



City Incentives

The City of Frederick provides strategic incentives to encourage rehabilitation, capital investment, and job creation.

CONDITIONAL GRANTS

GROW Program

Overview: Designed to encourage and financially-support physical improvements by targeted businesses to commercial buildings within The City of Frederick. The competitive program supports critical building improvements that will convey with the property and improve the functionality of the property for both current and future business tenants/owners.

Benefits: Program participants may receive up to a 50:50 matching investment up to a maximum of \$10,000 per project.

Façade Improvement Grants

Overview: Supports facade improvement projects to businesses located in one of three program areas – Downtown Frederick, Golden Mile, East Frederick

Benefits: 1:1 match on qualified exterior building improvements up to \$10,000 (*up to \$23,500 in Golden Mile area)

Mission: Interior (Downtown Frederick Partnership)

Overview: Supports interior capital improvement projects to retail businesses located in Downtown Frederick. The competitive program is administered through the Downtown Frederick Partnership annually in early Spring.

Benefits: 1:1 match on qualified interior improvements up to \$5,000

Fire Suppression Program (Downtown Frederick Partnership)

Overview: Addresses high costs of installing sprinklers in Downtown buildings that are more than 50 years old. The program is administered through the Downtown Frederick Partnership.

Benefits: Provides a grant of up to \$25,000 for a new sprinkler system; Requires 50/50 grant match by owner

Grant applications must be submitted for approval *prior* to commencement of work.



TAX CREDITS

New Jobs and Enhanced Jobs

Overview: Construction of a 5,000 SF in new or expanded facilities AND the creation 25 net new full-time jobs over a 24 month period

Benefits: 6-year tax credit based on the MSDAT assessed value of the new/expanded facility ---- 52% Credit (Year 1 and 2), 39% Credit (Year 3 and 4), 26% (Years 5 and 6)

High Performance Buildings

Overview: For new LEED certified (or equivalent) buildings

Benefits: Tax credit granted as percentage of the City's property tax, determined by the performance rating of the building

Historic Preservation Property Rehabilitation

Overview: HPC approved rehabilitation work to the exterior of a building located with the Historic District Overlay; applications are due by April 1st following the calendar year in which the expenditures were incurred

Benefits: a property tax credit (City) for 25% of eligible work, up to a maximum of \$7,500

Commercial and Industrial Business

Overview: Manufacturing business making new investments totaling at least \$100,000 AND adding at least 3 net new full-time jobs.

Benefits: a 10 year tax credit of 20% - 100% (depending on investment/job creation size) of the incremental tax increase attributable to the new investment as determined by the MSDAT

Vacant Commercial Property Rehabilitation

Overview: Rehabilitation of a commercial property that has been vacant and marketed for at least 18 of the last 24 months prior to the start of rehabilitation

Benefits: 7 year property tax credit (City and County) on the increased assessed value of the property and calculated by the City's Exemption Schedule



CITY TAX CREDITS (Continued)

Golden Mile Property Rehabilitation

** Note -- those potentially eligible for the Golden Mile Property Tax Credit should consider application for the State's newly designated Enterprise Zone program

Overview: any property located within the Golden Mile qualifies, provided that the rehabilitation increases the value of the property

Benefits: a 7 year property tax credit on the increased assessed value of the property and calculated by the City's Exemption Schedule

Downtown Property Rehabilitation

Overview: Rehabilitation of property located in Downtown Frederick

Benefit: a 7-year property tax credit (City) on the increased assessed value of the property and calculated by the City's Exemption Schedule

Brownfields Property Rehabilitation

Overview: Voluntary cleanup or corrective action plan of a qualified brownfields property

Benefit: 5-year tax credit (City) of 50% of the property tax attributable to the increase in the assessment of the qualified site, including improvements added to the site during the credit period

Except for the New Jobs and Enhanced Jobs, tax credit applicants do *not* need to apply until after the rehabilitation or project is complete.



FEDERAL PROGRAMS

Opportunity Zone

Overview: a Qualified Opportunity Fund is an investment vehicle that is set up as either a partnership or corporation for investing in eligible property that is located in an Opportunity Zone and that utilizes the investor's gains from a prior investment for funding the Opportunity Fund.

Benefits: Temporary deferral, step-up basis, or permanent exclusions from taxable income of capital gains from sale or exchange of an investment in an Opportunity Fund, depending on time in which the investment in the Opportunity Fund is held

For details: <http://bit.ly/optyzone>

Historically Underutilized Business (HUB) Zone

Overview: For small, American-owned business with its principal office located in a HUB Zone in which at least 35% of its employees live in a HUB Zone.

Benefits: Preferential consideration for government contracts • Ability to compete for set-aside contracts, and a 10% price evaluation preference in full & open competitions

For details: <https://www.sba.gov/hubzone>

STATE PROGRAMS

Enterprise Zone

Overview: New and existing businesses located in designated Golden Mile area and with qualifying property improvements and/or job creation

Benefits:

- 10 year tax credit (City & County) based on increase in real property tax assessments (80% during the first 5 years, then decreasing 10% annually)
- a one-time \$1,000 state income tax credit for each qualified employee filling a new position
- a three year state income tax credit for each qualified new economically disadvantaged employee (\$3000 in Year One, \$2000 in Year Two, \$1000 in Year Three)

For details: <http://bit.ly/enterpriseZone>

Arts and Entertainment (A&E) District

Overview: Qualifying Arts & Entertainment enterprises located in the A&E District

Benefits:

- Property tax credit (City & County) based on the increase in assessed valuation on a portion of commercial property renovated/constructed for a certified arts use
- State income tax subtraction modification for qualifying artists for income derived from their in-district sales
- Exemption from the Admissions and Amusement Tax

For details: <https://www.msac.org/programs/arts-entertainment-districts>