



Seat Pleasant: *A Smart City of Excellence*

OFFICE OF THE MAYOR

January 24, 2020

The Honorable Anne Kaiser, Chair
Ways and Means Committee
Room 131
House Office Building
Annapolis, Maryland 21401

RE: In Support of House Bill 45

Dear Chair Kaiser,

This correspondence is my support of House Bill 45 Economic Development – Opportunity Zone Incentives – Alteration of the More Jobs for Marylanders and Opportunity Zone Enhancement Programs.

The City of Seat Pleasant was designated as one of 149 Opportunity Zones in Maryland, and one of 26 in Prince George’s County, as assigned by the United States Treasury Department and the Governor of Maryland as of June 2018. As we are aware, this entitles investors with high, unrealized capital gains to cash in the appreciation of their gains while deferring the taxes on the gains if they redirect these gains into properties located in designated commercial areas of our city.

Seat Pleasant currently has over 90 businesses located within our designated Opportunity Zone. Through this designation, The City of Seat Pleasant offers a significant tax benefit and investing opportunity tool to qualified investors, businesses and developers who are interested in starting or expanding a business in the city. This has (and is) spurring economic development activity in the city; creating and sustaining jobs and, most importantly, attracting investors to Seat Pleasant. In a city of 5.3% unemployment and where 16 percent of our residents are at or below the poverty line, I am a champion of all incentives and initiatives that prove to be mutually beneficial for my citizens.

It is my pleasure to offer my testimony today in support of this measure that will increase the successful outcomes of Opportunity Zones throughout the State. If I may, I would like to address specific points of the legislation.

- First, a prohibition on certain businesses known as “sin businesses” is quite welcome. Most areas that qualify as Opportunity Zones already have more than enough of these kinds of businesses and have little to no interest in incentivizing more to come in. These

311 68th Place ▪ Seat Pleasant MD 20743-2125 ▪ (301) 336-2600 ▪ Fax 301-456-8681

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types of operations tend to generate consequences such as black-market operations and drug trafficking and ultimately cost the jurisdictions more in expenses than what is generated in revenues and opportunities.

- Second, the wage loophole should be closed because for Prince George's County in particular (where the minimum wage is currently \$11.50) we could be vulnerable to unintended consequences because the State minimum wage is currently \$10.10.
- Third, I am in favor of ensuring that a business be required to open or expand in order to receive these coveted credits. The underlying intent of Opportunity Zones is to benefit economically distressed communities and NEW activity sparks this growth much more so that a business receiving a benefit for existing.
- Fourth, as the World's First Authentic Small Smart City, Seat Pleasant supports the reporting requirement because this generates valuable data. As a data driven government, our assessments and decisions are based on receiving accurate and reliable data.
- Finally, the sunset provision would be beneficial in that it incentivizes those prospective investors to act within an established time frame. This would allow distressed communities the benefit of being able to plan and project accordingly.

It is my hope that your committee will give a favorable report on House Bill 45 which would substantially and positively impact those communities defined as Opportunity Zones. If you should require additional information, please feel free to contact my office at (301) 336-2600.

Yours in Excellent Service,



Eugene W. Grant, Mayor
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