

Maryland Jobs Development Act

FY 2013 Report

Pursuant to:

Economic Development Article §2-123

By the:

Maryland Department of Business and Economic Development

January 2014

Background

The Maryland Department of Business and Economic Development (Department) is pleased to submit the FY 2013 Maryland Jobs Development Act Report pursuant to Economic Development Article §2-123. Since passage of CH 150 Economic Development Programs – Data Collection and Tracking, the Department has worked to enhance Finance Tracker, its on-line database for maintaining records of grants, tax credits, equity investments and loan enhancements. Finance Tracker includes information on incentives provided by companies for FY 2009-2013. Users can search and sort data by company, industry, location and program.

The Maryland Jobs Development Act requires the Department to report data on certain finance programs and tax incentive programs administered by the Department by December 31st of each year. Specifically, the report covers the following finance programs: Biotechnology Development Awards (Biotech Grants), Community Development Block Grant (CDBG), Maryland Economic Development Assistance Authority Fund (MEDAAF), Maryland Industrial Financing Act (MIDFA), Military Personnel and Service-Disabled Veterans No-Interest Loan Program (Military/Disabled Vets), Maryland Small Business Development Financing Authority (MSBDF), Partnership for Workforce Quality (PWQ), Economic Development Opportunities Program Fund (Sunny Day), Maryland Venture Fund (MVF) Video Lottery Terminal Fund (VLT). The report also covers the following tax incentive programs: One Maryland Tax Credit (OneMD), Job Creation Tax Credit (JCTC), Research and Development (R&D), Maryland Film Production Activity (Film), and the Biotechnology Investment Incentive (BIITC).

The report shall include data on the number of jobs created, the number of jobs retained; the estimated amount of State revenue generated; and any additional information required by the Department through regulations both in the aggregate and disaggregate by each program and each recipient. Additionally, the Department must implement a process to assist recipients of such program(s) to ensure compliance with program requirements.

The Department does provide the Maryland General Assembly with program reports on every economic development program administered by the Department as required by law or voluntarily. All incentive programs have reporting requirements that respond to the intent and goals of the program. Report deadlines vary by report but the majority of the Department's reports are due in November or December. Reports are available on the Department's ChooseMaryland.org website.

Data by Program and Data by Recipient

This information has been compiled in the Department's Finance Tracker. Please visit <http://choosemaryland.org/businessresources/Pages/FinanceTracker.aspx> to view this information and the summary in Appendix A. While we worked to enhance this resource we were not able to update Finance Tracker to include the information on the R&D Tax Credit or BIITC programs. Please see Appendix B for details on the R&D Tax Credit and Appendix C for details on the BIITC.

Program Evaluation

This section provides a program-by-program analysis of the available performance information and explanation of the evaluation results. The evaluation was conducted by DBED's office of research and information services based on the Department's Finance Tracker and program reports for settled projects receiving incentives in FY 2013.

The analysis uses direct jobs to evaluate the impact of programs where available. Direct jobs include newly created jobs and jobs retained by the project. In some cases where job numbers are not a requirement of the program, the amount of project spending in Maryland is used to estimate the number of full-time equivalent jobs supported by the project.

State revenue impacts are estimated based on average State income and sales tax payments by income class for the total jobs generated by the project.¹ Other revenues may be generated such as State and local property taxes from property improvements, corporate income taxes and other taxes and fees. Such impacts are evaluated in the case of individual projects, such as Sunny Day, where there is additional information available to assess these impacts.

For all programs, impacts are estimated for a one-year period providing a snapshot of FY13 activity. However, this approach does not take into account the ongoing impacts generated by the incentives. In most cases, the jobs and investment supported by the incentives are required to remain in Maryland over a period of years.

Summary of Findings

Table 1 below summarizes the information on the Department's major incentives programs by major category including the number of clients, incentive amount, jobs created and/or retained and project costs. Financing programs represent the majority of projects, with a total of 107 clients \$114.6 million in settled approved transactions, 1,884 new jobs, 5,448 retained jobs, 79 trainees and \$766 million in project costs. Eight companies received Job Creation Tax Credits (JCTC) and two received One Maryland Tax Credits (OneMD). Research and Development tax credits (R&D) were awarded to 176 companies based on over \$1.1 billion in qualified research conducted in Maryland. Film production tax credits supported four productions in Maryland representing over \$20 million of spending in the State. There were 23 companies receiving investment from 134 investors through the Biotech Investment Incentive Tax Credit (BIITC).

Twenty companies received incentives from multiple incentive programs. The list is presented in Appendix D. In all but four cases, the jobs reported apply only to one program. In cases where job impacts are reported for multiple programs the job impacts are allocated to only one program.

¹ Office of the Comptroller, Tax Year 2008 Maryland Tax Incidence Study
http://finances.marylandtaxes.com/static_files/revenue/mdtaxincidence/2008_Tax_Incidence_Report.pdf
Maryland Tax Expenditure Report FY2014
<http://dbm.maryland.gov/agencies/operbudget/Documents/2014/FY14TaxExpendituresRpt.pdf>

Table 1: Program Performance Data, FY 2013

Finance Programs								
	# Clients	Approved Loan Amount*	Loan Guarantee	Amount Disbursed	New Jobs	Retained Jobs	Total Project Costs	Trainees
Biotech grants	10	\$1,526,450	\$0	\$678,225	0	14	\$3,759,301	
CDBG	3	\$856,000	\$0	\$0	-	-	\$860,000	
MEDAAF	21	\$8,863,250	\$0	\$3,758,659	1,073	2,950	\$80,150,000	
MEDAAF-5/Brownfields	7	\$1,953,269	\$0	\$404,616	-	-	\$261,656,000	
MIDFA	9	\$41,245,417	\$7,223,800	\$0	184	357	\$47,353,000	
Military/Disabled Vets	8	\$312,000	\$0	\$312,000	22	14	\$476,311	
MSBDFDA	12	\$3,035,000	\$404,000	\$513,166	51	23	\$5,840,000	
MVF	24	\$39,657,876	\$0	\$10,788,894	456	434	\$356,725,623	
PWQ	9	\$107,164	\$0	\$20,039	20	270	\$184,828	79
Sunny Day	1	\$9,500,000	\$0	\$2,000,000	0	1,250	\$9,500,000	
VLT	3	\$7,500,000	\$0	\$1,300,000	78	136	\$0	
Total	107	\$114,556,426	\$7,627,800	\$19,775,599	1,884	5,448	\$766,505,063	79
Tax Incentives								
	# Companies	Tax Credit amount (estimates)**		Certified new jobs	Supported Jobs	Total Project Costs		
One Maryland	2	\$2,185,688		61	364	\$2,185,688		
JCTC	8	\$678,452		456				
	# Companies	Tax Credit Amount				Qualified R&D Spend in MD		
R&D	176	\$6,000,000				\$1,105,500,000		
	Productions	Tax Credit Amount			Local Hires	Project Spend in MD		
Film	4	\$4,933,324			1,531	\$20,712,856		
	# Companies	Tax Credit Amount		# Investors		Investment leveraged		
Biotech Tax Credit	23	\$7,311,611		134		\$15,000,000		

*MIDFA Amount is the amount of bonds or credit enhancement; MIDFA does not provide direct funding

**Amount of OneMD and JCTC tax credits are an estimation based on the allowable project costs, jobs and wages. Actual tax credits amounts are calculated on the recipients' tax returns and are therefore confidential Comptroller office information.

Table 2 Summarizes the results of the impact analysis. As noted above, the number of direct jobs represents either the total of new and retained jobs reported by the recipient or the number of direct jobs estimated to be generated by the activity supported. The estimates of jobs and wages are based on the IMPLAN (IMpacts for PLANning) economic model for the State of Maryland². The total jobs number includes the secondary, or multiplier effects of the jobs (direct, indirect and induced). Based on the total jobs and wages, the annual State tax revenue from those jobs is estimated. For most of the State's incentives, those annual tax benefits continue to accrue to the state for a period of years beyond the initial incentive year.

Table 2: Summary of Impacts by Program, FY 2013

Finance Programs				
	Direct Jobs	Total Jobs (direct and secondary)	Total Annual Wages	Total Annual State Revenues
Biotech Development	14	33	\$1,936,833	\$95,368
CDBG	-	-	-	-
MEDAAF-2	4,023	9,058	\$489,819,536	\$24,024,037
MEDAAF-3	-	-	-	-
MEDAAF-4	-	-	-	-
MEDAAF-5/Brownfields	1,704	3,008	\$152,679,655	\$7,084,336
MIDFA	541	803	\$28,701,521	\$1,331,751
Military/Disabled Vets	36	53	\$1,950,065	\$90,483
MSBDFa	74	113	\$4,650,092	\$215,764
MVF	870	2,450	\$152,412,733	\$7,458,753
PWQ	79	173	\$10,525,695	\$518,813
Sunny Day	1,250	2,540	\$146,193,624	\$7,225,561
VLT	214	336	\$12,991,013	\$602,783
Total	8,805	18,567	\$1,001,860,767	\$48,647,650
Tax Incentives				
One Maryland	61	156	\$9,638,702	\$470,014
JCTC	405	982	\$58,860,292	\$2,886,527
R&D	6,211	15,164	\$918,362,446	\$45,219,513
Film	207	309	11,070,833	\$513,687
BIITC	185	435	\$26,113,927	\$1,285,831

Source: DBED analysis using IMPLAN

² IMPLAN System (2010 data and version 3.1 software), IMPLAN Group, LLC, 16740 Birkdale Commons Parkway Suite 206, Huntersville, NC 28078 www.implan.com

Finance programs are found to have created 8,805 direct jobs and 9,811 secondary jobs for a total of 18,567 jobs in FY 2013. These jobs generate \$1.0 billion in wages in Maryland and annual average state revenues of \$48.6 million. One Maryland tax credits generated 156 total jobs in FY 2013 for \$470,000 in annual tax revenues. The JCTC generated a total of 982 jobs and \$2.9 million in tax revenue. The large number of jobs generated by R&D tax credits (15,164) is due to the large amount (\$1.1 billion) of qualified R&D activity reported by the program. However, unlike the other financing and tax incentive programs, the revenue benefits are limited to the one year of the tax credit. Each year, companies may receive tax credits for qualified R&D conducted during the year. Similarly, the impacts of the Film tax credits are only attributable to the year in which the qualified activity occurs. FY 2013 Film tax credits supported 309 total jobs and \$513,687 in tax revenue.

The following section summarizes the job and revenue impacts of each program based on the available information. However, not all of the Department's incentives are intended solely to create jobs. For example, the biotech investment incentive was enacted to grow Maryland's Biotechnology industry by encouraging investment in early-stage Maryland Biotechnology companies. The Maryland Venture Fund is designed to invest in new state enterprises, the film production tax credit is intended to promote the film industry in Maryland and the R&D tax credit incentivizes R&D spending in Maryland. Combined, the portfolio of economic development incentives should be measured for overall effectiveness in growing the strategic industries and diversifying the economy to be sustainable for the long term.

Detailed Impact by Program

1. Biotechnology Development Awards

- Year enacted: 2010
- Annual appropriation/allocation: Varies according to BioMaryland budget
- Program intent: To advance the movement of research and development toward commercialization.

The BioMaryland Center (BMC) annually awards grants of \$50,000-200,000 through its Biotechnology Development program. These include grants for translational research projects and biotechnology commercialization. Companies have a repayment obligation of 3% of total company revenue (excluding grants and awards) annually, capped at 40% of the award per year, with a maximum payback of 2 times the award. The annual payback obligation extends for ten years following the completion of the funded project. Awards made to Universities only are repaid from royalty revenues and a percentage of the licensing fee.

Ten companies received grants in FY 2013 totaling \$1,526,450. Funding may be used for capital expenses, services, or salaries. The companies, all engaged in scientific research and development, reported retaining 14 jobs and project costs of \$3.8 million. The 14 reported jobs generated 33 total jobs in FY13 for \$95,368 in annual tax revenues to the State. The investment in the industry generates additional direct jobs to the State. A full evaluation of impacts would include an estimate of potential royalties and revenue

repayment over a period of years. Success is measured in terms of company formations spun-out of university research and those companies securing outside funding for further research.

Biotechnology Development			
Impacts	Jobs	Wages	Annual Revenues
Direct	14	\$1,355,457	\$57,574
Secondary	19	\$915,903	\$37,795
Total	33	\$2,271,359	\$95,368

Source: DBED analysis using IMPLAN

2. Community Development Block Grants (CDBG)

- Year enacted: Program established in Maryland in 1987
- Annual appropriation/allocation: Based on Federal appropriation
- Program intent: Job creation targeted to low and moderate-income citizens in non-urban areas of the State.

CDBG is a Federally-funded program to provide grants to distressed communities. Maryland’s CDBG program is administered jointly by DHCD and the Department. Approximately 25% of the State’s annual CDBG award is allocated to the Department for use in economic development purposes. The Department’s strategy for use of CDBG-ED funds emphasizes support of local government economic development initiatives that encourage commercial and industrial growth, workforce training, commercial revitalization, and development and growth of small businesses. Funds are disbursed to local jurisdictions in the form of a conditional grant. The local jurisdiction may lend the funds to a commercial enterprise or directly use the funds for infrastructure improvements needed by businesses or other eligible projects.

In FY 2013 grants totaling \$856,000 were awarded to the Town of Princess Anne, the Town of Snow Hill and the City of Westminster. There are no reported job impacts, as the funds go directly to the jurisdiction and not to a business. In some projects, CDBG funds are subsequently distributed in the form of a loan from the local government to a business. The jurisdictions report on the economic benefits for their communities. A full evaluation would include the impacts from these activities.

3. Maryland Economic Development Assistance Authority Fund (MEDAAF)

- Year enacted: 1999
- Program intent: MEDAAF is a non-lapsing revolving loan fund to provide below market, fixed rate financing to growth industry sector businesses, locating or expanding in priority funding areas of the State. There are five capabilities under MEDAAF:
 - MEDAAF Capability 1 - Significant Strategic Economic Development Opportunities
 - MEDAAF Capability 2 - Local Economic Development Opportunities
 - MEDAAF Capability 3 - Direct Assistance to Local Jurisdictions or MEDCO
 - MEDAAF Capability 4 - Regional or Local Revolving Loan Funds

- MEDAAF Capability 5 - Special Purpose Grants and Loans/Brownfields

3. a. MEDAAF Capability 1 - Significant Strategic Economic Development Opportunities

Projects under this capability are normally regarded as producing significant economic development opportunities on a Statewide or regional level. Assistance is provided directly to businesses or through the Maryland Economic Development Corporation (MEDCO) in the form of a loan. The maximum assistance under this capability cannot exceed the lesser of \$10,000,000 or 20% of the current fund balance. This capability has had limited use due to budgetary constraints on funding for MEDAAF.

3.b. MEDAAF Capability 2 - Local Economic Development Opportunities

Capability 2 of MEDAAF provides assistance in the form of a loan, a conditional loan, investment, or a grant directly to a business or to MEDCO for use in the project. All assistance under this capability must be endorsed through a formal resolution by the governing body of the jurisdiction in which the project is located. In addition, the local jurisdiction must participate in an amount equal to at least 10% of the total assistance. Funds may be used for land acquisition, infrastructure improvements, buildings, fixed assets and leasehold improvements.

Eleven companies received funding under MEDAAF-2 totaling \$3.75 million in FY 2013. The companies include manufacturers, financial institutions, media, information technology, and biotech companies. They reported creating 1,073 new jobs and retaining 2,950 jobs for a total of 4,023 direct jobs. With an average annual salary over \$66,000, the direct jobs are estimated to generate \$13.6 million in annual revenues. Including secondary impacts, the annual revenues are over \$24 million. In addition, project costs totaling \$76.7 million may generate additional revenues for the state although these are not included in the impacts below.

MEDAAF-2			
Impacts	Jobs	Wages	Annual Revenues
Direct	4,023	\$264,573,573	\$13,572,624
Secondary	5,035	\$225,245,963	\$10,451,413
Total	9,058	\$489,819,536	\$24,024,037
Source: DBED analysis using IMPLAN			

3.c. MEDAAF Capability 3 - Direct Assistance to Local Jurisdictions or MEDCO

Capability 3 of MEDAAF provides assistance to directly a local jurisdiction or MEDCO for local economic development needs including feasibility studies, economic development strategic plans, and infrastructure. Funds may be used for buildings, infrastructure improvements, fixed assets and leasehold improvements. All assistance under this capability must be endorsed through a formal resolution by the governing body of the jurisdiction in which the project is located. Assistance provided may be in the form of a loan, a conditional loan, investment, or a grant. FY 2013 recipients were the City of Gaithersburg, Garrett County Chamber Of Commerce, Garrett County Keyser's Ridge Business Park, Hagerstown-Washington County Industrial Foundation, Talbot

County and Wenona Harbor Channel in Somerset County. The reported project costs of the projects total \$1.9 million. These investments may generate construction jobs related to the infrastructure improvements. There are no reported direct job impacts, as the funds go directly to the jurisdiction and not to a business. The jurisdictions report on the economic benefits for those communities.

3.d. MEDAAF Capability 4 - Regional or Local Revolving Loan Funds

Capability 4 of MEDAAF provides assistance to local jurisdictions to help capitalize local economic development revolving loan funds. The Department provides assistance to jurisdictions for their revolving loan funds to more effectively reach diverse geographic and industry segments of the business community. The typical revolving loan fund client is a small business that may be in an industry sector, such as retail service, that is not otherwise eligible for assistance. The final recipient of financing is determined by the local jurisdiction.

Eligible applicants include jurisdictions or a jurisdiction’s designated regional economic development agency, whether public or private. Jurisdictions may receive funding of up to \$250,000 annually. To qualify for funding, local jurisdictions must provide acceptable matching funds into the designated revolving loan fund. FY 2013 recipients were Baltimore Development Corporation, Carroll County and the City of Hagerstown. There are no reported job impacts, as the funds go directly to the jurisdiction and not to a business. The jurisdictions report on the economic benefits for their communities.

3.e. MEDAAF Capability 5 - Special Purpose Grants and Loans/Brownfields

Grants for brownfield remediation are awarded under capability 5 of MEDAAF to promote remediation of environmentally contaminated properties. The grants are intended to stimulate redevelopment and do not have a job-creation component. The economic impacts are estimated based on the project costs, which create jobs and economic activity in Maryland. In FY 2013, seven projects received funding totaling \$1,953,269. The companies are engaged primarily in construction and general contracting. Based on total project costs of \$261.6 million, the remediation activities would generate over 3,000 jobs and annual revenues of \$7.1 million. Additional revenue benefits are possible as the properties are redeveloped.

Brownfields			
Impacts	Jobs	Wages	Annual Revenues
Direct	1,704	\$92,336,916	\$4,284,433
Secondary	1,303	\$60,342,739	\$2,799,903
Total	3,008	\$152,679,655	\$7,084,336
Source: DBED analysis using IMPLAN			

4. Maryland Industrial Financing Authority (MIDFA)

- Year enacted: 1965
- Annual appropriation/allocation: No appropriation; Bond and Guarantee program
- Program intent: To promote significant economic development by providing financing support to manufacturing, industrial and technology businesses located in or moving to Maryland.

MIDFA stimulates private sector financing of economic development by issuing Bonds and providing credit enhancements that increase access to capital for small and mid-sized companies. The Program has increased its commitment to growth and development of small business by increasing outreach efforts to community banks. Nine projects received assistance in FY 2013 totaling \$41.2 million. The companies, engaged in a variety of industries including manufacturing, warehousing and distribution and real estate, reported 184 new jobs and 357 retained jobs and project costs of \$47.3 million. With an average annual salary nearly \$36,000, the total jobs are estimated to generate \$1.3 million in annual revenues. The net present value of State revenues over a 10-year period is approximately \$11.4 million.

MIDFA			
Impacts	Jobs	Wages	Annual Revenues
Direct	541	\$17,004,527	\$789,010
Secondary	262	\$11,696,994	\$542,741
Total	803	\$28,701,521	\$1,331,751

Source: DBED analysis using IMPLAN

5. Military Personnel and Service –Disabled Veterans No-Interest Loan Program (Military/Disabled Vets)

- Year enacted: 2006
- FY 2013 appropriation: \$300,000
- Program intent: The purpose of the program is to assist with costs that result from the call to active duty for businesses owned by military reservists and National Guard members and for small businesses that employ such persons.

For service-disabled veterans, businesses owned by service-disabled veterans, and businesses employing service-disabled veterans, the purposes of the program are to assist with the cost of making the home, motor vehicle, or place of employment of a service-disabled veteran accessible to individuals with disabilities, and to defray other necessary expenses incurred by the employer of a service-disabled veteran as a result of the veteran's disability, or by a service-disabled veteran or a business owned by a service-disabled veteran.

Eight grants to military/service disabled veteran-owned companies totaled \$312,000 in FY 2013. The companies reported 22 new jobs, 14 retained jobs and project costs of \$476,311. These jobs are estimated to generate 17 additional jobs and total annual State revenues of \$90,483.

Military/Disabled Veterans			
Impacts	Jobs	Wages	Annual Revenues
Direct	36	\$1,224,317	\$56,808
Secondary	17	\$725,749	\$33,675
Total	53	\$1,950,065	\$90,483

Source: DBED analysis using IMPLAN

6. Maryland Small Business Development Financing Authority (MSBDFA)

- Year enacted: 1978
- FY 2013 appropriation/allocation: \$6,862,500
- Program intent: To promote the viability and expansion of businesses owned by economically and socially disadvantaged entrepreneurs. In 2001 the Maryland General Assembly modified the statute to include all small businesses that do not meet the credit criteria of financial institutions, and consequently are unable to obtain adequate business financing on reasonable terms through normal financing channels.

MSBDFA offers contract financing, surety bonds, guaranty funds and equity participation. There were 12 settled transactions in FY 2013 totaling \$3.035 million. The companies reported 51 new jobs, 23 retained jobs and project costs of \$5.8 million. These jobs are estimated to generate 39 additional jobs and total annual State revenues of \$215,764.

MSBDFA			
Impacts	Jobs	Wages	Annual Revenues
Direct	74	\$2,956,484	\$137,181
Secondary	39	\$1,693,607	\$78,583
Total	81	\$4,650,092	\$215,764
Source: DBED analysis using IMPLAN			

7. Maryland Venture Fund (MVF)

- Year enacted: Enterprise Investment Fund established in 1994
- FY 2013 appropriation/allocation: \$24,794,863 (includes funds from InvestMaryland)
- Program intent: To invest in new state enterprises and to stimulate venture capital investments in Maryland.

The Maryland Venture Fund was established to make equity investments in new State enterprises. MVF targets investments in early stage, high technology companies experiencing difficulties attracting private sector investment dollars. MVF activities are provided through five types of Program activity: the Enterprise Investment Fund, the Challenge Investment Program, the Enterprise Venture Capital Limited Partnerships (VCLP) Fund, the Maryland/Israel Development Fund and the FIPS Certification Grant Program.

There were 30 settled transactions to 24 unique entities in FY 2013 totaling \$39.6 million. Five of those were investments in venture capital funds that will in turn invest the funds in companies. The remaining 19 companies reported creating 456 new jobs, 434 retained jobs and project costs of \$58.7 million. Adjusting for overlaps within the program, there are 870 direct jobs attributed to MVF. The direct jobs are estimated to have an average annual salary of \$90,735. Based on the high-wage nature of the jobs and the industries impacted, these jobs are estimated to generate 1,580 additional jobs and total annual State revenues of \$7.5 million. The net present value of State revenues over a 10-year period is approximately \$63.6 million.

Maryland Venture Fund			
Impacts	Jobs	Wages	Annual Revenues
Direct	870	\$78,939,297	\$4,049,586
Secondary	1,580	\$73,473,436	\$3,409,167
Total	2,450	\$152,412,733	\$7,458,753

Source: DBED analysis using IMPLAN

8. Partnership for Workforce Quality (PWQ)

- Year enacted: 1989
- Funded annually through general or special funds; FY 2013 appropriation \$85,000
- Program intent: Improve business competitiveness and productivity by helping Maryland companies invest in training.

PWQ helps participating companies develop and implement training systems to improve business competitiveness and worker productivity, upgrade the skills of workers to accommodate new technologies and production processes, and promote employment stability. In FY 2013, nine companies reported training of 79 employees for which \$107,164 in training costs were reimbursed by PWQ. The companies also reported 20 new jobs and 270 retained jobs. The impact analysis below assumes that the 79 trainees represent retained jobs. Those jobs generate an additional 94 secondary jobs and total annual State revenues of \$518,813.

PWQ			
Impacts	Jobs	Wages	Annual Revenues
Direct	79	\$6,208,390	\$318,490
Secondary	94	\$4,317,305	\$200,323
Total	290	\$10,525,695	\$518,813

Source: DBED analysis using IMPLAN

9. Economic Development Opportunities Program Fund (Sunny Day)

- Year enacted: 1988
- Program intent: To enable Maryland to act on extraordinary economic development proposals that required financial assistance beyond the capabilities of other state and local financing programs.

Sunny Day funds are loaned, granted or invested to assist in the retention and expansion of existing business, or the establishment and attraction of new business in Maryland. In FY 2013, Sunny Day funds of \$9.5 million were awarded to Bechtel to retain 1,250 jobs in Frederick County instead of relocating those jobs to Virginia. Disbursements are to occur in phases with \$2 million to be disbursed in calendar year 2012. The jobs are estimated to support 1,290 additional secondary jobs and total annual state revenues of \$7.2 million.

Sunny Day agreements carry strict performance requirements, including capital investments within specified time frames; maintenance of certain jobs levels for a specified time period; and reporting of financial information, employment

information and capital investment information on a periodic basis. Under the Program, the Department is required to submit an analysis of each Sunny Day proposal as part of the approval request process to the Legislative Policy Committee of the Maryland General Assembly. Under the 2012 Sunny Day deal, the company is required to retain the jobs for seven years. Over that period of time, the net present value of State revenues is valued at approximately \$45.0 million.

Sunny Day			
Impacts	Jobs	Wages	Annual Revenues
Direct	1,250	\$90,240,119	\$4,629,318
Secondary	1,290	\$55,953,505	\$2,596,243
Total	2,540	\$146,193,624	\$7,225,561
Source: DBED analysis using IMPLAN			

10. Video Lottery Terminal Fund (VLT)

- Year enacted: 2007
- Annual allocation: Based on 1.5% of VLT proceeds.
- Program intent: Investment capital and loans to small, minority, and women-owned businesses in the State

The 2007 legislation establishing VLTs in Maryland created the Small, Minority, and Women-Owned Businesses Account. State Law generally requires that 1.5 percent of VLT proceeds be paid into the Account to be used by the Board of Public Works (BPW) to make grants to eligible fund managers to provide investment capital and loans to small, minority, and women-owned businesses in the State, of which at least 50 percent must be allocated to such businesses in the jurisdictions and communities surrounding a video lottery facility.

In FY 2013, grants totaling \$7.5 million were awarded to Anne Arundel Economic Development Corporation, Maryland Capital Enterprises and Meridian Management Group, Inc. to allocate in accordance with State law. The fund managers report that 27 companies received funding totaling \$2,554,800. The impact reported is 214 jobs, resulting in 336 total jobs and \$602,783 in annual State revenue.

VLT Fund			
Impacts	Jobs	Wages	Annual Revenues
Direct	214	\$7,754,232	\$359,796
Secondary	123	\$5,236,782	\$242,987
Total	336	\$12,991,013	\$602,783
Source: DBED analysis using IMPLAN			

11. One Maryland Tax Credit (One Maryland)

- Year enacted: 1999
- Annual appropriation/allocation: The tax credit does not have an annual program limit and it is not appropriated in the budget. The amount of tax credits claimed is revenue that is not collected by the State.
- Program intent: Job creation and investment in qualified distressed communities.

The intent of the One Maryland Tax Credit is to promote economic development in "qualified distressed counties," those counties with high unemployment and low per capita income compared to the rest of Maryland. To qualify for the credits, the business must create at least 25 new jobs and make capital expenditures. The jobs must be full-time, pay at least 150% of federal minimum wage and the business must be in a targeted industry sector.

Two companies qualified to receive One Maryland tax credits in FY 2013 and reported 61 new jobs and \$2.2 million in eligible project costs for their facilities. Project costs are the expenses incurred with the acquisition, construction, rehabilitation, installation, and equipping of an eligible project. Additional start-up costs are for the expense of moving a business from outside Maryland and the costs of furnishing and equipping a new location. These activities generate additional direct jobs to the State. The 61 reported jobs generated 156 total jobs in FY13 for \$470,014 in annual tax revenues to the State. Over the 14 years of the credit, the net present value of State revenues is approximately \$5.3 million. The amount of tax credits actually claimed by the company is not known to the Department. However, based on the eligible project costs, the companies could be eligible to claim as much as \$2.2 million in credits.

OneMaryland Tax Credit			
Impacts	Jobs	Wages	Annual Revenues
Direct	61	\$4,648,549	\$238,471
Secondary	95	\$4,990,153	\$231,543
Total	156	\$9,638,702	\$470,014
Source: DBED analysis using IMPLAN			

As a non-discretionary tax credit, the applicants must demonstrate that they have met job creation and investment targets prior to claiming the credits. Businesses with a large income tax liability and that create a large number of jobs use the credit more quickly than businesses that create a smaller number of jobs and have little or no tax liability. Businesses have 14 years to carry the credit forward, but they must maintain the jobs for that period. Because the refundable portion of the credit is limited to the payroll withholding of the qualified jobs, the businesses that create a large number of jobs will accelerate their ability to use their full credit. But those with smaller job numbers or lower wages (but above the \$10.88 minimum) may not be able to take the full tax credit.

12. Job Creation Tax Credit (JCTC)

- Year enacted: 1996

- Annual appropriation/allocation: The tax credit does not have an annual program limit and is not appropriated in the budget. The amount of tax credits claimed is revenue that is not collected by the State.
- Program intent: Job creation

The intent of the program is to encourage businesses to create new jobs in Maryland. The credit is available State-wide, but lower job thresholds and increased credits are available in targeted areas. The credits are available for full-time jobs, paying at least 150% of federal minimum wage in targeted industry sectors.

Eight companies applied for the JCTC in FY 2013 and reported 456 new jobs and \$35.5 million in wages. Adjusting for overlaps with other incentives programs, there are 405 direct jobs attributed to JCTC. These jobs are estimated to have generated 982 total jobs in FY13 for \$2.9 million in annual tax revenues to the State. The amount of tax credits actually claimed by the company is not known to the Department. However, based on the eligible jobs and wages, the companies could be eligible to claim as much as \$678,450 in credits.

JCTC			
Impacts	Jobs	Wages	Annual Revenues
Direct	405	\$31,716,250	\$1,627,044
Secondary	577	\$27,144,041	\$1,259,484
Total	982	\$58,860,292	\$2,886,527
Source: DBED analysis using IMPLAN			

13. Research and Development (R&D) Tax Credit

- Year enacted: 2000
- Annual appropriation/allocation: The tax credit is limited on an annual basis to \$3 million for the Basic R&D Tax Credit and \$3 million for the Growth R&D Tax Credit (increased to \$4 million each for FY 2014). The program has been oversubscribed since first enacted, so the businesses receive a pro-rated share of the total amount available for both the Basic and Growth tax credit.
- Program intent: To encourage R&D spending in Maryland and to encourage the business to increase its R&D expenditures.

Maryland ranks 1st in terms of R&D performed by federal government and other nonprofit institutions but only 19th in the amount of R&D performed by Business/industries. The R&D tax credit serves to promote private industry R&D in Maryland and to keep R&D expenditures in the State. To qualify for the Growth R&D credit a company's current year R&D expenditures must exceed its average expenses over the last four years.

R&D tax credits were awarded to 176 companies for Tax Year 2011 (certified in FY 2013). The R&D tax credit is not a tax credit that specifically targets job creation. While it likely supports the increase in R&D jobs in the State, its purpose is to incentivize R&D spending in Maryland. The business reports the total number of

jobs in Maryland and total number of jobs related to R&D, but they are not necessarily as a result of the R&D tax credit. The total jobs number was over 14,400 in 2011 although that number is not verified. Based on over \$1.1 billion in qualified research conducted in Maryland, we estimate the R&D created 6,211 direct jobs and 15,164 total jobs. The total State revenue from those jobs is \$45.2 million.

R&D			
Impacts	Jobs	Wages	Annual Revenues
Direct	6,211	\$532,142,022	\$27,298,886
Secondary	8,953	\$386,220,424	\$17,920,628
Total	15,164	\$918,362,446	\$45,219,513
Source: DBED analysis using IMPLAN			

Since enactment of the R&D tax credit, Maryland's share of industry R&D has increased, although it still lags other states.

14. Maryland Film Production Activity Tax Credit (Film)

- Year enacted: 2011
- Annual appropriation/allocation: Varies by Fiscal Year
- Program intent: Encourage film production activity in Maryland

This is a tax credit for qualified direct costs of qualified film production activities including feature films and TV series. A film production entity may receive a refundable income tax credit of up to 25% of qualified direct costs of a film production activity. A television series may receive a credit of up to 27% of qualified direct costs. The aggregate total of tax credits issued in a fiscal year cannot exceed \$7.5 million, except in FY2014 which is now funded at \$25 million.

Film production tax credits totaling \$4,933,324 in FY 2013 supported four productions in Maryland representing over \$20 million of spending in the State. The productions reported that they hired 1,531 local crew (crew, technicians, cast and extras) and purchased goods or services from 2,471 Maryland businesses. An analysis of the detailed production expenditures was used to estimate the number of direct, full-time equivalent jobs generated by the projects.

Film			
Impacts	Jobs	Wages	Annual Revenues
Direct	207	\$6,623,032	\$307,309
Secondary	102	\$4,447,801	\$206,378
Total	309	\$11,070,833	\$513,687
Source: DBED analysis using IMPLAN			

15. Biotechnology Investment Incentive Tax Credit (BIITC)

- Year enacted: 2005
- Annual appropriation/allocation: The amount of tax credit available to investors each year is the amount appropriated in the State's budget; \$8 million in FY 2013.
- Program intent: To encourage investment in early-stage Qualified Maryland Biotechnology Companies (QMBCs) and grow Maryland's Biotechnology industry.

There were 23 QMBCs to receive investments through the program in 2013. Tax credits totaling \$7.4 million were awarded, leveraging over \$15 million in investment. The QMBCs report a total of 185 Maryland-based employees, for an average of 8.5 employees per company. The companies projected that they would create a total of 76 new jobs in the next 12 months, an average of 3 to 4 new jobs per company.

Biotech Tax Credit			
Impacts	Jobs	Wages	Annual Revenues
Direct	185	\$15,131,627	\$776,252
Secondary	250	\$10,982,300	\$509,579
Total	435	\$26,113,927	\$1,285,831
Source: DBED analysis using IMPLAN			

Evaluating Program Effectiveness

For policy makers and economic developers, program evaluation is one of the most vital steps in the economic development process. A survey conducted by the Council for Community and Economic Research (C2ER) examined trends in incentive evaluation among state economic development agencies³. The results show that about four out of five surveyed non-tax program and half of surveyed tax programs collected data for evaluation in 2012. C2ER found that for program evaluation, agencies collected a wide variety of quantified data for measuring internal activity. The most commonly collected internal activity measures were: number of active projects, number of completed projects, and number of clients. The most commonly used output and outcome measures were number of jobs created, number of jobs retained, investment made by company assisted, and average wages paid. The survey also found that fiscal output measures such as tax revenues generated are becoming more used in program evaluation.

The majority (65 percent) of agencies analyze the performance of programs by analyzing the overall program as a portfolio of projects as opposed to analyzing individual project (42 percent). The most frequent method of analysis (60 percent) is an economic impact analysis to determine the total benefits of income, employment, or other measures of the program. Other analytic methods including Net Fiscal Impacts Analysis, Return on Investment Analysis, and Ratio of “Public Benefit” Analysis were used by less than 20 percent of programs in 2012.

³ 2012 State Economic Development Incentives Survey Report, The Council for Community and Economic Research, May 2013. http://members.c2er.org/download/2012_Economic_Development_Program_Survey_Report.pdf

Access to high-quality data is cited as one of the challenges in conducting a rigorous assessment of incentives' return on investment.⁴ Such an assessment involves using tax data that are subject to restrictive confidentiality rules. Employment and salary information is generally required in company reporting, but verification of that data would also require access to confidential data. Even assuming access to the data, the quality and reliability of data are often lacking.

An evaluation of job-creation incentives generally includes a cost-benefit analysis that examines the program costs and benefits over the life of the project, including the net present value (NPV) of those costs and benefits. For all of the programs above, it is important to note that any jobs benefits accrue over a number of years. The notable exceptions are the Film production Activity Tax Credit and the R&D tax credit. Those programs are structured to incentivize only the current year of activity. Every program should be evaluated in the context of the program intent.

Program Compliance

Each year, the Department has cultivated many successful business relationships, some of which involve the agency providing some forms of tangible economic-development assistance. Each of the Department's assistance programs has fair and discernible requirements that are set forth and communicated to recipients at the inception of each incentivization. Over the course of the period covered by each incentive, the Department's program-management staff maintains regular contact with recipients to maintain records of their adherence to these requirements. This contact includes, but is not limited to, email, phone, and direct-mail requests for employment compliance reporting or tax information, payment reminders, and financial reviews. The Department strives to aid in and promote success for recipients, regardless of assistance type or business size. Often, that requires some discretion, encouragement, and accommodation from the Department.

Most of the compliance follow-up falls into one of two groupings of activities: discretionary and legal actions that can be exercised to attempt to remedy issues with an organization that fails to meet the requirements of an incentive program. While each program can be different, issues can be escalated from program-management staff to finance specialists or management; additional discussions with company representatives can occur to help remove obstacles to compliance and remedy problems; and obligations can be declared in default, if necessary.

On a case-by-case basis, the Department's program-management staffs explore all potential avenues for assistance and do everything possible to remedy individual business issues, such as failure to meet program requirements. Appendix E summarizes, at a high level, the triggers and remedial actions that can be taken to bring program-recipients into compliance, should the need arise. There have been some situations in which recipients have been unwilling to work with the Department on a plan to get back on track, or were too far beyond the scope of our assistance; however, these are few and far between. It is common practice to closely monitor and coach businesses to prevent this, and make adjustments to their specific requirements if needed. There are some rigid legal standards, more commonly with tax credits, but for the most part program-management staff is able to use discretion in instances of late and missed payments or specific employment requirements before resorting to more serious consequences. For example, program

⁴ Evidence Counts: Evaluating State Tax Incentives for Jobs and Growth, Pew Center on the States, April 2012.

staff is able to make accommodations such as restructuring payment plans rather than sending the account to collections.

Because very few incentive recipients' cases are identical, there is some latitude in the processes for assisting companies in meeting program requirements and obligations. The Department is committed to assure recipients of economic-development incentives have the benefit of a full range of applicable remedies in the pursuit of a successful business outcome and strong working relationships.

Appendix A: FY 2013 DBED Finance Tracker Incentives Report

Recipient	Program	Approved Incentive Amount	Loan Guarantee Amount	Total Project Costs	New Jobs	Retained Jobs	Trainees
Animalgesic Labs (formerly BamVet)	Biotechnology Commercialization	\$200,000	\$0	\$1,635,000	0	2	0
BioAssay Works LLC	Biotechnology Commercialization	\$75,000	\$0	\$144,636	0	7	0
CrispTek, LLC	Biotechnology Commercialization	\$99,300	\$0	\$200,600	0	0	0
Fyodor Biotechnologies, Inc.	Biotechnology Commercialization	\$30,000	\$0	\$0	0	0	0
Optical Diagnostics Inc	Biotechnology Commercialization	\$198,050	\$0	\$472,350	0	1	0
Princess Anne, Town of	CDBG Cond. Grant	\$502,000	\$0	\$502,000	0	0	0
Snow Hill, Town Of	CDBG Cond. Grant	\$35,000	\$0	\$39,000	0	0	0
Westminster, City of	CDBG Cond. Grant	\$319,000	\$0	\$319,000	0	0	0
Phoenix Color Corporation	MEDAAF-2 Cond. Grant	\$60,000	\$0	\$4,000,000	20	370	0
Radio One Inc. & TV One LLC	MEDAAF-2 Cond. Grant	\$400,000	\$0	\$1,250,000	0	210	0
Wells Fargo Home Mortgage	MEDAAF-2 Cond. Grant	\$1,000,000	\$0	\$30,000,000	212	1,148	0
Accuvant, Inc.	MEDAAF-2 Cond. Loan	\$300,000	\$0	\$1,100,000	200	50	0
Advanced BioScience Laboratories, Inc.	MEDAAF-2 Cond. Loan	\$120,000	\$0	\$13,000,000	31	97	0
GCC Technologies, LLC	MEDAAF-2 Cond. Loan	\$100,000	\$0	\$1,000,000	20	65	0
International Baccalaureate	MEDAAF-2 Cond. Loan	\$270,000	\$0	\$1,250,000	150	0	0
Jos. A. Bank Clothiers	MEDAAF-2 Cond. Loan	\$250,000	\$0	\$5,000,000	100	575	0
Pillar Innovations, LLC	MEDAAF-2 Cond. Loan	\$100,000	\$0	\$2,900,000	25	50	0
Protenergy Natural Foods, Inc.	MEDAAF-2 Cond. Loan	\$250,000	\$0	\$16,500,000	100	0	0
Vocus, Inc.	MEDAAF-2 Cond. Loan	\$900,000	\$0	\$715,000	215	385	0
Gaithersburg, City Of	MEDAAF-3 Cond. Grant	\$50,000	\$0	\$100,000	0	0	0
Garrett County Chamber Of Commerce	MEDAAF-3 Cond. Grant	\$25,000	\$0	\$55,000	0	0	0
Hagerstown-Wash. Co. Industrial Fdn	MEDAAF-3 Cond. Grant	\$48,250	\$0	\$100,000	0	0	0
Talbot County	MEDAAF-3 Cond. Grant	\$15,000	\$0	\$30,000	0	0	0
Wenona Harbor Channel/Somerset County Board of Com	MEDAAF-3 One MD Grant	\$1,625,000	\$0	\$1,625,000	0	0	0
Keyser's Ridge Business Park/Garrett Co.	MEDAAF-3 One MD Investment	\$2,500,000	\$0	\$0	0	0	0
Baltimore Development Corporation	MEDAAF-4 Cond. Grant	\$250,000	\$0	\$375,000	0	0	0
Carroll County, County Commissioners	MEDAAF-4 Cond. Grant	\$250,000	\$0	\$500,000	0	0	0
Carroll County, County Commissioners	MEDAAF-4 Cond. Grant	\$250,000	\$0	\$500,000	0	0	0
Hagerstown, City of	MEDAAF-4 Cond. Grant	\$100,000	\$0	\$150,000	0	0	0
Allied Yards, LLC	MEDAAF-5 Brownfields	\$100,000	\$0	\$2,850,000	0	0	0
BCP Investors, LLC	MEDAAF-5 Brownfields	\$800,000	\$0	\$60,000,000	0	0	0
Cypress Realty Investments, LLC	MEDAAF-5 Brownfields	\$150,000	\$0	\$53,231,000	0	0	0

Appendix A: FY 2013 DBED Finance Tracker Incentives Report

Recipient	Program	Approved Incentive Amount	Loan Guarantee Amount	Total Project Costs	New Jobs	Retained Jobs	Trainees
Enterprise Housing Corporation	MEDAAF-5 Brownfields	\$65,769	\$0	\$10,500,000	0	0	0
JAG Washington Gateway LLC	MEDAAF-5 Brownfields	\$400,000	\$0	\$50,000,000	0	0	0
National Properties Limited Partnership, The	MEDAAF-5 Brownfields	\$400,000	\$0	\$85,000,000	0	0	0
Wells CRP Building, LLC	MEDAAF-5 Brownfields	\$37,500	\$0	\$75,000	0	0	0
CFBC Properties Funding, LLC	MIDFA Conventional Insurance	\$8,595,000	\$2,578,500	\$11,649,000	98	150	0
Envirocon Associates, Inc.	MIDFA Conventional Insurance	\$500,000	\$250,000	\$500,000	3	10	0
Protenergy Natural Foods, Inc.	MIDFA Conventional Insurance	\$3,600,000	\$1,512,000	\$3,800,000	0	0	0
Associated Catholic Charities	MIDFA Tax Exempt Bonds	\$19,055,417	\$0	\$20,600,000	0	0	0
Brooklyn Park Gas, Inc./Moshen Samadnejad	MIDFA/SSBCI	\$180,000	\$45,000	\$317,000	5	14	0
M. Luis Construction Co Inc./M. Luis Products, LLC	MIDFA/SSBCI	\$8,600,000	\$0	\$8,600,000	56	183	0
Practical Intelligence, LLC	MIDFA/SSBCI	\$100,000	\$50,000	\$115,000	3	0	0
Yogurazzi, LLC dba PopDream	MIDFA/SSBCI	\$240,000	\$100,800	\$302,000	3	0	0
Martin Fast Foods of West Virginia, Inc.	MIDFA-Small Business	\$375,000	\$187,500	\$1,470,000	16	0	0
Advanced Pro Inspections, LLC	Military/Disabled Veterans	\$50,000	\$0	\$57,400	1	0	0
All American MD, LLC	Military/Disabled Veterans	\$12,000	\$0	\$60,000	0	1	0
Falcon Solutions, LLC	Military/Disabled Veterans	\$50,000	\$0	\$50,000	1	1	0
James F. Mingey dba Veterans Business Services	Military/Disabled Veterans	\$25,000	\$0	\$83,000	1	4	0
Monkey Kate and Dave's, LLC	Military/Disabled Veterans	\$50,000	\$0	\$100,781	6	0	0
Price Capitol Inc.	Military/Disabled Veterans	\$25,000	\$0	\$25,000	1	0	0
The Nixon Group, LLC	Military/Disabled Veterans	\$50,000	\$0	\$50,130	10	5	0
Village Family Dental Spaa, LLC	Military/Disabled Veterans	\$50,000	\$0	\$50,000	2	3	0
Environmental Engineering & Construction	MSBDFA Contract Financing	\$250,000	\$0	\$250,000	0	0	0
Greener Construction Services, Inc.	MSBDFA Contract Financing	\$100,000	\$0	\$100,000	6	1	0
Linwood C. Scott Jr. Inc. dba LCSJ	MSBDFA Contract Financing	\$100,000	\$0	\$150,000	0	0	0
Apples and Oranges Fresh Market, LLC	MSBDFA EPIP Other Small Business	\$150,000	\$0	\$1,105,000	11	0	0

Appendix A: FY 2013 DBED Finance Tracker Incentives Report

Recipient	Program	Approved Incentive Amount	Loan Guarantee Amount	Total Project Costs	New Jobs	Retained Jobs	Trainees
Habakkuk Music, Inc.	MSBDFA EPIP Other Small Business	\$70,000	\$0	\$140,000	0	0	0
KTBG, LLC t/a FROOTS	MSBDFA EPIP Other Small Business	\$150,000	\$0	\$280,000	4	0	0
V I Management Group, LLC	MSBDFA EPIP Other Small Business	\$75,000	\$0	\$75,000	4	0	0
Zavda Technologies, LLC	MSBDFA Guaranty Fund	\$300,000	\$150,000	\$300,000	10	10	0
Zavda Technologies, LLC	MSBDFA Guaranty Fund	\$100,000	\$0	\$0	0	0	0
Consolidated Services, Inc/Consol. Janitorial Svcs	MSBDFA Surety Bond Direct	\$400,000	\$0	\$400,000	0	12	0
E&R Services, Inc.	MSBDFA Surety Bond Direct	\$1,000,000	\$0	\$2,000,000	0	0	0
Newport Baltimore dba Cuban Revolution Restaurant	MSBDFA/SSBCI	\$340,000	\$204,000	\$1,040,000	16	0	0
GrayBug, LLC	MVF Challenge/InvestMD	\$100,000	\$0	\$100,000	2	4	0
I-Lighting, LLC	MVF Challenge/InvestMD	\$100,000	\$0	\$100,000	10	3	0
Red Owl Analytics LLC	MVF Challenge/InvestMD	\$100,000	\$0	\$100,000	20	16	0
20/20 Gene Systems, Inc.	MVF COV Challenge to Enterprise	\$150,000	\$0	\$150,000	0	13	0
3Clogic, Inc.	MVF Enterprise	\$100,000	\$0	\$0	0	0	0
3Clogic, Inc.	MVF Enterprise	\$390,000	\$0	\$1,540,000	5	10	0
Corporate Technology Group, Inc/Jobon InstantLabs Medical Diagnostics Corporation	MVF Enterprise	\$150,000	\$0	\$875,000	5	7	0
Theranostics Health, Inc.	MVF Enterprise	\$250,000	\$0	\$1,500,000	18	10	0
Adlyfe, Inc.	MVF Enterprise/SSBCI	\$600,000	\$0	\$6,700,000	3	0	0
Akonni Biosystems, Inc.	MVF Enterprise/SSBCI	\$500,001	\$0	\$2,986,609	2	38	0
Bambeco LLC	MVF Enterprise/SSBCI	\$100,000	\$0	\$2,100,000	24	16	0
Cytomedix, Inc.	MVF Enterprise/SSBCI	\$1,000,000	\$0	\$9,803,000	13	51	0
Zero Chroma LLC	MVF Enterprise/SSBCI	\$499,086	\$0	\$1,142,444	20	4	0
Core Equity Partners III, L.P.	MVF InvestMD I VCLP	\$3,000,000	\$0	\$3,000,000	0	0	0
Grotech Ventures II, L.P.	MVF InvestMD I VCLP	\$12,000,000	\$0	\$207,015,306	0	0	0
Kinetic Ventures IX, L.P.	MVF InvestMD I VCLP	\$5,000,000	\$0	\$5,000,000	0	0	0
New Atlantic Venture Fund IV, L.P.	MVF InvestMD I VCLP	\$8,000,000	\$0	\$80,000,000	0	0	0
New Markets Education Partners, L.P.	MVF InvestMD I VCLP	\$3,000,000	\$0	\$3,000,000	0	0	0

Appendix A: FY 2013 DBED Finance Tracker Incentives Report

Recipient	Program	Approved Incentive Amount	Loan Guarantee Amount	Total Project Costs	New Jobs	Retained Jobs	Trainees
Bambeco LLC	MVF InvestMD II Enterprise	\$400,000	\$0	\$400,000	33	16	0
Bambeco LLC	MVF InvestMD II Enterprise	\$200,000	\$0	\$200,000	0	49	0
Bambeco LLC	MVF InvestMD II Enterprise	\$100,000	\$0	\$100,000	22	25	0
BrainScope Company, Inc.	MVF InvestMD II Enterprise	\$750,000	\$0	\$3,500,000	25	22	0
CES Acquisition Corp.	MVF InvestMD II Enterprise	\$800,000	\$0	\$3,700,000	21	74	0
Maxtena, Inc.	MVF InvestMD II Enterprise	\$1,120,000	\$0	\$910,000	47	10	0
Maxtena, Inc.	MVF InvestMD II Enterprise	\$250,000	\$0	\$250,000	0	0	0
Maxtena, Inc.	MVF InvestMD II Enterprise	\$200,000	\$0	\$200,000	10	11	0
Pathsensors, Inc.	MVF InvestMD II Enterprise	\$400,000	\$0	\$1,755,000	13	17	0
Plasmonix, Inc.	MVF InvestMD II Enterprise	\$100,000	\$0	\$298,264	0	13	0
Zenoss, Inc.	MVF InvestMD II Enterprise	\$148,789	\$0	\$20,000,000	195	110	0
AR Systems, Inc.	Partnership for Workforce Quality	\$3,600	\$0	\$7,200	2	5	0
Berry Plastics Corporation	Partnership for Workforce Quality	\$25,000	\$0	\$64,125	0	20	40
DynPort Vaccine, LLC a CSC Company	Partnership for Workforce Quality	\$8,539	\$0	\$17,078	0	0	19
National Electronics Warranty, LLC	Partnership for Workforce Quality	\$25,000	\$0	\$50,000	0	29	0
Platform Systems, Inc.	Partnership for Workforce Quality	\$3,600	\$0	\$3,600	1	21	0
Protenergy Natural Foods, Inc.	Partnership for Workforce Quality	\$25,000	\$0	\$0	0	0	0
Tidewater Direct, LLC	Partnership for Workforce Quality	\$10,000	\$0	\$20,000	12	88	10
Tulkoff Food Products	Partnership for Workforce Quality	\$2,825	\$0	\$2,825	0	77	10
Waco Products, Inc.	Partnership for Workforce Quality	\$3,600	\$0	\$20,000	5	30	0
Bechtel Power Corporation	Sunny Day Cond. Loan	\$9,500,000	\$0	\$9,500,000	0	1,250	0
Adlyfe, Inc.	Translational Research (TR)	\$200,000	\$0	\$248,365	0	1	0
CardioSolv Ablation Technologies, Inc.	Translational Research (TR)	\$200,000	\$0	\$561,000	0	1	0
NexImmune, Inc.	Translational Research (TR)	\$125,000	\$0	\$0	0	0	0
Remedium Technologies, Inc.	Translational Research (TR)	\$199,100	\$0	\$274,100	0	1	0
SAJE Pharma, LLC	Translational Research (TR)	\$200,000	\$0	\$223,250	0	1	0
Anne Arundel Economic Development Corporation	Video Lottery Terminal	\$3,000,000	\$0	\$0	0	0	0
Maryland Capital Enterprises	Video Lottery Terminal	\$1,000,000	\$0	\$0	0	0	0
Meridian Management Group, Inc.	Video Lottery Terminal	\$3,500,000	\$0	\$0	0	0	0
Cyberpoint International, LLC	Job Creation Tax Credit	\$0	\$0	\$0	25	0	0
The Sherwin Williams Company	Job Creation Tax Credit	\$0	\$0	\$0	31	0	0
The Sherwin Williams Company	Job Creation Tax Credit	\$0	\$0	\$0	75	0	0

Appendix A: FY 2013 DBED Finance Tracker Incentives Report

Recipient	Program	Approved Incentive Amount	Loan Guarantee Amount	Total Project Costs	New Jobs	Retained Jobs	Trainees
ViPs, Inc.	Job Creation Tax Credit	\$0	\$0	\$0	47	0	0
Millennial Media, Inc.	Job Creation Tax Credit	\$0	\$0	\$0	37	0	0
Millennial Media, Inc.	Job Creation Tax Credit	\$0	\$0	\$0	35	0	0
Zenimax Media, Inc.	Job Creation Tax Credit	\$0	\$0	\$0	71	0	0
US Silica Company	Job Creation Tax Credit	\$0	\$0	\$0	34	0	0
Bob's Discount Furniture	Job Creation Tax Credit	\$0	\$0	\$0	39	0	0
GCC Technologies, LLC	Job Creation Tax Credit	\$0	\$0	\$0	25	0	0
Cyberpoint International, LLC	Job Creation Tax Credit	\$0	\$0	\$0	37	0	0
LWRC International, LLC	One Maryland Tax Credit	\$0	\$0	\$0	30	0	0
The Sherwin Williams Company	One Maryland Tax Credit	\$0	\$0	\$0	31	0	0
Recipient	Program	Tax Credit Amount	Qualified Expenditures	Number of MD Businesses	MD Local Hires(Crew, Cast & Extras)		
Second in Command Productions, LLC (VEEP Season 1)	Film Production	\$3,410,885	\$14,126,384	1,141	978		
Bishop Varney Productions, Inc. (Better Living Through Chemistry)	Film Production	\$691,189	\$2,811,459	571	196		
Jamesy Boy, LLC	Film Production	\$600,000	\$2,526,121	338	288		
Ping Pong Summer, Inc	Film Production	\$231,250	\$962,531	421	69		

Appendix B: Research and Development Tax Credits, R&D Tax Credits Certified in FY 2013

Company Name	Certified Basic Credit Amount	Certified Growth Credit Amount	Total Certified Credit Amount
AAI Corporation	29,436	73,019	102,454
Action Products, Inc.	736	0	736
Advanced Biotechnologies, Inc.	758	489	1,247
Aeplog, Inc.	429	2,382	2,811
Aeroflex/Weinschel, Inc.	2,045	12,251	14,295
AES Electrical, Inc. dba Freestate Electric & TA Beach Corp.	3,213	0	3,213
Akonni Biosystems, Inc.	3,322	7,180	10,502
Alliant Techsystems, Inc.	26,992	13,227	40,219
American Infrastructure, Inc.	2,726	12,072	14,798
Amgen, Inc.	36,726	0	36,726
Amplimmune, Inc.	11,424	61,317	72,741
AOL Advertising, Inc.	18,604	0	18,604
Applied Software, Inc.	789	3,323	4,111
Arinc Incorporated	10,258	0	10,258
Art Campbell, LLC	11	0	11
Ashland, Inc.	563	3,000	3,563
Asset Acceptance Capital Corp.	1,222	0	1,222
Astellas US Holding, Inc.	617	14,846	15,463
AT&T Services, Inc.	4,103	125,881	129,984
Ath Group, Inc.	794	8,318	9,111
Athena Environmental Sciences, Inc.	0	0	0
basys, Inc.	3,806	0	3,806
Becton Dickinson and Company	120,058	163,742	283,800
Bentley Systems, Incorporated	2,837	2,383	5,220
BioFactura, Inc.	359	665	1,024
Boland Trane Services, Inc.	3,852	0	3,852
Bowles Fluidics Corporation	2,554	0	2,554
Cambridge Group Holdings Corp.	2,597	5,578	8,175
Carleton Technologies, Inc.	984	0	984
Carter Control Systems, Inc.	364	0	364
Castle Communications, Inc.	1,254	0	1,254
Central Wholesalers, Inc.	206	0	206
Cerecor, Inc., FNA Ceregen, Inc.	0	8,367	8,367
Church & Dwight Co., Inc.	113	624	737
Computech, Inc.	721	625	1,346
Comtech Mobile Data Corporation	6,835	0	6,835
Connections Education, Inc.	3,245	37,118	40,363
Consortium Health Plans, Inc.	2,396	7,818	10,214
CSA Medical, Inc. (FKA Reset Medical, Inc.)	6,455	19,878	26,333
Custom Direct, LLC	952	0	952
Cyber Point International, LLC	1,328	37,629	38,957
Cylex, Inc.	1,439	1,488	2,926

Appendix B: Research and Development Tax Credits, R&D Tax Credits Certified in FY 2013

Company Name	Certified Basic Credit Amount	Certified Growth Credit Amount	Total Certified Credit Amount
Cytec Engineered Materials, Inc.	8,756	0	8,756
Dairy Maid Dairy, Inc.	2,366	0	2,366
Digital Receiver Technology	33,529	0	33,529
Dixie Construction Company, Inc.	2,103	830	2,933
EA Engineering, Science and Technology, Inc.	4,554	0	4,554
Ecrion Software, Inc.	187	3,185	3,372
Electromet Corporation	1,350	612	1,961
Eli Lilly and Company	27,537	0	27,537
EMC Corporation	8,975	0	8,975
EMD Serono, Inc.	797	0	797
Emergent Biosolutions Inc. & Subsidiaries	17,868	0	17,868
Energy Concepts Company, LLC	3,156	2,037	5,193
Enigmatics, Inc.	645	0	645
eOriginal, Inc.	1,758	1,055	2,813
Eurotech, Inc.	3,733	9,046	12,779
Exonhit Therapeutics, Inc.	3,370	0	3,370
Fairchild Controls Corporation	15,790	0	15,790
FastVDO, LLC	338	0	338
Fil-Tec, Inc.	295	6,194	6,489
Fina BioSolutions, LLC	660	1,626	2,285
Futurewei Technologies Inc.	119	3,616	3,734
Fyodor Biotechnologies, Inc.	167	202	369
GE Aviation Systems North America, Inc.	2,165	0	2,165
General Dynamics Advanced Information Systems, Inc.	598	0	598
General Resonance, LLC	3,496	20,368	23,864
Grunley Construction Company, Inc.	1,150	0	1,150
Hughes Network Systems, LLC	138,092	137,389	275,481
Human Genome Sciences, Inc.	126,606	250,015	376,622
Immuno Probe, Inc.	512	2,006	2,518
Increditek, Inc.	1,296	7,696	8,992
Inovalon, Inc.	3,982	32,012	35,994
Intelligent Devices, Inc.	801	0	801
Intelligrated Systems, LLC	358	36,154	36,513
Interactdata, LC, Trading as VMCSelect	706	0	706
International Business Machines Corporation	13,453	0	13,453
Interstate Management Resources, Inc.	5,950	0	5,950
Jason Pharmaceuticals, Inc.	5,934	30,524	36,458
Javelina Software, LLC	736	1,749	2,485
Kaydon Ring and Seal, Inc.	1,445	136	1,581
Kenlee Precision Corporation	3,089	0	3,089
KEYW Holding Corporation, Inc. & Subsidiaries	1,808	9,639	11,447
Kirlin Holdings, LLC	11,628	16,282	27,910

Appendix B: Research and Development Tax Credits, R&D Tax Credits Certified in FY 2013

Company Name	Certified Basic Credit Amount	Certified Growth Credit Amount	Total Certified Credit Amount
Knorr Brake Corporation	66	0	66
Kratos Technology & Training Solutions, Inc.	9,156	14,398	23,555
L-3 Chesapeake Sciences Corporation	244	947	1,191
Life Technologies Corporation	21,635	0	21,635
Lockheed Martin Corporation	132,936	0	132,936
Mack Trucks, Inc.	144,912	0	144,912
Macrogenics, Inc. & Subsidiary	30,405	0	30,405
Martek Biosciences Corporation	38,007	35,070	73,078
Marvell Semiconductor, Inc.	1,766	0	1,766
McCormick & Company, Inc.	96,693	76,609	173,302
Medimmune, LLC	462,285	0	462,285
Meso Scale Diagnostics, LLC	20,119	47,040	67,159
Micros Systems, Inc.	15,977	47,282	63,260
Miltec Corporation	918	1,547	2,464
Mindgrub Technologies, LLC	63	1,715	1,778
MobiLaps, LLC	403	707	1,111
Morningstar PV Controllers, Corp., AKA Morningstar Corp.	2,759	6,220	8,979
Multi-Comp, Inc.	1,453	1,922	3,375
Nemetschek Vectorworks, Inc.	3,286	2,631	5,917
Northrop Grumman Systems Corporation	307,041	492,848	799,889
Novartis Pharmaceuticals Corporation	7,890	0	7,890
Noxell Corporation	13,322	15,067	28,389
Noxilizer, Inc.	3,580	0	3,580
Nurad Technologies, Inc.	5,071	0	5,071
Nutramax Laboratories, Inc.	6,200	0	6,200
Nutramax Manufacturing, Inc.	402	7,998	8,400
OpGen, Inc.	6,162	4,023	10,185
Opnet Technologies, Inc.	14,599	0	14,599
Osiris Therapeutics, Inc.	21,742	0	21,742
Otsuka America, Inc.	60,998	0	60,998
Pall Filtration & Separations Group, Inc.	2,086	150	2,236
Paramount Die Company, Inc.	2,338	2,175	4,513
Patton Electronics Company	6,028	0	6,028
Pfizer Inc. & Subsidiaries	49,888	0	49,888
Pharmaceuticals International, Inc.	10,441	79,337	89,778
Phoenix Color Corp.	10,996	0	10,996
Pitney Bowes Software, Inc.	15,168	0	15,168
Plant Vax, Inc.	0	5,086	5,086
Pritchard Brown, LLC	2,544	289	2,833
Pritchett Controls, Inc.	3,261	8,939	12,201
Profectus Biosciences, Inc.	4,430	0	4,430
Progeny Systems Corporation	83	868	951

Appendix B: Research and Development Tax Credits, R&D Tax Credits Certified in FY 2013

Company Name	Certified Basic Credit Amount	Certified Growth Credit Amount	Total Certified Credit Amount
Prometric, Inc.	7,115	18,851	25,967
Prosync Technology Group, LLC	495	459	954
Qiagen North American Holdings, Inc.	46,159	0	46,159
Ray Enterprises of Chesapeake Walk, Inc.	3,107	0	3,107
Raytheon Company	48,175	0	48,175
Red Bag Solutions, Inc	135	0	135
RegeneRx Biopharmaceuticals, Inc.	2,355	0	2,355
Restorative Therapies, Inc.	946	0	946
Roadnet Technologies, Inc.	0	65,100	65,100
Rockwell Collins, Inc.	922	0	922
Rome Technologies, Inc.	1,237	375	1,612
RPM International, Inc.	5,451	216	5,667
Science Applications International Corporation	28,153	27,517	55,670
Sierra Nevada Corporation	9,481	3,110	12,591
Singleton Electric Co., Inc.	5,400	0	5,400
Smart Imaging Systems, Inc.	372	0	372
Sourcefire, Inc.	20,601	125,077	145,678
Spartech FCD, LLC	98	0	98
Spirent Communications of Rockville, Inc.	13,461	0	13,461
Stanley Black & Decker, Inc.	98,190	0	98,190
Stulz Air Technology Systems, Inc.	1,429	12,722	14,152
Sucampo Pharma Americas, Inc.	18,937	18,638	37,575
TCom, LP	3,686	43,580	47,266
Technologies Solutions Group	48	7,830	7,878
Technology Concepts & Commercialization LLC	136	2,339	2,475
Tecore, Inc.	6,471	1,178	7,649
Tenable Network Security, Inc.	6,423	12,657	19,080
Tetracore, Inc.	1,020	9,164	10,184
TEVA Biopharmaceuticals, Inc.	26,524	0	26,524
Thames Technology Holdings, Inc. and Subsidiaries	641	0	641
The Sherwin-Williams Company	375	0	375
Tilley Chemical Company	1,247	0	1,247
Trak Microwave Corporation, dba Lorch Microwave	1,656	0	1,656
Transformational Security, LLC	281	8,661	8,942
Travel Lite, Co.	191	0	191
UGT Manufacturing LLC	0	4,100	4,100
United Parcel Service General Services Co.	30,228	294,810	325,038
United Therapeutics Corporation and Subs.	17,214	0	17,214
Verizon Communications, Inc.	77,637	0	77,637
Via Sat, Inc.	22,380	57,451	79,831
VisiSonics Corporation	0	1,006	1,006

Appendix B: Research and Development Tax Credits, R&D Tax Credits Certified in FY 2013

Company Name	Certified Basic Credit Amount	Certified Growth Credit Amount	Total Certified Credit Amount
Visual Analytics, Inc.	3,389	0	3,389
Vocus, Inc.	6,101	11,937	18,039
Vorbeck Materials Corp.	1,821	1,742	3,563
W.L. Gore & Associates	101,754	0	101,754
Western Services Corporation	2,407	8,091	10,498
Wyle Laboratories, Inc.	10,827	0	10,827
Xcision Medical Systems, LLC	1,410	16,540	17,950
Zegaz Instruments, Inc.	54	0	54
Zenimax Media, Inc.	47,529	198,382	245,911
Grand Total	3,000,000	3,000,000	6,000,000

Appendix C: Biotechnology Investment Incentive Tax Credit

FY2013 QMBCs – Receiving Benefit of Program (23)	APROVED FINAL TAX CREDIT CERTIFICATES (\$)	APROVED FINAL TAX CREDIT CERTIFICATES (#)	Employees Working in Maryland** (#)
20/20 GeneSystems, Inc.	920,863	11	20
Alper Biotech LLC	797,500	13	5
Animalgesic Laboratories, Inc. (formerly Bamvet Laboratories, Inc.)	75,000	1	Not reported
BeneVir Biopharm, Inc.	25,000	1	Not reported
Beta Cat Pharmaceuticals LLC	60,250	2	1.5
Clarassance, Inc.	137,500	2	5.5
Cosmos ID, Inc.	409,999	5	0
Creatv MicroTech, Inc.	187,500	7	8
Gliknik, Inc.	1,200,000	24	5
GlycoPure, Inc.*	200,000	1	2
InfraTrac, Inc.	12,500	1	1
InstantLabs Medical Diagnostics Corp.	87,500	4	4
NexImmune Inc.	37,500	2	1.5
Noxilizer, Inc.	782,500	18	0
OTraces Inc.	300,000	2	4
Pathsensors, Inc.	25,000	1	5
Plant Sensory Systems, LLC	78,500	2	4
Plasmonix, Inc.	150,000	1	Not reported
Rafagen, Inc.	101,500	6	3
Royer Biomedical Inc.	202,500	8	3
Sequella, Inc.	600,000	13	15
Synergy America, Inc. d/b/a SynAm Vaccine	258,000	5	2.5
Xcision Medical Systems, LLC	662,500	4	13
Grand Total	\$7,311,611	134	

** Numbers are based on the annual survey response from QMBC for the calendar year 2012, and contractors are excluded.

Appendix D: Recipients of Multiple Incentives FY 2013

Recipient	Program
20/20 Gene Systems, Inc.	Biotech Investment Incentive Tax Credit, MVF COV Challenge to Enterprise
Adlyfe, Inc.	MVF Enterprise/SSBCI, Translational Research (TR)
Akonni Biosystems, Inc.	MVF Enterprise/SSBCI, R&D Tax Credit
Animalgesic Laboratories, Inc. (formerly Bamvet Laboratories, Inc.)	Biotech Investment Incentive Tax Credit, Biotechnology Commercialization (BC)
Bambeco LLC	MVF Enterprise/SSBCI, MVF InvestMD II Enterprise
Fyodor Biotechnologies, Inc.	Biotechnology Commercialization (BC), R&D Tax Credit
GCC Technologies, LLC	Job Creation Tax Credit, MEDAAF-2 Cond. Loan
InstantLabs Medical Diagnostics Corp.	Biotech Investment Incentive Tax Credit, MVF Enterprise
Maxtena, Inc.	MVF InvestMD II Enterprise (2)
NexImmune, Inc.	Biotech Investment Incentive Tax Credit, Translational Research (TR)
Noxilizer, Inc.	Biotech Investment Incentive Tax Credit, R&D Tax Credit
Pathsensors, Inc.	Biotech Investment Incentive Tax Credit, MVF InvestMD II Enterprise
Phoenix Color Corp.	MEDAAF-2 Cond. Grant, R&D Tax Credit
Plasmonix, Inc.	Biotech Investment Incentive Tax Credit, MVF InvestMD II Enterprise
Protenergy Natural Foods, Inc.	MEDAAF-2 Cond. Loan, MIDFA Conventional Insurance, Partnership for Workforce Quality
The Sherwin Williams Company	Job Creation Tax Credit, One Maryland Tax Credit
Vocus, Inc.	MEDAAF-2 Cond. Loan, R&D Tax Credit
Xcision Medical Systems, LLC	Biotech Investment Incentive Tax Credit, R&D Tax Credit
Zavda Technologies, LLC	MSBDFa Guaranty Fund (2)
Zenimax Media, Inc.	Job Creation Tax Credit, R&D Tax Credit

Appendix E: Compliance Triggers and Remedial Action

	Trigger	Action	Remedy
Legal Action			
	Recipient breaches " any " covenant, representation, warranty or other provision of our Agreements	Claim a Default	Require immediate repayment, proceed to enforce all rights available to the Department: <i>Forbearance, Charge Off, Foreclose, Charge Late Fees, Increase Interest Rate, Terminate Transaction, File Judgments, Clawback, etc.</i>

Discretionary Decisions			
	Late Payments >90 Days	Escalate to Management	Management discretion to charge late fee-contact client continue billing
	Late Payments >180 Days	Escalate to Management	Charge Off, Transfer to Special Assets, Work with AG on legal remedy; Management has discretion not to Charge Off account based on case-by-case circumstances and must document via Approval Memo why not Charging Off (see legal remedies)
	Upcoming Reporting Date & <60 Days past due	Tickler/Reminder E-mails	Notifies client before something comes due, or once something is late.
	>60 Days Past Due for any reporting	Escalate Issue to Finance Specialist	Contact client to get item, waive requirement for item (in writing), continue to monitor
	Failed Employment Goals	Escalate to Finance Specialist and Management	Move forward with clawback or depending on company and economic conditions the employment goals may be modified (see legal remedies)
	Poor Annual Financial Review	Escalate to Management	Continue to monitor; possible downgrade of risk rating; transfer to Special Assets, contact client, financial institution

Tax Credits			
Not Eligible	Applicant applies for certification of tax credit but does not meet statutory requirements	Do not certify as eligible for tax credit	The tax credits are non-discretionary. If the business does not meet the statutory requirements of the program, the Department may not certify them as eligible. For the One Maryland and Job Creation Tax Credits, the Department urges the applicant to apply for preliminary certification to identify any potential obstacles to final certification. We work with the company to identify and overcome any issues that would preclude the company from qualifying.
Non-compliance	Applicant is certified as eligible for tax credits but does not maintain the positions or investment.	Credits are recaptured; business may not use the credits during the carry forward period.	Under the Job Creation Tax Credit, the business must maintain the credits for three years or recapture some or all the credits. An independent CPA certifies at the end of the recapture period, whether any recapture is due the state. Under the One Maryland Tax Credit, if the business falls below a certain threshold of jobs, the business may not use the credit in that credit year. However, when its employment increases over the threshold, it may begin taking the credit again. The threshold was originally 25 jobs, but in recognition of the struggling economy, this was reduced to 10 jobs, if the business had maintained 25 jobs for at least five years. Under the Biotechnology Investment Incentive Tax Credit, if the investor that received a credit sells or transfers his ownership interest in the qualified Maryland Biotechnology Company (QMBC) or if the QMBC ceases to operate as an active business with its headquarters in Maryland within 2 years from the tax year they claimed the credit, they are required to recapture some or all of the credit.
<p>In general, the tax credits are non-discretionary. If the business does not meet the statutory requirements, they will not qualify for the credits. DBED does not have the discretion to waive the statute. However, DBED does work with the businesses to identify issues early in the process. In addition, changes have been made to the programs through legislation that have made it easier to meet the program requirements</p>			