

More Jobs for Marylanders Tax Credit Reserve Fund

ANNUAL REPORT

Pursuant to Tax General Article §10-741(e)

Submitted by:

Maryland Department of Commerce

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INTRODUCTION

Maryland is home to nearly 113,000 manufacturing jobs in traditional and high-tech sectors throughout the State. Those manufacturing jobs produce a range of exportable products including metals and minerals, machinery and equipment, food and beverages, pharmaceutical and medicine, and aerospace and electronics. These products account for \$28.7 billion of the State's total gross product, and the average employee's annual salary is almost \$100,000.

As of June 30, 2025, the More Jobs for Marylanders Program (Program) has attracted 178 projects and created 3,901 qualified positions. These positions are full-time, paid an average wage of over \$88,027 per year, and receive ongoing job training and/or post-secondary tuition reimbursement. During the history of the program, projects in 17 counties and the City of Baltimore have received final certification for at least one year.

PROGRAM OVERVIEW

Due to legislative changes, this program consists of two distinct periods, the first being between July 1, 2018, and May 31, 2022. The second period is between June 1, 2022, and May 31, 2024. Projects with a start date on or after June 1, 2024, are not eligible for this program.

Prior to June 1, 2022

Chapter 149, Acts of 2017, established the Program within the Department of Commerce (Commerce) to incentivize and encourage manufacturers to create jobs in areas of Maryland that need jobs the most. The Program established (1) an income tax credit to certain new or existing qualifying manufacturers that create a minimum number of jobs; (2) additional incentives to qualifying new manufacturing businesses that create a minimum number of jobs within a designated county; and (3) additional Section 179 expensing and bonus depreciation as allowed under federal income tax law for all manufacturers located in the State.

Program benefits could be claimed for up to 10 consecutive years by new and existing qualified business entities in "Tier 1" or "Tier 2" counties in Maryland. To be eligible, a manufacturer had to enroll prior to June 1, 2022, create the minimum required number of jobs and meet other Program requirements.

Chapter 584, Acts of 2018, changed the income criteria in the definition of a Tier 1 County to include counties with median household income for the most recent 24-month period equal to or less than 75 percent of the median household income of the State. As a result, the following counties qualify as Tier 1 Counties as of July 1, 2018:

- Baltimore City;
- Allegany County;
- Caroline County;
- Dorchester County;

- Garrett County;
- Kent County;
- Somerset County;
- Washington County;
- Wicomico County; and
- Worcester County.

Tier 2 counties that have been adjusted to Tier 1 status for purposes of this credit, per the authority of the Secretary of Commerce are:

- Baltimore County;
- Cecil County; and
- Prince George's County.

All other counties not referenced are considered Tier 2 counties.

The program provides incentives tied to job creation for a 10-year period.

1. New businesses in Tier 1 jurisdictions receive a refundable State income tax credit (5.75% of the wage per new position); State Property Tax Credit (\$0.112 per \$100 assessed); refund of Sales and Use Tax; and waiver of SDAT fees for the creation of 5 or more new jobs.
2. Existing businesses in Tier 1 and Tier 2 jurisdictions receive a refundable State income tax credit of 5.75% of the wage per new position, for the creation of 5 new jobs and 10 new jobs, respectively.

To qualify, a manufacturing business must:

- Be a manufacturer primarily engaged in activities, at that facility, within Sectors 31, 32, or 33 of the North American Industrial Classification System (NAICS), except for Refiners;
- Offer ongoing job training or a postsecondary education program (e.g. tuition reimbursement).
- A new manufacturer must notify Commerce of its intent to be designated eligible before it establishes a facility in the state.
- An existing manufacturer must notify Commerce of its intent to be designated eligible for the program incentives before it creates new jobs.
- New or existing manufacturers in Tier 1 counties must create at least 5 new qualified jobs.
- Existing manufacturers in Tier 2 counties must create at least ten 10 new qualified jobs.
- Begin hiring within 12 months of its Notice of Intent (NOI) date to Commerce and meet the 5 or 10 job minimum within 12 months of its first hire.
- A qualified job is a job that is full-time, pays at least 120 percent of State minimum wage and is filled for 12 months.

- Enroll its project in the program before June 1, 2022.

To qualify a non-manufacturing business must:

- Be in an Opportunity Zone;
- Provide a Notice of Intent to Commerce before hiring;
 - Create at least five new qualified jobs. (A qualified job is a job that is full-time, pays at least \$50,000 per year, and is filled for 12 months before they qualify for credits.)
- Offer ongoing job training or provide a post-secondary education program;
- Begin hiring within 12 months of its Notice of Intent to Commerce. Once a business begins hiring, it must add 5 new qualified jobs within 12 months after the date of its first new hire.
- Existing businesses that move their facility from one Maryland county to another after June 1, 2017, will not be eligible to participate.
- Be certified by Commerce as a qualified business entity.
- Non-manufacturing businesses do NOT include businesses that: (i) provide adult entertainment, (ii) are primarily engaged in retail activities (except grocery stores), (iii) are primarily engaged in the sale or distribution of alcoholic beverages, or (iv) are one of the following types of entities: a private or commercial golf course or country club, a tanning salon, or a bail bondsman.
- Enroll its project in the program before June 1, 2022.

Through the sunset of the original program on May 31, 2022, Commerce received NOIs from companies representing 361 projects interested in applying for the More Jobs for Marylanders' tax credits and Commerce certified 130 projects as Qualified Business Entities eligible to apply for the available incentives. The remaining 231 companies that submitted an NOI prior to June 1, 2022, did not submit enrollment applications or were determined to be ineligible for the program. The companies that were not qualified prior to June 1, 2022, were required to submit a new Notice of Intent before June 1, 2024.

June 1, 2022 to May 31, 2024

Chapter 211, Acts of 2019, expanded the Program by allowing non-manufacturing businesses that locate or expand in Opportunity Zones to be eligible for Tier 1 tax and fee benefits.

Chapter 136 of 2022 heightened eligibility requirements and limited benefits available to manufacturing and non-manufacturing businesses enrolled on or after June 1, 2022 and before June 1, 2024. This included raising the minimum wage requirement; eliminating real property tax credit, sales and use tax refund and filing fee waiver; reducing the number of benefit years for projects in Tier 2 areas from 10 years to 5 years, and decreasing the income tax credit percentage from 5.75% to 4.75% of the aggregate wages of the qualified positions.

As required by statute, Commerce developed an application process for companies that plan to participate in the Program. To begin the process a company submits an NOI to Commerce. Upon receipt of a NOI, Commerce provides the business with an application to enroll its project in the Program. Upon receipt of the completed Project Enrollment Application, Commerce certifies the

company as a Qualified Business Entity and the company is then eligible to apply for the available tax credits.

Businesses must also submit an Initial Income Tax Application that includes a list of projected jobs and wages for that year. Commerce calculates a maximum credit for the business for that benefit year and issues the company an Initial Income Tax Credit Certificate (Initial Certificate). The amount of credit on the Initial Certificate is reserved for the business. After designated positions are filled for a period of 12 months, the business applies for the Final Income Tax Credit Certification (Final Certificate). The amount of credit on the Final Certificate is the amount of credit the business may claim for that benefit year and this credit cannot exceed the amount reserved on the Initial Certificate.

Commerce began accepting NOIs for the Program on June 1, 2017. As of the sunset of the program on May 31, 2024, Commerce issued 170 Enrollment Certificates. These enrollments represent over 14,000 new jobs through FY 2030.

Businesses that submitted NOIs but did not enroll before June 1, 2022 may participate in the program as modified by CH 136, Acts of 2022 if they were enrolled before June 1, 2024. Businesses that submitted NOIs but did not enroll before June 1, 2024 are not eligible to participate in the program.

Throughout this report, the level of activity for the program is accounted for by projects, not companies because there are instances where a company may have more than one eligible location or has more than one expansion project at the same location.

Businesses in Tier 1 jurisdictions receive a refundable State income tax credit of 4.75% of the wage per new position for a 10-year consecutive benefit period. Businesses in Tier 2 jurisdictions receive a refundable State income tax credit of 4.75% of the wage per new position for a 5-year consecutive benefit period.

To qualify a manufacturing business must:

- Be a manufacturer primarily engaged in activities at the facility that according to the North American Industrial Classification System, would be included in Sector 31, 32, or 33, except for Refiners.
- Offer ongoing job training or a postsecondary education program (e.g. tuition reimbursement).
- A manufacturer must notify Commerce of its intent to be designated eligible for the program incentives before it creates new jobs.
- Manufacturers in Tier 1 counties must create at least 10 new qualified jobs. (A qualified job is a job that is full-time, pays at least 150% of State minimum wage and is filled for 12 months.)
- Manufacturers in Tier 2 counties must create at least 20 new qualified jobs. (A qualified job is a job that is full-time, pays at least 150% of State minimum wage and is filled for 12 months.)

- The manufacturer must begin hiring within 12 months of its NOI date to Commerce and meet the 10 or 20 job minimum within 12 months of its first hire.
- Enroll its project in the program before June 1, 2024.

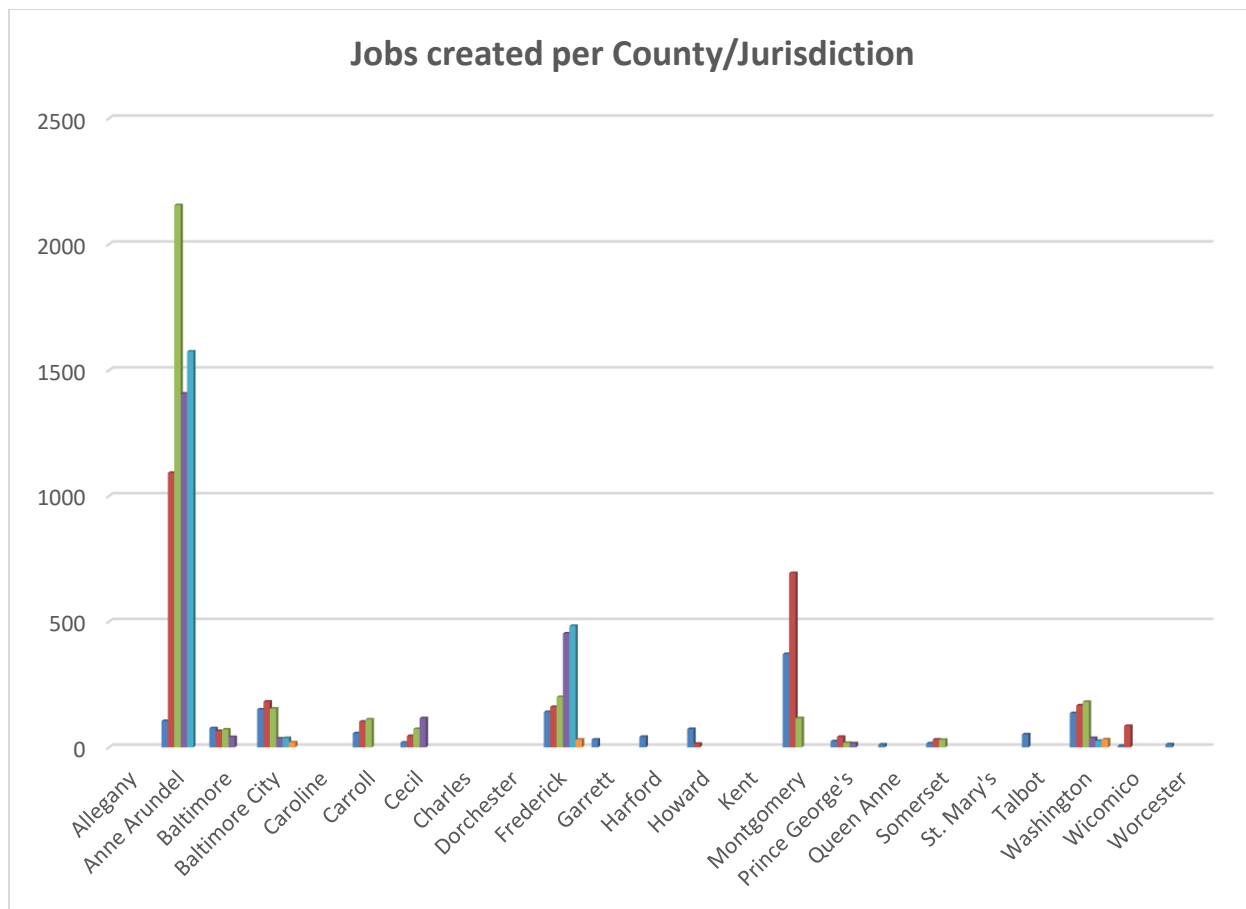
To qualify a non-manufacturing business must:

- Be located in an Opportunity Zone.
- Provide a Notice of Intent to Commerce before hiring.
- Create at least 10 new qualified jobs. (A qualified job is a job that is full-time, pays at least \$50,000 per year, and is filled for 12 months before they qualify for credits.)
- Offer ongoing job training or provide a post-secondary education program.
- Begin hiring within 12 months of its Notice of Intent to Commerce. Once a business begins hiring, it must add 5 new qualified jobs within 12 months after the date of its first new hire.
- Existing businesses that move their facility from one Maryland county to another after June 1, 2017, will not be eligible to participate.
- Be certified by Commerce as a qualified business entity.
- Non-manufacturing businesses do NOT include businesses that: (i) provide adult entertainment, (ii) are primarily engaged in retail activities (except grocery stores), (iii) are primarily engaged in the sale or distribution of alcoholic beverages, or (iv) are one of the following types of entities: a private or commercial golf course or country club, a tanning salon, or a bail bondsman.
- Enroll its project in the program before June 1, 2024.

Through the sunset of the program on June 1, 2024, Commerce received 77 Notices of Intent for projects interested in participating and certified an additional 39 projects as Qualified Business Entities between June 1, 2022 and May 31, 2024.

If a company did not receive an Enrollment Certificate prior to June 1, 2024, the company is not eligible to participate in the program.

During the history of the program, projects in 17 counties and the City of Baltimore have received final certification for at least one year within the program. See below for the jobs created by county.



FISCAL YEAR 2025 ACTIVITY

The program is generating a statewide impact by encouraging businesses to expand their manufacturing workforce in Maryland.

As of June 30, 2025, the Department of Commerce has certified **18** Initial Income Tax Credit Certificates and issued Final Certificates to **33** applicants, based on the amount of potential tax credits certified in the initial applications.

PROJECTED DEMAND FOR THE TAX CREDIT

Final Certificates

As of June 30, 2025, Commerce issued a total of **130** Final Certificates. Data for jobs, wages and credits in Table 1 below reflects actual performance for projects with Final Certificates.

Table 1

Final Income Tax Credit Certificates as of June 30, 2025						
Issued Final Certificates						
By Tier	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Tier 1	31	18	14	9	3	2
Tier 2	23	14	10	2	3	1
New versus Existing						
New (Tier 1)	14	5	5	6	1	1
Existing	40	27	19	5	5	2
Tier 1	22	13	9	3	2	0
Tier 2	18	14	10	2	3	2
Jobs, Wages, Credits through June 30, 2025						
Number of Qualified Positions Created						3901
Aggregate Wage of Qualified Positions Created						\$395,690,498
Aggregated Tax Credit						\$22,148,454
Projected New Jobs through FY2030						9801
Projected Total Wages in FY2030						\$3,832,679,137
Projected Total Credits in FY2030						\$52,761,110
Projected Total Wages through FY2030						\$3,764,342,402
Projected Total Credits through FY2030						\$220,291,513

Initial Certificates

There are 21 projects which have been issued Initial Income Tax Credit Certificates **for Benefit Year 1** but have not progressed to the Final Certificate stage. These projects, summarized below in Table 2, are assumed to be issued a Final Certificate in FY2027.

Table 2

Initial Income Tax Credit Certificates as of June 30, 2025	
Total Initial Certificates Issued Only	21
By Tier	
Tier 1	13
Tier 2	8
New versus Existing	
New (Tier 1)	1
Existing	
Tier 1	12
Tier 2	8
Projected Jobs, Wages, Credits	
Projected Year 1 New Jobs	773
Projected Year 1 Wages	\$47,171,511
Reserved Year 1 Credits	\$2,712,362
Projected New Jobs Through FY2030	3,213
Projected Total Wages through FY2030	\$187,085,215
Projected Total Credits through FY2030	\$10,757,399

Applications Approved and Enrolled as Qualified Business Entities

Commerce adopted regulations, effective April 4, 2022, governing the administration of the Program. The regulations require, in part, that when a newly enrolled project submits an initial application, it is required to reserve income tax credits against the Reserve Fund. A newly enrolled project may submit an Initial Income Tax Application no sooner than July following the first fully completed fiscal year that the project is enrolled in the Program. This regulation is intended to ensure that the projected demand is incorporated into the next available budget cycle. There are 64 projects that have been enrolled in the program as Qualified Business Entities but have not applied for or been issued an Initial Income Tax Credit Certificate. Of the 64 enrolled projects, 6 projects are eligible to apply for income tax credits in fiscal year 2026 under the newly adopted regulations.

Table 3

Applications Approved and Enrolled as Qualified Business Entities as of June 30, 2025	
Enrollment Applications Approved but no Initial Income Tax Credit Issued	64
By Tier	
Tier 1	34
Tier 2	30
New versus Existing	
New*	10
Tier 1	10
Tier 2	0
Existing	54
Tier 1	24
Tier 2	30
Projected Jobs, Wages, Credits (Year 1 = FY2026)	
Projected New Jobs Through FY2030	9675
Projected Total Credits Through FY2030	\$36,397,568

*For businesses enrolled after June 1, 2022, a new business to Maryland may locate in a Tier 1 or Tier 2 area, as there are no longer additional benefits available to new businesses.

Table 4 below summarizes the estimated cumulative income tax credits from the above tables. The demand for the tax credit is based on the projected number of new jobs and their associated wages to be created by current projects over the next five years.

Note: The projections exclude businesses that submitted a Notice of Intent but did not have an Enrollment Certificate (Qualified Business Entity) issued by the statutory deadline of May 31, 2024. Although some of these projects show significant potential for job creation and wage growth, they are still in early development stages, making it difficult to estimate the value of potential tax credits.

Table 4 - Summary

Projections	Number of Certificates	Cumulative Tax Credit Projection for FY2026 through FY2030 based on Projected Wages
Final Income Tax Credit Certificates	130	\$220,291,513
Initial Income Tax Credit Certificates that have not submitted Final Income Tax Credit application	21	\$10,757,399
Enrollment Applications Approved but have not submitted Initial Income Tax Credit application	64	\$36,397,568
TOTAL	214	\$267,446,480

APPROPRIATIONS AND EXPENDITURES

Year	Appropriation		Encumbered*	Expenditures
FY2019	\$9 million		\$1,580,649	-
FY2020	\$7 million		\$1,814,686	\$633,785
FY2021	\$2 million		\$7,178,324	\$1,647,918
FY2022	\$11,537,387 ¹		\$18,593,026	\$6,539,769
FY2023	\$30,030,530		\$19,881,208	\$14,009,295
FY2024**	\$33,900,000		\$26,041,293	\$15,370,887
FY2025***	\$37,500,000		\$30,362,286	\$23,363,548
FY2026	\$47,800,000		-	-
Total	\$130,967,917		\$75,089,186	\$38,201,654

* Encumbered funds represent the amount of tax credit reserved on behalf of qualified business entities on Initial Certificates issued in the fiscal year. Expenditures represent the amount of tax credit that was transferred from the More Jobs for Marylanders Income Tax Credit Reserve Fund to the General Fund when the Final Certificates were issued in the fiscal year.

**Includes encumbrances and expenditures through June 30, 2025.

¹ Including \$2 million original appropriation, \$2 million SUT Fund balance transfer and deficiency appropriation of \$7,537,387.

FY2027 More Jobs for Marylanders Reserve Fund Projection

The Department of Commerce projects a final reserve fund requirement of \$48.7 million for FY2027. This amount reflects an initial projection of \$53.5 million, adjusted downward by \$4.8 million to reflect the program's application process experience since its inception in 2018.

Initial Funding Projection: \$53.5 million

This figure represents the cumulative tax credits anticipated for benefit periods FY2026 through FY2030, based on projected wage levels.

Variables influencing Projections

The variability of this projection is influenced by several program-specific requirements that affect the process from initial to final certification:

Hiring: Businesses must commence hiring within 12 months of submitting their Notice of Intent. They are then required to hire a specified number of qualified employees within 12 months of their first new hire. Failure to meet these deadlines will result in ineligibility to proceed to the next certification stage, causing delays in the process.

Compliance:

- The projection is influenced by employee turnover and non-compliance with program statutory requirements.
- Compliance review adjustments: Initial reserve amounts often do not align with the final certificate amounts.

Projection adjustment: -\$4.8 million

Based on wage data from enrollment applications received through May 31, 2022, approximately \$4.8 million in projected funds is not expected to progress to the initial application stage. This reduction accounts for companies that may not meet the program's requirements, such as the minimum job threshold or the required timeline with program statutory requirements.

Final FY2027 projection: \$48.7 million

By accounting for the initial \$53.5 million projection and adjusting for an estimated \$4.8 million, the department has reduced the final reserve fund projection to \$48.7 million for FY2027. This figure represents a more realistic projection based on the program's variable factors and procedural experience.