

## News

### Maryland Enacts Enhancements to Opportunity Zone Program

**May 21, 2019**

Governor Larry Hogan has signed into law new incentives for businesses that locate in designated Opportunity Zones designated under the federal Opportunity Zone Program. The law, SB581, which will become effective July 1, 2019, allows for businesses located in Opportunity Zones to take advantage of a number of state tax credit programs, whether or not such businesses actually certify themselves as Qualified Opportunity Zone Businesses under the federal Opportunity Zone Program.

The federal Opportunity Zone Program was created under the Tax Cuts and Jobs Act of 2017 to provide federal tax incentives for investments in real property and businesses located within designated opportunity zones with the purpose of spurring economic development and job creation in distressed communities. There are 149 Opportunity Zones designated in Maryland, with at least one in each County.

Under the Maryland Opportunity Zone Enhancement Program, businesses located within a designated Opportunity Zone may qualify under the following Maryland tax credit programs administered by the Department of Commerce:

- (1) Job Creation;
- (2) One Maryland;
- (3) Enterprise Zone;
- (4) Biotechnology Investment Incentive;
- (5) Cyber Security Investment Incentive; and
- (6) More Jobs for Marylanders.

In order to obtain the aforementioned tax credits, the business needs to satisfy the other conditions provided under the authorizing statute. For example, in order to obtain the Jobs Creation Tax Credit, the business needs to create within a 24 month period a minimum number of new permanent positions, ranging from 10 to 60 depending upon location, paying at least 120% of minimum wage, with the amount of the credit varying depending upon whether the facility is located within a revitalization area or not and with the total amount of credits allowable for any given business entity subject to a stated maximum dollar ceiling for any taxable year.

The legislation also liberalizes the availability of tax credits under some Maryland tax credit programs and extends the duration of several of the existing Maryland tax credit programs.

As this area is fairly complex and is fact dependent on the type of business, anyone interested in learning more about the potential benefits of the new Maryland statute should feel free to contact any of our attorneys who are familiar with the

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Opportunity Zone Program, including Jack Orrick at 301-961-5213 or [jorrick@linowes-law.com](mailto:jorrick@linowes-law.com); Brad Dashoff at 301-961-5147 or [bdashoff@linowes-law.com](mailto:bdashoff@linowes-law.com); and Jackson Siegal at 301-961-5157 or [jsiegal@linowes-law.com](mailto:jsiegal@linowes-law.com).