



May 23, 2025
401 E. Pratt Street, Baltimore Maryland 21202
17th Floor Conference Room
9:00 - 11:00am
Minutes

Members in Attendance:

Will Castleberry, Chair
Matthew Bjonerud
Natalie Evans Harris
Reza Jafari
Mary Kane
Karen Kornbluh

Netflix - Virtual
Cerebro Capital - Virtual
Chief Data Officer, State of Maryland – Virtual
e-Development International
Maryland Chamber of Commerce - Virtual
Distinguished Fellow for Technology and
Competitiveness German Marshall Fund of the U.S –
Virtual
Goldman Edwards - Virtual
President & CEO, CareFirst BlueCross BlueShield - Virtual
Managing Partner, Co-Founder RECOGNIZE - Virtual
State of Maryland - Virtual
Strategic Path Forward - Virtual
Johns Hopkins University – Virtual

Ex-Officio Members:

Secretary Harry Coker
Secretary Portio Wu

Department of Commerce
Department of Labor

Guests:

Richard Auxier
Meryam Bouadjemi
Victor Burrola
Brad Fallon
Jennifer LaHatte
Tim McGowan
Jerel Registre
Stephen Rice
Ashely Sharp
Ben Seigel
Judy L. Smith

DBM - Virtual
Senior Advisor to Governor Wes Moore
Wells Fargo Bank
Office of the Governor, State of Maryland - Virtual
Department of Commerce – Virtual
Department of Commerce
Department of Commerce
Department of Commerce - Virtual
Department of Labor - Virtual
Office of the Comptroller - Virtual
Department of Labor

I. Meeting called to Order

Chair Castleberry called the meeting to order at 9:03am.

II. Minutes of the March 7, 2025 Meeting

Secretary Coker requested the minutes be amended following consultation with the research team regarding certain statistics. Upon a motion duly made and second, the minutes of the March 7, 2025 meeting were approved to be reviewed at the following meeting.

III. Chair's Report

Chair Castleberry proposed moving the chair's report on the pilot anchor zone office to the end of the meeting, believing that the secretary's report and legislative update would provide better context. He also asked the Council to consider what deliverables they should provide to the governor, revisiting past discussions on lobbying the legislature, assessing federal workforce cuts, and evaluating national AI economic policies.

Chair Castleberry invited Secretary Grady to provide updates. Secretary Grady provided a recap of Moody's recent downgrade of the state's credit rating from AAA to AA1 with a stable outlook. She highlighted Moody's acknowledgement of the state's credit strengths and financial management but noted that the downgrade was primarily attributed to vulnerability to federal job cuts and evolving US government policies. She presented data showing that key economic metrics, such as income tax withholding, are currently exceeding forecasts. She also pointed out the uncertainty surrounding federal layoffs and budget proposals at the time of Moody's actions.

Councilor Jafari inquired about the structural deficit outlook until 2030 and Maryland's competitiveness with neighboring states. Secretary Grady discussed the projected deficit and the administration's efforts to address it. Secretary Grady acknowledged that economic competitiveness remains a focus, referencing the state's economic growth strategic plan and ongoing efforts to improve.

Councilor Thompson raised concerns about the impact of the 3% tech tax on technology companies leaving Maryland. Brad Fallon acknowledged the issue and the General Assembly's awareness, suggesting that tracking the impact would likely fall to the administration and agencies like Commerce and Labor. Councilor Thompson suggested focusing on incubator operations to gauge the attitude of new and existing companies.

Brian Pieninck described the current business environment as navigating through fog, with companies proceeding cautiously and sidelining some investment decisions due to volatility and uncertainty. Brian emphasized the importance of the signals the economy is sending to the private sector to encourage investment in Maryland. Brian expressed concerns that the tech tax sends a negative signal to the tech industry, suggesting the state is not serious about

growing the economy through technology, and that there was a lack of consultation. Brian emphasized the opportunity to shape a stronger narrative to assure the tech sector that Maryland is still a good place to invest.

Secretary Coker emphasized the need to consider the broader economic landscape beyond just the tech tax when discussing competitiveness. The Comptroller's office is preparing tech tax roll-out guidance and conducting webinars to assist businesses with understanding the tech tax. During the discussion, it was emphasized that this is an opportunity to shape a stronger narrative for the tech sector on "Why Maryland" is still a good place to invest.

Finally, it was suggested that a tax ad-hoc committee be formed to provide input and help shape the tech tax narrative and the Chair agreed to add this suggestion to the to-do list.

IV. Secretary's Report

Secretary Coker began his report by thanking Tim McGowan for his service and that this was his last Subcabinet meeting before he moved out of the country. The Subcabinet was invited to his "send-off" gathering.

The Secretary introduced Judy L. Smith as the Department of Commerce's new Chief Strategy Officer, highlighting her background and responsibilities in strategic planning and overseeing the Commerce Boards and Commissions. She will be leading an effort to assess the value and tasking of the Department's various boards, commissions and councils, including the Maryland Ireland Trade Commission.

The following are the major topics that the Secretary reported to the Subcabinet:

- Successful trade mission lead by Governor Moore to Japan and South Korea focusing on quantum, life sciences, and aerospace. Representatives from the University System of Maryland were in attendance. Several agreements were signed with universities and government entities to promote education, cultural and technological exchange.
- Focus has been placed on attracting non-governmental capital through foreign direct investment, sovereign wealth funds and family offices
- During a meeting with Paladin Group, Commerce had an opportunity to discuss the Maryland Lighthouse sectors. The meeting served as a pilot for engaging other potential investment entities.
- Per Natalie Evans Harris, Palantir has spent significant time meeting with various organizations across Maryland and Palantir may be able to offer insights into investment opportunities for the State considering the current federal government environment. Commerce agreed to facilitate this discussion

- Commerce is working with NVIDIA to establish a Memorandum of Understanding (MOU) which will be like the Palantir MOU.
- The following is a summary of several companies relocating to or expanding in Maryland: Bernstein Management Corporation, Lifetime Brands, avail systems, Q, Kingspan Roofing and Waterproofing, and the SJ Group. Both the Governor and the Lieutenant Governor have been actively participating in these development activities.

V. Remarks from the Governor's Office

Brad Fallon from the Governor's office highlighted the following:

- There is legislative interest in supporting federal workers facing retirement or job changes, focusing on retaining and pipelines to state positions while also acknowledging the budget challenges.
- The budget includes \$80 million in new operating funding for targeted economic development programs including significant investment in quantum and the discovery district.
- Funding for the Biohub initiatives and cyber security training programs at community colleges was highlighted. There are on-going efforts to ease experiential requirements for cyber security professionals.
- Funding has been secured for the strategic infrastructure revolving loan fund, The MEDCO certified sites program and the Build Our Future programs, as well as the forward funding of the Sunny. Day program.
- Funding has been secured for IT upgrades and the digital experience lead by DoIT and the Maryland Digital Service
- Additional funding for workforce development by the Department of Labor was secured.
- To assist with Regulatory Reform, it was suggested that the council's expertise could help identify easy wins for immediate action.
- The Governor's housing agenda and large economic development bill did not pass in the last days of the session
- Affordability continues to be a major concern impacting residents resulting in some residents leaving the State. The Chair proposed exploring the overall business affordability including energy costs, within the newly formed tax subcommittee.

VI. Action Item Summary

The Chair summarized the following actions:

- Develop a tech tax narrative (Commission)
- Form a sub-committee on tax and affordability (Chair)
- Commerce to communicate economic trips and trade mission in advance (Commerce)
- Follow up with DBM to share information on federal job actions and economic forecast analysis (Chair)

- Invite the University of Maryland Quest students to present their findings on the impact of increasing taxes in Maryland (Chair)
- Commerce will provide the group with a summary of the trade mission to Japan and South Korea (Ricardo Benn)

VII. Adjournment

Upon a motion duly made and second, the meeting was adjourned at 11:00am.