

RESOLUTION NO. 3111

A RESOLUTION OF THE CITY OF SALISBURY, MARYLAND DECLARING THAT 106 NORTH DIVISION STREET LLC IS ELIGIBLE TO RECEIVE ENTERPRISE ZONE BENEFITS FOR PROPERTY LOCATED AT 106 N DIVISION STREET, 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, 106 North Division Street LLC meets the standards set forth in the State Code and in local regulations to be eligible to receive Enterprise Zone benefits; and

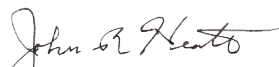
WHEREAS, Bret Davis, representing 106 North Division Street LLC has requested that the company be designated as eligible for Enterprise Zone benefits because of its investment of more than \$50,000 at their property located in the zone at 106 N Division Street and/or for their hiring of two or more new full-time employees;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Salisbury, Maryland that 106 North Division Street 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 28th day of June, 2021.

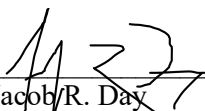


Kimberly R. Nichols
CITY CLERK



John R. Heath
PRESIDENT, City Council

APPROVED by me this
30th day of June 2021.



Jacob R. Day
MAYOR, City of Salisbury

INTER

OFFICE

MEMO

Office of the Business Development

To: City Council
From: Laura Soper
Subject: Enterprise Zone Eligibility – 106 North Division Street LLC
Date: June 28, 2021

Attached is a copy of the application requesting Enterprise Zone designation for 106 North Division Street LLC that I received from Bret Davis. 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 106 North Division Street LLC located at 106 N Division Street, 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:
106 North Division Street LLC

Name of Contact Person: Bret Davis

Title: Owner

Phone: 240-994-6481

Email: bdavis@davis-strategic.com

Mailing Address: 318 W. Carroll Street Suite A Salisbury, MD 21801

Section B: Enterprise Zone Property Information

Enterprise Zone Property Address: 106 N. Division Street Salisbury, MD 21801

Property Tax Account Number: 09-047069

Property Ownership: 100%

Lease: Own: X

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: 106 North Division Street LLC

Mailing address of property owner: 318 W. Carroll Street Suite A Salisbury, MD

Phone: 240-994-6481

Email Address: bdavis@davis-strategic.com

Project Start Date: 7/1/2021

Anticipated Project Completion Date: 12/1/2021

Briefly describe capital improvements plans: Commercial redevelopment, Tenant Fit out,

replacing lighting, replacing hvac, upgrading security features, and installing new roof

Type of Construction and Costs

Cost of building(s) & land (acquisition): \$ 135,000

New Construction: \$ _____

Rehabilitation: \$ 398,000


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: Bret Davis Position/Title: Owner

Applicant Signature:  Date: 6/14/2021

Name of Property Owner: Bret Davis Position/Title: Owner

Property Owner Signature:  Date: 6/14/21

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

Section D: Enterprise Zone Employment Tax Credit Information

To be eligible for 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): 85-2779835

Unemployment Insurance #: _____ NAICS Code (if available): _____

Type of Business (i.e., restaurant, retail, financial services, etc.): Real Estate Holding

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

If yes, since what year: _____

Is the business relocation from another place? Yes _____ No X

If yes, where was the previous location?: _____

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: 0

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

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: 0

Number of new full-time jobs to be created in the Enterprise Zone in the next 12 months: 0

Number of new part-time jobs to be created in the Enterprise Zone in the next 12 months: 0

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

Name of Applicant: Bret Davis Position/Title: Owner

Signature:  Date: 6/14/2021

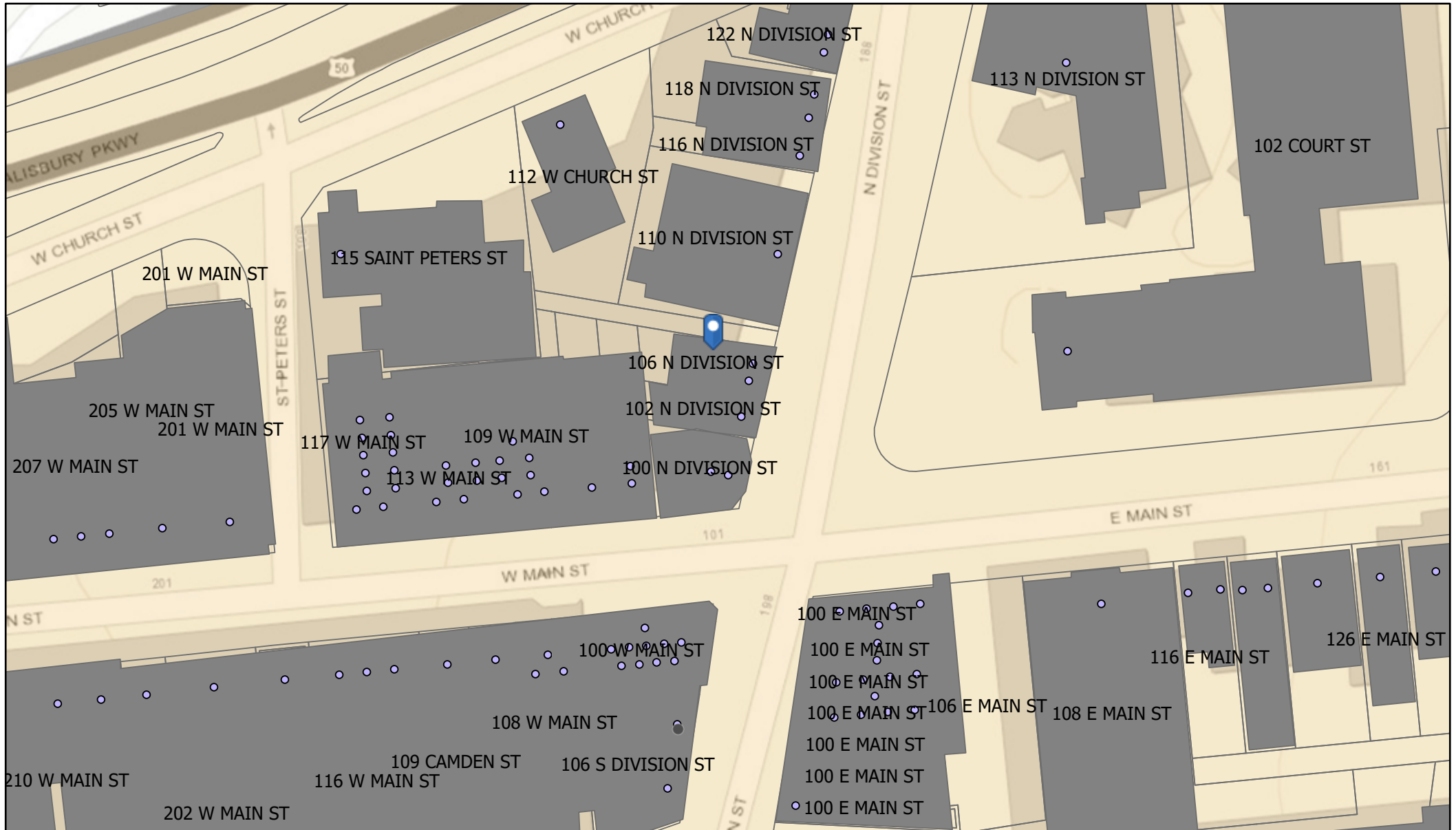
Real Property Data Search (w4)

Search Result for WICOMICO COUNTY

View Map	View GroundRent Redemption	View GroundRent Registration
Special Tax Recapture: None		
Account Identifier: District - 09 Account Number - 047069		
Owner Information		
Owner Name:	106 NORTH DIVISION STREET LLC	Use: COMMERCIAL
Mailing Address:	318 W CARROLL ST 2ND FL STE A SOUTH SALISBURY MD 21801-	Principal Residence: NO Deed Reference: /04863/ 00292
Location & Structure Information		
Premises Address:	106 N DIVISION ST SALISBURY 21801-0000	Legal Description: BL-1 L-1 2,160 SQFT 106 N DIVISION ST CITY OF SALIS
Map: 0107	Grid: 0014	Parcel: 1040
Neighborhood: 21003.23	Subdivision: 0000	Section:
Block: 1	Lot: 1	Assessment Year: 2021
Town: SALISBURY		Plat No:
Primary Structure Built 1916		Above Grade Living Area 3,560 SF
Finished Basement Area		Property Land Area 2,160 SF
County Use		
Stories	Basement	Type OFFICE BUILDING
		Exterior /
		Quality C3
		Full/Half Bath
		Garage
Last Notice of Major Improvements		
Value Information		
	Base Value	Value
		As of 01/01/2021
		Phase-in Assessments
		As of 07/01/2020
		As of 07/01/2021
Land:	32,400	32,400
Improvements	63,400	123,400
Total:	95,800	155,800
Preferential Land:	0	0
		95,800
		115,800
Transfer Information		
Seller: HANNON PATRICK J	Date: 05/24/2021	Price: \$135,000
Type: ARMS LENGTH IMPROVED	Deed1: /04863/ 00292	Deed2:
Seller:	Date:	Price: \$0
Type:	Deed1: /00886/ 00136	Deed2:
Seller:	Date:	Price:
Type:	Deed1:	Deed2:
Exemption Information		
Partial Exempt Assessments:	Class	
County:	000	07/01/2020
State:	000	07/01/2021
Municipal:	000	0.00
		0.00
		0.00 0.00
		0.00 0.00
Special Tax Recapture: None		
Homestead Application Information		
Homestead Application Status: No Application		
Homeowners' Tax Credit Application Information		
Homeowners' Tax Credit Application Status: No Application		
Date:		

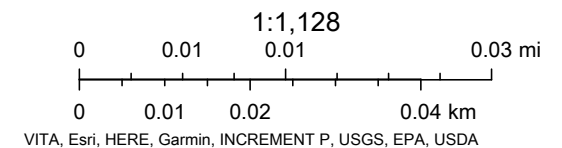
1. This screen allows you to search the Real Property database and display property records.
2. Click [here](#) for a glossary of terms.

ArcGIS Web Map



6/15/2021, 3:47:11 PM

- Address Points
- Parcels
- Buildings
- Enterprise_Zone



From: [Amanda Pollack](#)
To: [Laura Soper](#)
Subject: RE: Real Property Tax Credit-106 N. Division St.pdf
Date: Thursday, June 17, 2021 6:38:17 PM

Laura,

The property meets the permit, zoning, building, stormwater and sewer use ordinances.

Please let me know if you have any questions.

Thanks, Amanda

From: Laura Soper
Sent: Tuesday, June 15, 2021 3:56 PM
To: Amanda Pollack <APollack@salisbury.md>; Kay Lundy <klundy@salisbury.md>; Faith Richardson <frichardson@salisbury.md>
Subject: Real Property Tax Credit-106 N. Division St.pdf

I have received a request from 106 North Division Street LLC located at 106 N Division Street 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 6/22/2021. Your assistance is appreciated. If you have any questions, please let me know.

Laura Soper

From: Kay Lundy
Sent: Wednesday, June 16, 2021 4:13 PM
To: Laura Soper; Faith Richardson
Subject: RE: Real Property Tax Credit-106 N. Division St.pdf

Laura,

The taxes are paid and the corporation is in good standing.

Thanks
Kay

From: Laura Soper
Sent: Tuesday, June 15, 2021 3:56 PM
To: Amanda Pollack <APollack@salisbury.md>; Kay Lundy <klundy@salisbury.md>; Faith Richardson <frichardson@salisbury.md>
Subject: Real Property Tax Credit-106 N. Division St.pdf

I have received a request from 106 North Division Street LLC located at 106 N Division Street 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 6/22/2021. Your assistance is appreciated. If you have any questions, please let me know.