



STATE OF MARYLAND OPPORTUNITY ZONE ENHANCEMENT CREDITS

The State of Maryland provides enhancements to several of its economic development tax credit programs for businesses located in Maryland Opportunity Zones that meet certain requirements.

Benefits:

The following is a list of tax credit programs that offer enhanced credits for Maryland Qualified Opportunity Zone Businesses. Businesses can apply for Level 1 or Level 2 Enhancements. The credit amounts listed below are in substitution of, not in addition to, the credits the business may qualify for under each program.

Job Creation Tax Credit Enhanced Credits

- Level 1: \$3,075 per qualified position or \$5,125 per qualified position in a revitalization area
- Level 2: \$3,300 per qualified position or \$5,500 per qualified position in a revitalization area

One Maryland Tax Credit Enhanced Credits (For businesses that create at least 50 qualified positions)

- Level 1: up to \$5,125,000 of eligible project cost
- Level 2: up to \$5,500,000 of eligible project costs

More Jobs for Marylanders Income Tax Credit

- Level 1: 6% of wages for each qualified position
- Level 2: 6.25% of wages for each qualified position

Enterprise Zone Income Tax Credit

- Level 1: \$1,025 per new job for the standard credit, and 7.5% increase per year for economically disadvantaged employees (\$3,225, \$2,150, \$1,075).
- Level 2: \$1,200 per new job for the standard credit and 10% increase per year for economically disadvantaged employees (\$3,300, \$2,200, \$1,100)

Enterprise Zone Focus Area Income Tax Credit

- Level 1: \$1,540 per new job for the standard credit, and 7.5% increase per year for economically disadvantaged employees (\$4,838, \$3,225, \$1,613).
- Level 2: \$1,750 per new job for the standard credit and 10% increase per year for economically disadvantaged employees (\$4,950, \$3,300, \$1,650)

Biotechnology Investor Incentive Tax Credit (BIITC)

If a qualified Opportunity Fund is a qualified investor under BIITC and the QMBC it is investing in is located in an Opportunity Zone:

- Level 1: enhancement is 65% of the investment not to exceed \$575,000

- Level 2: enhancement is 75% of the investment not to exceed \$750,000

Cybersecurity Investor Incentive Tax Credit (CIITC)

If a qualified Opportunity Fund is a qualified investor under CIITC and the QMCC it is investing in is located in an **Opportunity Zone in a county other than** Allegany, Dorchester, Garrett or Somerset Counties:

- Level 1: enhancement is 33% of the investment not to exceed \$300K
- Level 2: enhancement is 50% of the investment not to exceed \$500K

TO QUALIFY:

To qualify for the Opportunity Zone Enhancement program, the business must first meet the qualifications of the underlying tax credit program for which it is applying. For example, to qualify for the Job Creation Tax Credit (JCTC) enhanced credit of \$3,075 per qualified position (instead of the standard JCTC credit of \$3,000), the business must first meet the qualifications of the JCTC program.

For the Job Creation, One Maryland, More Jobs for Marylanders, Enterprise Zone and Enterprise Zone Focus Area income tax credits, the business must be a Qualified Opportunity Zone Business (as defined in § 1400Z–2 of the Internal Revenue Code) and have received an investment from a Qualified Opportunity Fund (as defined in § 1400Z–2 of the Internal Revenue Code).

For the Biotechnology Investor Incentive and Cybersecurity Investor Incentive Tax Credits, the investor must be a Qualified Opportunity Fund (as defined in § 1400Z–2 of the Internal Revenue Code) and the Qualified Maryland Biotechnology or Qualified Maryland Cyber company which is receiving the investment must be located in an Opportunity Zone.

The additional requirements for Level 1 and Level 2 Enhancements are listed below:

Level 1 Opportunity Zone Enhancement

Attach an Opportunity Zone Enhancement program application to your application for the specific tax credit. The Opportunity Zone Enhancement program application requires the following information:

1. Date of Qualified Opportunity Fund's investment in the Qualified Opportunity Zone Business and amount of investment
2. Total project or business investment, including leverage
3. Address and census tract of the business and/or fund
4. NAICS code of the business
5. An impact report including qualitative and quantitative data on the investment and its progress
6. Other information required by Commerce

Level 2 Opportunity Zone Enhancement

To qualify for Level 2 Enhancement credits, the business and or fund must meet the Level 1 enhancement requirements and provide the following additional information:

1. Provide one of the following:
 - a. Name and address of residents of the communities in the Opportunity Zone that serve on the Governing Board or Advisory Board of the Qualified Opportunity Zone Business.
 - b. A copy of a community benefits agreement that is negotiated and agreed to by the **community groups** or **strategic industry partnerships** in the Opportunity Zone and the **Qualified Opportunity Zone Fund**
2. Provide one of the following
 - a. For applicants located in an Opportunity Zone within a municipality, provide a resolution or letter from the municipality approving the enhanced tax credits.
 - b. For applicants located in an Opportunity Zone that is NOT in a municipality, provide a resolution or letter from the County approving the enhanced tax credits.
3. Other information required by Commerce

For more information on the tax credit programs, please visit Maryland's Financial Incentives for Businesses database: <https://commerce.knack.com/maryland-funding-incentives>

Or contact:

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