

Date: January 29, 2020

Position on HB 45: Opposed

My name is Leonard Mills and I am CEO of Verte Opportunity Fund, a Maryland-based, qualified Opportunity Zone Investment Fund (QOF). Verte Opportunity Fund (Verte OZ) is focused on promoting positive economic development by bringing private funding to designated Opportunity Zones in the state of Maryland, and elsewhere. Verte OZ operates in the UMD Discovery District in College Park, Maryland. I am also here representing these operating businesses and as a member of the Association of University Research Parks (AURP).

The federal Opportunity Zone (OZ) initiative was passed with intent to funnel unused capital gains into real estate and business ventures in economically distressed areas, and thereby promoting positive economic development in those areas.

Last year, the Hogan Administration and current General Assembly passed additional incentives for Opportunity Zone investments in Maryland. Today, our state is viewed nationally as one of the most progressive in leveraging the Opportunity Zone tax program. I want to congratulate this committee and the General Assembly for taking tremendous initiative to incentivize investment and establish Maryland as a leader in the OZ space. With the OZ program and additional incentives, Maryland businesses and jurisdictions stand to see significant private economic investment, far more than the state currently spends using state tax dollars to support TEDCO and the Maryland Department of Commerce.

As CEO of Verte OZ, I have set out to raise \$50M in funding to support small businesses in designated OZs. As of today, half of the companies in Verte OZ's dynamic and ever-growing portfolio are based in the state of Maryland and have received investment through our QOF. So far, the Verte Opportunity Fund has invested in a revolutionary medical device company that works to commercialize technology developed at Johns Hopkins University. Using the OZ and state incentives, we were able to recruit this firm back to Maryland from Silicon Valley; to the 1100 Wicomico Incubator building in Pigtown in Baltimore City. Verte OZ also invested in an electric vehicle company which is co-headquartered in two Maryland OZ's. This company is establishing hubs in OZ's that lease, service, and assemble electric trucks and buses for commercial and municipal fleet operations. It is vital to these investments and others, as well as the Opportunity Zone communities they're impacting, that the state of Maryland continue to maintain a stable and predictable investing climate.

With the passage of HB 45, that climate changes. This bill creates restrictive and unattractive barriers to investment. With HB 45's provisions of OZ investment eligibility and reporting requirements, firms like mine will be faced with additional hurdles in our intent to bring private capital and positive, sustainable economic impact to communities. Furthermore, Maryland will no longer be considered a leader in the OZ investment space, ultimately taking our state from one of the most influential and progressive, to one of the worst to invest in. Through Verte OZ's outreach efforts across the country, we have seen states working to stack incentives and pass legislation that utilizes and helps promote the progress of the OZ program. With HB 45's passage, Maryland will be hurting progress in our state, rather than helping it. If new reporting and other requirements for OZ investing are to be implemented, I plead for administrators to consider waiting for Congress to universally change those requirements. The OZ incentives are still in a nascent stage, and Maryland should not place itself at a disadvantage compared to other states.

I sincerely thank you for your time and consideration on this matter.

Sincerely,



Dr. Leonard Mills  
CEO, Verte Opportunity Fund