

RESOLUTION NO. 2892

A RESOLUTION OF THE CITY OF SALISBURY, MARYLAND DECLARING THAT PURE FITNESS LLC IS ELIGIBLE TO RECEIVE ENTERPRISE ZONE BENEFITS FOR PROPERTY LOCATED AT 600 GLEN AVENUE, SALISBURY MD.

WHEREAS the City of Salisbury, Maryland and Wicomico County created an Enterprise Zone on June 6, 1983 for the purpose of encouraging economic development of the area encompassed within the boundaries of such zone; and

WHEREAS the Enterprise Zone was created under authority granted by the State of Maryland; and

WHEREAS the State Code permits certain benefits to be extended to businesses that locate or expand in the Enterprise Zone provided that they meet certain standards; and


WHEREAS, the City of Salisbury and Wicomico County have also established certain standards, which must be met in order for a business to be deemed eligible to receive Enterprise Zone benefits; and

WHEREAS, Pure Fitness LLC meets the standards set forth in the State Code and in local regulations to be eligible to receive Enterprise Zone benefits; and


WHEREAS, Tara Smith, representing Pure Fitness LLC, has requested that the company be designated as eligible for Enterprise Zone benefits because of its investment of more than \$50,000 at their property located in the zone at 600 Glen Avenue.

NOW, THEREFORE, BE IT RESOLVED by the City of Salisbury, Maryland that Pure Fitness LLC be designated as eligible to receive the benefits of the Enterprise Zone effective upon the adoption of this resolution.

The above Resolution was introduced and read and passed at the regular meeting of the Salisbury City Council on the 10th day of December, 2018.



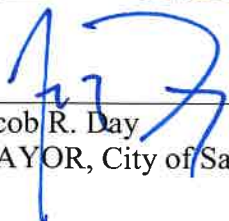
Kimberly R. Nichols
CITY CLERK



John R. Heath
PRESIDENT, City Council

APPROVED by me this

11th day of DECEMBER 2018.



Jacob R. Day
MAYOR, City of Salisbury

INTER

OFFICE

MEMO

Office of the Mayor

To: City Council
From: Laura Soper
Subject: Enterprise Zone Eligibility – Pure Fitness LLC
Date: December 10, 2018

Attached is a copy of the application requesting Enterprise Zone designation for Pure Fitness LLC that I received from Tara Smith. I have reviewed this application and, to the best of my knowledge, this establishment meets all of the qualifications to be so designated. This property is located within the boundaries of the City's Enterprise Zone, and this company has invested more than \$50,000 in the property and/or has hired (or will hire) two or more NEW full time employees since locating in the Enterprise Zone.

I recommend that the City Council adopt the attached resolution designating Pure Fitness LLC located at 600 Glen Ave, eligible to receive the benefits of the Enterprise Zone.

As a reminder, companies that are declared eligible for enterprise zone benefits are able to receive either a one time Income Tax Credit of \$1,000 per new employee hired or a 10 year Property Tax Credit. The purpose of this program is to encourage industries to locate in areas identified as enterprise zones and to reinvest in such properties.

cc: Mayor Day
Julia Glanz
Kim Nichols

Attachments

**Application for Maryland State Enterprise Zone Certification in
Salisbury-Wicomico County, Maryland**

This application will determine whether your business, property, or developer is eligible for Maryland Enterprise Zone tax credits. If determined to be eligible, you will receive a letter from the Enterprise Zone Administrator indicating which tax credit(s) you are eligible to receive.

Applying For:

Income Tax Credit

Real Property Tax Credit

Personal Property Tax Credit (Applies only to Focus Area Zones)

This Section is to be filled by Local Zone Administrators Only

The Real Property 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 after receiving all required building permits and before or at the beginning of 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.

The State Income 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:

- 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.

- To be eligible, an applicant must answer all questions in Sections A and B
- If applying for the "Property" tax credit, please complete Section C
- If applying for the "Employment (income)" tax credit, please complete Section D
- If the account is located in Focus Area and you are applying for the "Personal Property" tax credit, please complete Section E

Section A: Applicant Information

Name of Business / Developer applying for Enterprise Zone credits:

Pure Fitness, LLC

Name of Contact Person: Tara Smith

Title: Office manager

Phone: 410-742-7697

Email: taryllynnsmith41@gmail.com

Mailing Address: Po Box 2777 Salisbury, MD 21802

Section B: Enterprise Zone Property Information

Enterprise Zone Property Address: 600 Glen Avenue Salisbury, MD 21804

Property Tax Account Number: _____

Property Ownership: Empire Fitness

Lease: _____ Own:

Section C: Enterprise Zone Property Improvements Information

To be eligible for Enterprise Zone property tax credits, the application must be submitted prior to the project completion date and issuance of User/Occupancy Permits. If the developer or company making property improvements is applying on behalf of the property owner, the property owner must concur with the application by co-signing below. The property tax credits are automatically applied to the property tax bill (i.e., directly awarded to the property owner only). If you are not applying for the property tax credit, this section may be left blank.

Owner of the Real Property: Empire Fitness, LLC / Tony Taghipour

Mailing address of property owner: Po Box 2777, Salisbury, MD 21802

Phone: 443-235-6611

Email Address: tonytagh@gmail.com

Project Start Date: 10/1/18

Anticipated Project Completion Date: 11/30/18

Briefly describe capital improvements plans: Completely renovate the inside and outside

Type of Construction and Costs

Cost of building(s) & land (acquisition): \$ 2,050,000.00

New Construction: \$ 40,000.00

Rehabilitation: \$ 1,000,000.00

Cost of new machinery & equipment*: \$ 250,000.00

I agree as a condition of certification to provide all data required by the Enterprise Zone Administrator as requested.

Name of Applicant: Tony Taghipour Position/Title: Owner

Applicant Signature: [Signature] Date: 1/16/18

Name of Property Owner: Tony Taghipour Position/Title: _____

Property Owner Signature: [Signature] Date: 1/16/18

*Cost of new machinery & equipment is not a part of real property assessment.

Laura Soper

From: Connie Klaverweiden
Sent: Tuesday, November 20, 2018 9:16 AM
To: Laura Soper; Olga Butar
Cc: Keith Cordrey
Subject: RE: Enterprise Zone application

Laura,

Since this a new business, there is no debt past or present due under their personal property tax ID or real estate tax ID. Looks like the real estate is owned by Empire Fitness LLC.

Connie Klaverweiden
Revenue Supervisor
Finance Department
City of Salisbury
125 N. Division Street, Room 103
Salisbury, MD 21801
410-548-3110



From: Laura Soper
Sent: Monday, November 19, 2018 1:07 PM
To: Olga Butar <obutar@salisbury.md>; Connie Klaverweiden <cklaverweiden@salisbury.md>
Cc: Keith Cordrey <kcordrey@salisbury.md>
Subject: RE: Enterprise Zone application

Hi Connie,
Let me know when you get the chance, the timeline for this application is a little tight – so I'm trying to expedite it.
Thank you
Laura

From: Olga Butar
Sent: Wednesday, November 14, 2018 3:13 PM
To: Connie Klaverweiden
Cc: Keith Cordrey; Laura Soper
Subject: FW: Enterprise Zone application

Connie,

Laura Soper

From: Amanda Pollack
Sent: Thursday, November 15, 2018 9:52 AM
To: Laura Soper
Cc: Anne Roane
Subject: RE: Enterprise Zone application

Laura,
The Enterprise Zone application for Pure Fitness at 600 Glen Avenue meets all of the criteria evaluated by the Infrastructure and Development department.
Please let me know if you have any questions.
Amanda

Amanda H. Pollack, P.E.

Director
Department of Infrastructure and Development
City of Salisbury
125 N. Division St., Room 202
Salisbury, MD 21801
410-548-3170



www.salisbury.md

From: Laura Soper
Sent: Wednesday, November 14, 2018 3:02 PM
To: Amanda Pollack; Anne Roane; Keith Cordrey
Cc: Olga Butar
Subject: Enterprise Zone application

I have received a request from Pure Fitness LLC located at 600 Glen Ave, Salisbury, MD that they be deemed qualified to receive Enterprise Zone benefits. In order to receive such designation, it is necessary that they meet certain criteria. I am requesting that your departments help me in processing their application by helping me to determine if they meet the necessary criteria.

Infrastructure & Development

Does this business meet the limitations of the City's Sewer Use Ordinance?

Does this business meet State and local storm water management codes and regulations?

Does this business meet the zoning code?
Does this business comply with subdivision regulations?
Does this business meet the building code (or did it at the time of construction)?
Does this business meet all permit requirements?

Finance

Is this business up to date on their taxes?
Are they in good standing with SDAT?

Please answer the questions above under the heading for your department and return to my office by 11/19/2018. Your assistance is appreciated. If you have any questions, please let me know.

Laura Soper
Director of Business Development
City of Salisbury
110 N Division Street
Salisbury, MD 21801
(O): 410-677-1916



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City of
Salisbury
Jacob R. Day, Mayor

November 14, 2018

Tara Smith
Pure Fitness LLC
PO Box 2277
Salisbury, MD 21802

Dear Ms. Smith:

I have received your request for enterprise zone designation for Pure Fitness LLC located in Salisbury MD. I will begin processing this request immediately. I will be back in touch if I need further information, and to let you know when this matter will be brought before the City Council and the County Council for approval.

If you have any questions in the meantime, please let me know. My phone number is 410-677-1916.

On behalf of the Mayor and the City Council, I would like to express our appreciation for your interest in investing in our community.

Very truly yours,

Laura Soper
Director of Business Development – City of Salisbury