City of Salisbury
Enterprise Zone Program Information And Qualification Application

About the Program

If you are planning to relocate your company, or are already located within the Salisbury/Wicomico Enterprise Zone, you may be eligible for Maryland Enterprise Zone tax credits. There are two Enterprise Zone Tax Credits that are available, the Real Property Tax Credit and the State Income Tax Credit. A business is eligible for the Real Property Tax Credit if it makes a capital investment in its property (i.e., constructs or renovates a building, or expands an existing facility). A business is eligible for the State Income Tax Credit if it hires two or more new full time employees in the zone.

The Real Property Tax Credit

A ten-year credit against local property taxes is available to companies that locate, expand, or substantially improve business properties in the Enterprise Zone. The property tax credit is equal to 80% of the difference between the base value of the property (the assessment in the year prior to new construction, expansion, or substantial improvement) and the newly assessed value of the property after the investment is made. The property tax credit is 80% for five years. During the last five years, the property tax credit declines 10% annually; the credit is 70%, 60%, 50%, 40%, and 30% respectively. This tax credit is administered to the real property owner in their Property Taxes.

Necessary Qualifications:

- Applicant must plan to make a capital investment in its property of $50,000 or more
- Applicant should be mindful of having a base assessment done before commencing work
- Applicant should apply during the permitting process and in advance of doing/completing improvements or construction
- Only commercial properties may apply, any portion of the property devoted to residential use may not receive the credit
- In order to receive a property tax credit for the next taxable year (beginning on July 1 when the tax bill is issued), the local Zone Administrator must certify to the Department of Assessments and Taxation the eligibility of a particular business by no later than the end of the preceding calendar year on December 31st.
- The granting of an Enterprise Zone property tax credit is affected by the timing of the completion of capital improvements, the assessment cycle, and how the improvements are assessed. (I.E. the improvement must change the value of the real property)
- The law states that the credit shall be granted to the “owner” of a qualified property. In cases where a lessee make the capital improvements, the lessees should make a contractual provisions with the owner of the qualified property regarding receipt of the property tax credit.

Submit Application to:
Business Development Specialist – City of Salisbury
125 North Division Street, Room 104
Salisbury, MD 21801
410-677-1915 | info@citylivingsalisbury.com

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The State Income Tax Credit

This credit is applied to your state income taxes, and its value is based on the number and type of new employees hired by the business. To receive the credit the business must meet the following criteria

Necessary Qualifications:

- Must have hired two or more employees that meet necessary qualifications
- Must have been hired after the date on which the Enterprise Zone was designated or the date on which the business relocated in the Enterprise Zone, whichever is later.
- Must be filling a new position or replacing an employee who was previously certified as economically disadvantaged
- Must have been employed at least 35 hours a week for at least six months
- Must be paid at least 150% of the federal minimum wage throughout his or her employment by a business entity before or during the taxable year for which the entity claims a credit
- Must have spent at least half of his or her working hours in the Enterprise Zone or on activities directly resulting from the business location in the zone
- Must be a new employee or an employee rehired after being laid off by the business for more than one year

There are two types of income tax credits. If the employee is not economically disadvantaged, you may qualify for a one-time credit of $1,000 per employee. If the employee is economically disadvantaged (as determined by the Maryland Jobs Service), you may take a credit up to $3,000 of the employee's wages in the first year of employment. The credit is $2,000 in the second year, and $1,000 in the third. Once/if you have been certified, you can claim these credits upon filing a Tax Return.

The Process

1. Fill out the attached application and submit to the Business Development Specialist. The application will allow us to determine whether or not your business is eligible to receive Enterprise Zone benefits. You will receive a letter acknowledging the receipt of your application.
2. The Zone Administrator will review and forward to the appropriate State entities for approval
3. If determined eligible, you will receive a letter confirming this determination from the City of Salisbury. Keep this letter as proof of your Enterprise Zone certification.
4. If you are applying for the Real Property Tax Credit, you will automatically see the Tax Credit reflected in your Property Taxes (either at the start of the next Fiscal Year or after the next Assessment Cycle). If you are applying for the State Income Tax Credits, you will have to claim them or have your accountant/bookkeeper claim them when you file your business entity tax returns.

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Application

Applying For:

Income Tax Credit☐ Real Property Tax Credit ☐ Both☐

General Information

Today's Date: _____
Name of Firm: _____
Contact Person: _____
Title: _____
Mailing Address:

_____

_____

Street Address (if different):

_____

_____

Telephone Number: _____
E-Mail Address: _____

Property Information

Address of Property for Which Enterprise Benefits are sought:

_____

_____

Property Tax # (10 digit – if available): __ __ __ __ __ __ __ __ __ __
Name of Property Owner: _____
Address of Property Owner: _____
Approximate Size of Property: _____ Acres
Approximate Size of Existing Building: _____ Square Feet
Current Base Assessment Price: $_____

Information on Applicant Business

Is Company Located in Enterprise Zone now: Yes☐ No☐
Is Company relocating from another place?: Yes☐ No☐
If yes, where was previous location?: _____
Is Company a new, start up business?: Yes☐ No☐
Headquarters location: _____

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Describe the Company's primary and secondary products or services that are, or will be, produced at the facility in the Enterprise Zone:

_____

_____

Business NAICS Code (if available): _____

Proposed Project – Real Property Tax Credit

Proposed Project Is: New Construction☐ Rehabilitation☐

Project Starting Date: _____

Anticipated Completion Date: _____

Description of Project:

_____

_____

_____

Cost of Project: $_____

Proposed Project – State Income Tax Credit

Current Number of Employees in the Zone:

Total:____ Full Time:____ Part Time:____

New Jobs Created in the Zone:

Total:____ Full Time:____ Part Time:____

Creation Date: _____

Hourly Wage for Typical New Job (without benefits): $_____/hour

Additional Cost of Benefits Provided (Per New Employee): $_____/hour

☐Please include a list of all hired employees, the date of hire, how many hours a week they work, and what their wages are.

Signatures

Signature of Person Completing This Form:_____

Typed Name: _____

Title: _____

Date: _____

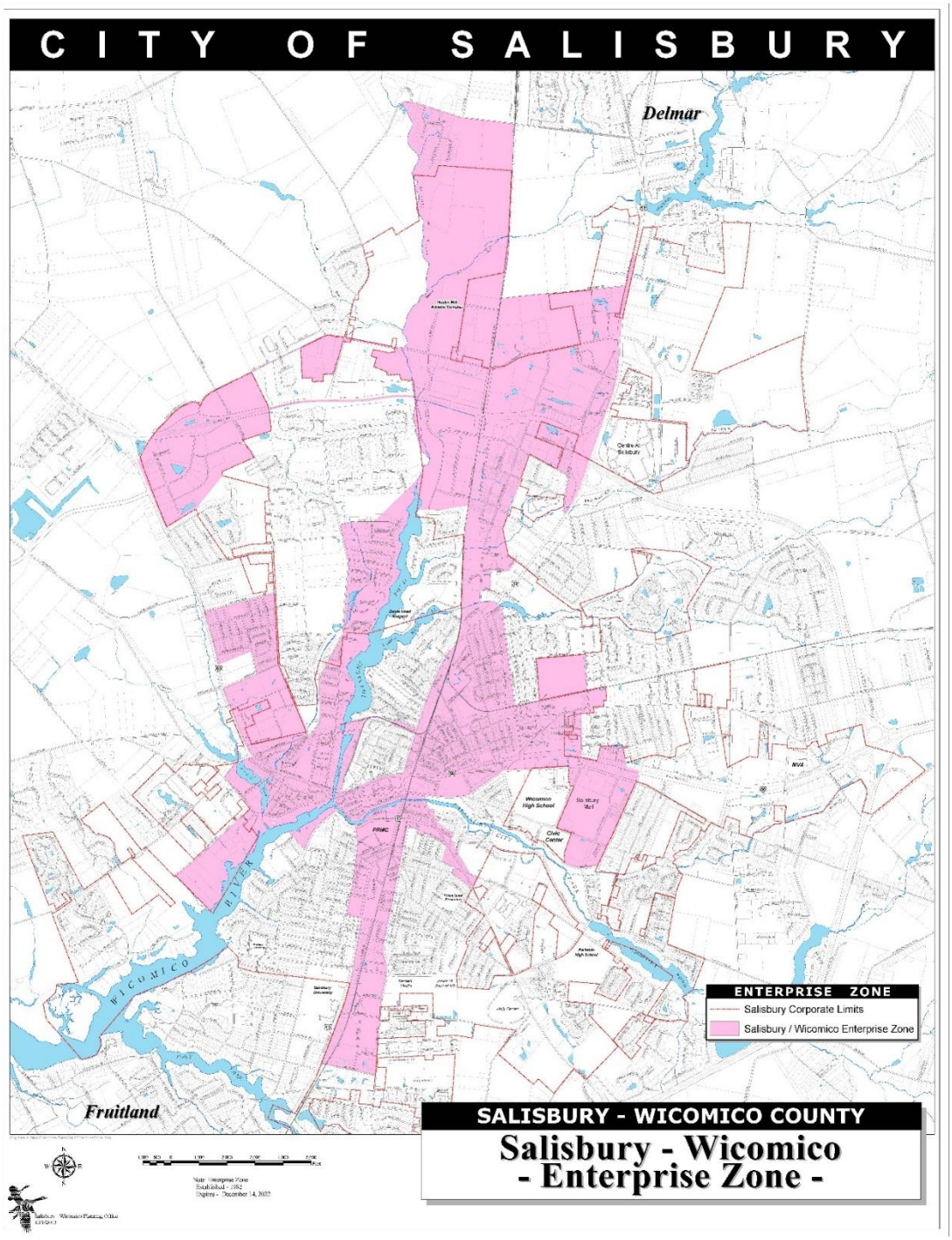
How did you hear about this opportunity:

_____

_____

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