

Maryland Business Tax Reform Commission
Business Incentives in Tax Code Subcommittee
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Chairman Wacks and members of the Subcommittee, thank you for the opportunity to speak about the impact that many business incentives have had on businesses in Allegany County. As you will see, Allegany County has effectively taken advantage of and benefited from incentives such as: Brownsfields, One Maryland, Enterprise Zones, Job Creation Tax Credit and Arts & Entertainment.

While Allegany County, like many rural counties throughout the State, is removed from the many developments in the central part of metropolitan Maryland, we do not foresee the impact of initiatives like BRAC affecting our jurisdictions with a large influx of jobs and housing. To the contrary, we rely on small- to medium-size businesses to offer competitive jobs to our populations, and most times, the business incentives we can offer in cooperation with the State of Maryland is key to growing and retaining these businesses.

Brownsfields :

In Allegany County we have two major industrial parks that are redeveloped brownsfield sites. First is the Riverside Industrial Park. This park used to be the site of the Kelly-Springfield Tire and Rubber Plant until its closure in 1987. Since that time, while working with the State of Maryland, the County has been able to redevelop this property into a home for at least ten small businesses ranging from office to construction to a warehouse and distribution center. Currently, approximately 500 people are employed in this park.

The second site is the North Branch Industrial Park and was the former home to the Pittsburgh Plate Glass (PPG) Industries plant, which closed in 1981. The former PPG site is now home to FEMA and its east coast logistics center. Currently, 80 people are employed at FEMA and over 1,300 are employed throughout the park.

By being able to utilize former brownsfields sites for redevelopment, a jurisdiction can reinvent an area and reuse existing land and facilities for development.

One Maryland:

Of all the incentives offered by the State of Maryland, it would be fair to say that the One Maryland program is second to none in offering a huge incentive to a business for making an investment in jobs and capital in a distressed community. I believe every distressed jurisdiction in the State, whether rural or urban, could point to a success story where this incentive brought it a much-needed economic development project.

In Allegany County, there have been many benefits from the One Maryland program including capital investment in infrastructure too numerous to detail here, but arguably the most benefit from this program came in the creation of the Barton Business Park and the attraction of its first tenant, American Woodmark, in 2004. Currently, the 150 acre park houses Woodmark's premier east coast assembly plant and employs 288 people. Projections show that eventually this plant will be doubled in size and employ upwards of 500 people at build out.

If I were to make a plea to the subcommittee today, it would be to not only keep the One Maryland Tax Credit Program intact, but continue to enhance it to make it a tool for economically distressed jurisdictions to level the playing field, so to speak, in competing with other jurisdictions and regions throughout the country.

Enterprise Zones:

In Allegany County, Enterprise Zones have also been a key catalyst for job creation and business development. Currently there are three Enterprise Zones in the County and these zones house all of the County's eight industrial parks. There are approximately 4,000 people employed in these County owned industrial parks and a vast majority of Allegany County's available workforce of 33,000 +/- is employed in a business within one of the three Enterprise Zones.

Occasionally the question arises as to whether or not the State realizes a return on its investment through the Enterprise Zone Program. I would argue that the taxes which are forgone in the early years of a company realizing the incentive are easily recaptured many times over by expansion projects by businesses located within the Enterprise Zone. Those expansions ultimately lead to more employment and more income and property taxes over the long term.

Coupled with the One Maryland Tax Credit Program, the Enterprise Zone Program is one of Allegany County's most important tools for incentivizing business.

Job Creation Tax Credit:

Many times the Job Creation Tax Credit is used to complement One Maryland and Enterprise Zone in Allegany County when offering incentives to a new business. Like other incentives, this program has enabled businesses in Allegany County to realize income tax advantages for up to \$1,000 per new job created and again provide valuable start up incentives that will pay future dividends to the State and local jurisdiction as the business grows.

Arts & Entertainment:

There is probably no bigger tool for helping revitalize downtown Cumberland than the State's Arts & Entertainment incentive and the designation of Cumberland as an Arts & Entertainment District. The Cumberland A&E District is viewed as a model for success in the State as a result of creative marketing strategies, tax credits, grants and the purchasing and renovation of historic buildings for artist's housing and/or retail operations. Additionally, the income tax subtraction modification for income from artistic works sold by qualified residence artists has been key in attracting new artists to the downtown area to continue an important revitalization effort.

Conclusion:

Thank you again for the opportunity to address you today. As you can see, business incentives are vital to economic development. As a rural, distressed jurisdiction, it is even more vital that as many incentives as possible be used to attract those who are seeking to develop new and expand existing businesses. By continued cooperation and collaboration between all parts of the State and local jurisdictions, we can move all of Maryland forward and make it even more competitive in today's global economy, which will require creative approaches in incentivizing those looking to do business here.