that offer a property tax credit and enhanced property tax credits for real property owned or leased by business entities and on personal property owned by businesses that meet requirements related to the creation of new jobs.

**Statutory Reference:** CB-09-2010

**New Jobs Tax Credit:**

To qualify, a business must:

- Obtain at least 5,000 square feet of new or expanded premises in the County by purchasing newly constructed premises, constructing new premises, causing new premises to be constructed, or leasing newly constructed premises; and

- Employ at least 25 persons, of which at least thirty percent are County residents, in new permanent full-time positions located in the new or expanded premises during a 24-month period in which the business also occupies the premises.

**Enhanced New Jobs Tax Credit:**

To qualify, a business (along with its affiliates) must:

- Obtain at least 250,000 square feet of new or expanded premises in the County.
- Continue to employ at least 2,500 individuals in existing full-time positions paying at least 150% of the federal minimum wage located in the premises.
- Employ at least 500 individuals of which thirty percent are County residents in new permanent full time positions in the premises and, if applicable, in newly renovated premises adjoining the new or expanded premises.

  OR
- Obtain at least 250,000 square feet of new or expanded premises in the County by purchasing newly constructed premises, constructing new premises, causing new premises to be constructed, or leasing new premises.
- Employ at least 1,250 individuals of which thirty percent shall be County residents in new permanent full-time positions located in the new or expanded premises.

Business entities must be primarily engaged in one or more of the following at the qualifying premises:

- Manufacturing or mining
- Transportation or communications
- Agriculture, forestry or fishing
- Research, development or testing
- Biotechnology

- Computer programming, data processing, or other computer-related services
- Central Services as define in Section 6-101 of the Economic Development Article of the Maryland Code
- A public utility
- Warehousing or business services

**How Implemented:** Each eligible business must provide written notification to the County, on a form provided by the Director of Finance (available at the Office of Finance web site: http://www.princegeorgescountymd.gov/Government/AgencyIndex/Finance/index.asp), that it intends to claim the property tax credit or the enhanced property tax credit.

**Implementation Time:** Implementation varies with each project and the timing needs of each project.

**Negatives:** The program is not retroactive. The company must notify the county of its intent to use the credit **before** hiring.

**Positives:** The NJTC program can potentially offer significant property tax savings to companies hiring many employees.

## High Technology Facilities Tax Credit

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**Description**: The High Technology Facilities – Tax Credit was developed to encourage growth and development of existing high-technology companies and attract new high-technology companies. Eligible companies may receive a real property tax credit if they make at least a $500,000 investment in 5,000 square feet or more of real property that is newly constructed or substantially improved by, or for, them and create at least ten new full-time positions over a period of three years. The real property tax credit is phased in over a five year-period, beginning with a 100 percent exemption on the increased assessment in year one; 80 percent in year two; 60 percent in year three; 40 percent in year four; and 20 percent in year five.

**Statutory Reference:** CB-79-1998; CB-80-1998; CB-51-2001; CB-79-2004

**How Implemented:**

1. An eligible business obtains application from the Prince George's County Economic Development Corporation (PGCEDC) for the tax credit.
2. The business submits an application to PGCEDC.
3. PGCEDC staff reviews applications and submits to Prince George's Finance Department.
4. The Prince George's County Finance Department approves each project upon review.

**Implementation Time:** Implementation varies with each project and the timing needs of each project.

**Previous Examples:** Siemens Building Technology in Laurel and Greenhorn & O'Mara.

**Negatives:** The threshold for capital investment and the threshold for new employment are too high to benefit many small technology companies that lease space. A different program is required to attract and retain these firms. It has been used only a few times.

**Positives:** It is the only tax credit program available anywhere in the county and it targets companies that generally provide high-paying jobs in growing industries.

# HIGH TECHNOLOGY AND TECHNICAL ASSISTANCE TOOLS

## STATE PROGRAMS

### BioMaryland

**Contact**: Judy Britz, Ph.D., Executive Director
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**Description:** The BioMaryland Center was established in 2009 under the State of Maryland Strategic Plan for Life Sciences. The Center is located within The The BioMaryland 2020 Strategic Plan is aimed at generating more than $1.3 billion in structured investments and is part of an integrated vision for the industry of bio-entrepreneurial development, enhanced translational and commercialization initiatives, and global partnering. The Center connects life sciences companies, academic and federal researchers with each other and with potential capital sources, partners, clients, and other resources.

Center staff provides information regarding funding and other resources, business plan feedback, access to market research, advocacy, and other industry support. The center offers a limited number of financial awards to companies and faculty working towards commercializing technology, and also promotes the State’s life sciences industry domestically and abroad.

## Main Street Maryland Program

**Contact**:

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**Description**: Main Street Maryland is a comprehensive downtown revitalization program created in 1998 by the Maryland Department of Housing and Community Development. The program strives to strengthen the economic potential of Maryland's traditional main streets and neighborhoods.

**How Implemented**: Using a competitive process, Main Street Maryland selects communities who have made a commitment to succeed and helps them improve the economy, appearance and image of their traditional downtown business districts. To accomplish Main Street goals, DHCD has partnered with the National Trust for Historic Preservation's National Main Street Center, which developed the Main Street Four Point Approach for commercial revitalization. Beginning in 2008, Main Street Maryland programs will also incorporate a Fifth Point: Clean, Safe, and Green. This approach emphasizes the importance of working simultaneously in the following areas:

***Design***: Enhancing the physical appearance of the commercial district by rehabilitating historic buildings, encouraging supportive new construction, developing sensitive design management systems, and long-term planning.
***Organization***: Building consensus and cooperation among the many groups and individuals who have a role in the revitalization process.
***Promotion***: Marketing the traditional commercial district's assets to customers, potential investors, new businesses, local citizens and visitors.
***Economic Restructuring***: Strengthening the district's existing economic base while finding ways to expand it to meet new opportunities and challenges from outlying development.
***Clean, Safe, and Green***: Enhancing the perception of a neighborhood through the principles of Smart Growth and sustainability.

**Resources**: The Main Street Maryland Program offers official Main Street designation, technical assistance, training, and other services to the 23 Main Street communities across the State including:

- Manager orientation and training sessions
- Individual site visits and attendance at local Main Street meetings
- On-site visits to help the community develop and plan for the future
- On-site design assistance
- Specialized training on topics specific to commercial revitalization
- Education about State and Federal programs, grants, and loans
- Conduct quarterly meetings and annual trainings
- Facilitate and promote outreach for Main Street communities
- Provide National Trust for Historic Preservation's National Main Street Center membership

**Eligibility**: Maryland communities meeting the following criteria may apply for participation in the Main Street Maryland program:

- A minimum population of 1,000 based on the most recent U.S. Census survey
- Commitment to employ a program manager for a minimum of three years
- Commitment to organize and maintain a volunteer board of directors and committees made up of public and private sector individuals
- Commitment to provide a program budget for a minimum of three years
- Must be a Designated Neighborhood approved by the State of Maryland
- Must have a defined central business district with a significant number of historic commercial buildings

**Recently Designated Main Streets**: Annapolis (2008), Chestertown (2008), Princess Anne (2008) Berlin (2008), Takoma Park (2005), and Thurmont (2005).

## MdBio Business Development Program

**Contact**:

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http://www.mdbio.org

**Description**: MdBio, a division of the Tech Council of Maryland, is a private nonprofit corporation that seeks to unify, empower and advance Maryland's bio-science industry, providing comprehensive support services to its members and the broader community. Areas of emphasis include corporate and business development, networking and community building, education and workforce development, and communications. The organization works to catalyze growth, development, and global recognition of bio-science in Maryland.

MdBio is focused exclusively on advancing bio-science in Maryland. The organization's resources, knowledge base, and strong track record of service make it well-prepared to address the unique and dynamic needs of the industry.

**What the Program Offers**: MdBio supports Maryland bio-science companies by:

- Facilitating meaningful networking and partnering programs
- Increasing investment and finance opportunities
- Developing a skilled workforce and infrastructure
- Acting as the industry's voice on public policy issues

## MTech (University of Maryland)

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The Maryland Technology Enterprise Institute (Mtech) is a unit of the A. James Clark School of Engineering at the University of Maryland. It has three primary goals:

- Educate the next generation of technology entrepreneurs;
- Create successful technology ventures; and
- Connect Maryland companies with university resources to help them succeed.

The Institute provides wide-ranging services and resources. Some of the programs are:

### The Maryland Industrial Partnerships (MIPS)

This program accelerates the commercialization of technology in Maryland by jointly funding collaborative R&D projects between companies and University System of Maryland faculty. MIPS provides funding, matched by participating companies, for university-based research projects that help companies develop new products. MIPS projects help companies find solutions to technical challenges, as well as develop products, processes or training materials. MIPS projects are conducted by university faculty and graduate students in conjunction with company researchers.

More than 400 Maryland companies have participated in project awards since 1987, worth over $180 million. MIPS-supported products have generated more than $25.2 billion in sales, added jobs to the region, and infused state-of-the-art technology into the global marketplace. The economic impacts associated with MIPS-supported technology generated an estimated $87.3 million in state tax revenues in the year 2011 alone. These estimated one-year 2011 state tax revenues significantly exceed the $37 million lifetime costs of the MIPS program. An estimated $70.6 million in local government revenues was also generated by MIPS supported technologies in 2011

### DC I-Corps

DC I-Corps is a regional program designed to foster, grow and nurture an innovation ecosystem in the nation's capital, the nearby states of Maryland and Virginia, and the mid-Atlantic region. The program is sponsored by the National Science Foundation (NSF) and jointly run by the University of Maryland College Park, George Washington University, Virginia Tech, and Johns Hopkins University. The program provides real world, hands-on training on how to successfully incorporate innovations into successful products. The ultimate goal is to create a new venture or licensing opportunity for program participants.

### Technology Advancement Program (TAP)

Staff of the Technology Advancement Program (TAP) includes seasoned veterans of startups and venture capital firms who provide: business advice and support market intelligence introductions access to funding other critical assistance that can accelerate the growth of your technology venture. TAP offers furnished offices and flexible lab space as well as a multitude of other benefits and services that can only be found at a technology business incubator situated right on the campus of one of the nation's top research universities.

### The Maryland International Incubator

The Maryland International Incubator (MI2) is the result of collaboration between the University of

Maryland, College Park, and the Maryland Department of Business and Economic Development (DBED). The Incubator is to connect Maryland and International companies for successful joint ventures through a targeted array of business services, state-of-the-art facilities, and world-class resources.

## COUNTY PROGRAM

### The Prince George's County Technology Assistance Center

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The Prince George's County Technology Assistance Center (TAC) was created by the Prince George's County Economic Development Corporation (EDC) to provide a nourishing environment for small high-tech companies. Over thirteen such firms call TAC their home, and nine companies have successfully graduated from the program since it began in late 2001. This program also receives funding from the state's TEDCO office.

The Center provides competitively-priced office space and onsite support services, including management and technical assistance for fledgling high technology companies. The Center consists of over eleven thousand square feet of ready-to-occupy space. Office sizes range from a hundred square feet to a six hundred square foot suite. TAC companies utilize shared facilities such as meeting rooms, training rooms, a board room, fax, copiers and a reception area. A small business resource library is also located onsite, as is an equipped exercise room.

**Services & Benefits**
The Center provides:

- Competitively-priced office space with flexible lease terms
- Onsite professional support services, virtual offices, conference rooms, training rooms, Fax machine and copiers
- A reception area; Business resource library
- Training, workshops and events
- Networking and teaming opportunities Twenty-Four hour access to the facility
- Specialized technical assistance from the Technical Advancement Program (TAP) offered by University of Maryland

**Admission into the TAC Program**
A small technology business must provide the following:

- Business Plan, including milestones
- Three-year financial information, including actual historical and five-year projections, if available
- References—trade and professional
- Proof of good standing to do business in Maryland Certificate of insurance