

**RESOLUTION NO. 2917**

A RESOLUTION OF THE CITY OF SALISBURY, MARYLAND DECLARING THAT ELITE CONSTRUCTION LLC IS ELIGIBLE TO RECEIVE ENTERPRISE ZONE BENEFITS IN CONNECTION WITH ITS BUSINESS LOCATED AT 107 WILLIAMSPORT CIRCLE, 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

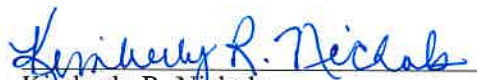
WHEREAS, Elite Construction LLC meets the standards set forth in the State Code and in local regulations to be eligible to receive Enterprise Zone benefits; and

WHEREAS, Sara Lavdas, representing Elite Construction LLC has requested that the company be designated as eligible for Enterprise Zone benefits because of its hiring of two or more new full time employees.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Salisbury, Maryland that Elite Construction 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 25<sup>th</sup> day of February, 2019.

ATTEST:



Kimberly R. Nichols  
CITY CLERK



John R. Heath  
PRESIDENT, City Council

APPROVED by me this  
27<sup>th</sup> day of FEBRUARY 2019.



Jacob R. Day  
MAYOR, City of Salisbury

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**OFFICE**

# MEMO

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## Office of the Business Development

**To:** City Council  
**From:** Laura Soper  
**Subject:** Enterprise Zone Eligibility – Elite Construction LLC  
**Date:** February 27, 2019

Attached is a copy of the application requesting Enterprise Zone designation for Elite Construction LLC that I received from Sara Lavdas. 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 Elite Construction LLC located at 107 Williamsport Circle, 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:  
Elite Construction, LLC

Name of Contact Person: Sara Lavdas

Title: CPA

Phone: 410-749-1919

Email: slavdas@trscpa.com

Mailing Address: 1405 Wesley Drive, Salisbury, MD 21801

**Section B: Enterprise Zone Property Information**

Enterprise Zone Property Address: 107 Williamsport Circle, Salisbury, MD 21804

Property Tax Account Number: 13-059748

Property Ownership: Diamond Dudley Properties LLC

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: \_\_\_\_\_

Mailing address of property owner: \_\_\_\_\_

Phone: \_\_\_\_\_

Email Address: \_\_\_\_\_

Project Start Date: \_\_\_\_\_

Anticipated Project Completion Date: \_\_\_\_\_

Briefly describe capital improvements plans: \_\_\_\_\_

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Type of Construction and Costs

Cost of building(s) & land (acquisition): \$ \_\_\_\_\_

New Construction: \$ \_\_\_\_\_

Rehabilitation: \$ \_\_\_\_\_

Cost of new machinery & equipment\*: \$ \_\_\_\_\_

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

Name of Applicant: \_\_\_\_\_ Position/Title: \_\_\_\_\_

Applicant Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Name of Property Owner: \_\_\_\_\_ Position/Title: \_\_\_\_\_

Property Owner Signature: \_\_\_\_\_ Date: \_\_\_\_\_

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

**Section D: Enterprise Zone Employment Tax Credit Information**

To be eligible of Enterprise Zone employment tax credits, please complete the following section. Employment tax credits to be applied against State income tax liabilities are available for certain new employees hired in the Enterprise Zone. The requirements for qualified employees can be found on Maryland Department of Commerce Website: <http://commerce.maryland.gov/fund/programs-for-businesses/enterprise-zone-tax-credit>. If you are not applying for the employment tax credit, this section may be left blank.

Federal Employer Identification Number (EFIN): 47-4679276

Unemployment Insurance #: 0090625950 NAICS Code (if available): 531390

Type of Business (i.e., restaurant, retail, financial services, etc.): Construction & Maintenance

Is business located in the Enterprise Zone now? Yes X No     

If yes, since what year: 2017

Is the business relocation from another place? Yes X No     

If yes, where was the previous location?: 1405 S. Salisbury Blvd, Salisbury, MD

Is the business a new, start-up? Yes      No X

Did the Enterprise Zone benefits affect your decision to locate at this address? Yes  No

If yes, please explain how the Enterprise Zone benefits will assist your business. :

Number of existing employees: 9 **all started in October 2018 and were brand new positions**

If you are new to the Enterprise Zone, please provide the number of employees before relocating or locating in the Enterprise Zone: 0

If you were already located in the Enterprise Zone, please provide the number of employees as of date of this application in the Enterprise Zone:     

Number of new full-time jobs to be created in the Enterprise Zone in the next 12 months: 1-2

Number of new part-time jobs to be created in the Enterprise Zone in the next 12 months:     

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

Name of Applicant: Sara A Lavdas Position/Title: CPA

Signature:  Date: 1/11/2019

## Laura Soper

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**From:** Connie Klaverweiden  
**Sent:** Friday, January 25, 2019 1:24 PM  
**To:** Laura Soper  
**Subject:** RE: Enterprise Zone Request

Laura,

Sorry. I did not realize that was a second application at the same address. Elite Construction is in good standing.

**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:** Friday, January 25, 2019 12:45 PM  
**To:** Connie Klaverweiden <cklaverweiden@salisbury.md>; Olga Butar <obutar@salisbury.md>  
**Subject:** RE: Enterprise Zone Request

Thank you, is Elite Construction in good standing?

**From:** Connie Klaverweiden  
**Sent:** Friday, January 25, 2019 12:30 PM  
**To:** Olga Butar; Laura Soper  
**Subject:** RE: Enterprise Zone Request

Laura,

I am not sure who has to qualify (the business at the address or the property owner). Here is the bad news.

Diamond Dudley Properties LLC has not paid any of their real estate taxes this year. They owe in excess of \$18,000.00. I have attached a print-out.

Brandon C. Brittingham Realtor, PC owes the city 3 years of personal property taxes (2017, 2018, & 2019). All bills are past due. The business is not in good standing with SDAT. Print-outs are attached.



**Laura Soper**

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**From:** Amanda Pollack  
**Sent:** Wednesday, January 23, 2019 4:37 PM  
**To:** Laura Soper  
**Subject:** RE: Enterprise Zone application

Laura,  
This is an existing structure which was built in 1988. When it was built, it met all codes at the time. It currently meets all requirements evaluated by the Infrastructure and Development Department.  
Amanda

**From:** Laura Soper  
**Sent:** Friday, January 18, 2019 10:56 AM  
**To:** Amanda Pollack; Anne Roane; Keith Cordrey; Olga Butar  
**Subject:** Enterprise Zone application

I have received a request from Elite Construction LLC located at 107 Williamsport Circle, Salisbury, MD that they be deemed qualified to receive Enterprise Zone benefits (State Income). 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 1/25/2019. Your assistance is appreciated. If you have any questions, please let me know.

**Laura Soper**  
Director of Business Development