

DIVISION OF ECONOMIC POLICY, RESEARCH AND  
LEGISLATIVE AFFAIRS

MARYLAND RESEARCH AND DEVELOPMENT  
TAX CREDIT PROGRAM

ANNUAL STATUS REPORT  
TAX YEAR 2005  
TAX-GENERAL ARTICLE

SECTION 10-721(g)

Submitted by:

Maryland Department of Business and Economic  
Development

January 2007

**MARYLAND RESEARCH AND DEVELOPMENT  
TAX CREDIT PROGRAM STATUS REPORT  
TAX YEAR 2005**

The Maryland Research and Development Tax Credit program was enacted during the 2000 session of the Maryland General Assembly and applied to tax years ending before December 31, 2004. In 2005, legislation was passed that reestablished the Maryland Research and Development Tax Credit and required the Department of Business and Economic Development (DBED) to submit a report to the Governor and General Assembly on the applicants certified for the R&D income tax credits and the amount of credits approved.

***Program Summary***

The statute requires that each firm wishing to receive tax credits apply for certification on or before September 15<sup>th</sup> for R&D expenses incurred in the preceding tax year. DBED is responsible for administering the certification process. After receiving certification, firms may then amend their 2005 returns and receive refunds. If a firm receives more R&D credits than it paid in taxes for 2005, the unused portion of the credit may be carried forward for up to fifteen years. Beginning in TY 2005, the carry-forward has been reduced from fifteen years to seven years.

The Maryland Research and Development Tax Credit Program includes two separate, but related, tax credits. One credit is calculated on a firm's average level of research; the other credit is calculated on a firm's increase in R&D expenditures over previous years.

***Basic R&D Tax Credit-*** This credit is 3% of eligible R&D expenses that do not exceed the firm's average R&D expenses over the last four years. However, if the total amount of credits claimed by all firms exceeds \$3 million, then the Basic R&D tax credit will be prorated. Moreover, if there is money left over from the Growth R&D tax credit allotment, then this money will be added to the \$3 million.

***Growth R&D Tax Credit-*** This credit is 10% of eligible R&D expenses that exceed the firm's average R&D expenses over the last four years. However, if the total amount of credits claimed by all firms exceeds \$3 million, then the Growth R&D tax credit will be prorated. Moreover, if there is money left over from the Basic R&D tax credit allotment, then this money will be added to the \$3 million.

In the sixth year of the Research and Development Tax Credit, DBED certified 110 firms to receive credits for research conducted in Maryland for their tax year ending in 2005. The successful applicants reported \$937.2 million in Maryland eligible research and development expenses.

At the *nominal statutory rates* of 3 percent for the basic research credit and 10 percent for the growth credit, applicants would have received \$22.6 million in basic research credits and \$18.4 million in growth credits. However, the General Assembly established limits of \$3 million for each of the two R&D credit components because there was no reliable information on Maryland qualified research with which to predict application rates. The basic R&D credit was 7.5 times over subscribed and the growth credit was 6.1 times oversubscribed. These limits reduced the *effective rate* for the basic credit to 0.4 percent and the *effective rate* for the growth credit to 1.63 percent.

The applicants and information about the amount of credits for which they were certified are included in the attached appendices.

Appendix A: Maryland Research and Development Tax Credit Report, TY 2005

R&D Tax Credit Certified Credit Amounts TY 2005

	Company Name	Address 1	City	State	Zip	County in which MD Facility is located	Certified Basic Credit Amount	Certified Growth Credit Amount	Total Certified Credit Amount
1	AAI Corporation	PO Box 8006	Hunt Valley	MD	21030	Baltimore	48,042	17,312	65,354
2	Achievement Technologies, Inc.	93 Stafford Street	Worcester	MA	01603	Howard	3,520	0	3,520
3	Action Products, Inc.	c/o John Itell, Albright Crumbacker, Moul & Itell, 1110 Professional Court	Hagerstown	MD	21740	Washington	682	1,973	2,655
4	Advancis Pharmaceutical Corporation	20425 Seneca Meadows Parkway	Germentown	MD	20876	Montgomery	31,873	300,153	332,026
5	Alliant Techsystems, Inc.	5050 Lincoln Drive, MN01-3090	Edina	MIN	55436	Cecil	12,744	13,763	26,507
6	Amgen Inc.	PO Box 19027	Newbury Park	CA	91319	NA	19,349	42,444	61,793
7	Antek, Inc.	228 Business Center Drive	Reisterstown	MD	21136	Baltimore	1,908	5,572	7,481
8	Antek, Inc.	228 Business Center Drive	Reisterstown	MD	21136	Baltimore	2,126	2,046	4,173
9	Applera Corporation	301 Merritt 7, PO Box 5435	Norwalk	CT	06856	Montgomery	101,167	0	101,167
10	Applied Data Systems, Inc.	10260-G Old Columbia Road	Columbia	MD	21406	Howard	2,316	1,591	3,907
11	Arinc Incorporated	2551 Riva Road, Corp Tax MS 5-300	Annapolis	MD	21401	Anne Arundel	3,499	0	3,499
12	Athena Environmental Sciences, Inc.	1450 S. Rolling Road	Baltimore	MD	21227	Baltimore	159	0	159
13	Axiom Systems, Inc.	20300 Century Blvd, First Floor	Germentown	MD	20874	Montgomery	3,583	0	3,583
14	basys, Inc.	857 Elkridge Landing Road	Linthicum	MD	21090	Anne Arundel	3,185	1,496	4,681
15	Becton, Dickinson and Company	1 Becton Drive	Franklin Lakes	NJ	07417	Baltimore	121,838	62,671	184,509
16	Boston Scientific Corporation	One Boston Scientific Place	Natick	MA	01760	Various	1,543	5,246	6,789
17	Bowles Fluidics Corporation	6625 Dobbins Road	Columbia	MD	21045	Howard	4,263	0	4,263
18	Cambrex Bio Science Walkersville, Inc.	c/o Cambrex Corporation, One Meadowlands Plaza	East Rutherford	NJ	07073	Frederick	16,235	10,239	26,474
19	Citrus and Allied Essences, LTD	3000 Marcus Avenue, Suite 3E11	Lake Success	NY	11042	Harford	281	1,016	1,297
20	Clearant, Inc.	11111 Santa Monica Blvd, Suite 650	Los Angeles	CA	90025	Montgomery	5,821	0	5,821
21	Colonial Metals, Inc.	PO Box 726	Elkton	MD	21922	Cecil	4,476	4,821	9,297
22	CSA Medical, Inc.	3225 Eilerslie Avenue, 3rd floor	Baltimore	MD	21218	Baltimore City	554	15,382	15,936
23	Cytec Engineered Materials, Inc.	5 Garrett Mountain Plaza	West Paterson	NJ	07424	Harford	11,811	0	11,811

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24 Cytheris, Inc.	C/O Gwen Crane, RSM McGladrey, Inc., 1445 Research Blvd, Suite 150	Rockville	MD	20850	Montgomery	445	4,151	4,596
25 Day 1 Studios, LLC	53 Loveton Circle Suite 200	Sparks	MD	21152	Baltimore	3,357	5,572	8,930
26 Digital Receiver Technology, Inc.	20250 Century Blvd, Suite 300	Germentown	MD	20874	Montgomery	9,542	70,550	80,092
27 Edge Biosystems, Inc.	201 Perry Parkway, Suite 5	Gaithersburg	MD	20877	Montgomery	2,945	1,288	4,233
28 Eli Lilly and Company	Lilly Corporate Center	Indianapolis	IN	46285	Various	19,898	0	19,898
29 EMC Corporation	176 South Street	Hopkinton	MA	01748	Montgomery	5,447	78,723	84,170
Emergent Product Development Gaithersburg, Inc.	300 Professional Drive	Gaithersburg	MD	20879	Montgomery	12,033	22,324	34,357
31 Energy Concepts Company, LLC	627 Ridgely Avenue	Annapolis	MD	21401	Anne Arundel	1,973	4,691	6,664
32 Ericsson IP Infrastructure Inc.	6300 Legacy Drive	Plano	TX	75024	Montgomery	12,559	0	12,559
33 Essex Corporation and Subsidiary	6708 Alexander Bell Drive	Columbia	MD	21046	Howard	9,082	35,882	44,964
34 Evapco, Inc.	PO Box 1300	Westminster	MD	21158	Carroll	8,410	34,042	42,452
35 Exonhit Therapeutics, Inc.	217 Perry Parkway, Building 5	Gaithersburg	MD	20877	Montgomery	2,286	618	2,904
36 Express Genomics, Inc.	5 South Wisner Street	Frederick	MD	21701	Frederick	331	0	331
37 Fast VDO, LLC	7150 Riverwood Drive	Columbia	MD	21046	Howard	2,132	0	2,132
38 Flagship Customs Services, Inc.	1010 Wayne Avenue, Suite 1225	Silver Spring	MD	20910	Montgomery	1,988	0	1,988
39 Ford Motor Company	1 American Road	Dearborn	MI	48306	Baltimore	1	0	1
40 Hardwire LLC	1000 Quinn Avenue	Pocomoke City	MD	21851	Worcester	320	5,806	6,126
41 Hi-Titer Technologies, Inc.	PO Box 247	Frederick	MD	21705	Frederick	67	0	67
42 Human Genome Sciences, Inc.	14200 Shady Grove Road	Rockville	MD	20850	Montgomery	407,339	30,145	437,485
43 idocuments, LLC	1301 Warner Street	Baltimore	MD	21230	Baltimore City	1,483	5,158	6,640
44 Immuno Probe, Inc.	5. South Wisner Street	Frederick	MD	21701	Frederick	941	621	1,562
45 In Vitro Technologies, Inc.	1450 South Rolling Road	Baltimore	MD	21227	Baltimore	2,681	3,166	5,847
46 Intellitech, Inc.	1280 Landing Lane, Unit 4	Westminster	MD	21157	Carroll	258	386	645
International Business Machines Corporation	North Castle Drive	Armonk	NY	10504	Baltimore City/	8,091	49,606	57,698
Interstate Management Resources, LLC	1800 North Kent Street, Suite 1200	Arlington	VA	22209	Dorchester	2,400	37,639	40,039

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49	Invitrogen Corporation and Subsidiaries	1600 Faraday Avenue	Carlsbad	CA	92008	Frederick	12,525	0	12,525
50	Javelina Software, LLC	3524 South River Terrace	Edgewater	MD	21037	Anne Arundel	914	421	1,334
51	JSR, LLC	3 Bethesda Metro Center, Suite 1400	Bethesda	MD	20814	Montgomery	526	0	526
52	Knorr Brake Corporation	861 Baltimore Blvd	Westminster	MD	21157	Carroll	1,139	1,692	2,831
53	Lockheed Martin Corporation	6801 Rockledge Drive	Bethesda	MD	20817	Various	159,649	10,751	170,400
54	Macrogenics, Inc.	1500 E. Gude Drive	Rockville	MD	20850	Montgomery	3,930	15,568	19,498
55	Macrogenics, Inc.	1500 E. Gude Drive	Rockville	MD	20850	Montgomery	4,861	29,420	34,280
56	Manugistics Group, Inc.	9715 Key West	Rockville	MD	20850	Montgomery	29,625	0	29,625
57	Marada Industries Inc.	337 Magna Drive	Aurora	Ontario	L4G 7K1	Carroll	9,054	9,363	18,417
58	Martek Biosciences Corporation	6480 Dobbin Road	Columbia	MD	21045	Howard	8,401	35,244	43,645
59	McCormick & Company, Incorporated	18 Loveton Circle	Sparks	MD	21152	Baltimore	78,131	21,641	99,772
60	Medimmune Oncology, Inc.	One Medimmune Way	Gaithersburg	MD	20878	Montgomery	31,289	80,317	111,606
61	Medimmune, Inc.	One Medimmune Way	Gaithersburg	MD	20878	Montgomery	284,426	444,197	728,623
62	MGI GP, Inc., fka Guilford Pharmaceuticals, Inc.	5775 West Old Shakopee Road, Suite 100	Bloomington	MIN	55437	Baltimore City	63,352	169,748	233,099
63	MGI GP, Inc., fka Guilford Pharmaceuticals, Inc.	5775 West Old Shakopee Road, Suite 100	Bloomington	MIN	55437	Baltimore City	20,429	12,893	33,322
64	MICROS Systems, Inc.	7031 Columbia Gateway Drive	Columbia	MD	21046	Howard	11,625	0	11,625
65	Monsanto Company	800 N. Lindbergh Blvd, G5EE	St. Louis	MO	63167	Kent	2,921	0	2,921
66	Morfin Corp.	2725 Vista Court	Waldorf	MD	20603	Charles	46	46	91
67	Morningstar PV Controllers Corp., aka Morningstar Corporation	1098 Washington Crossing Road	Washington Crossing	PA	18977	Howard	1,908	2,168	4,076
68	Nabi Biopharmaceuticals, Inc.	5800 Park of Commerce Blvd, NW	Boca Raton	FL	33487	Montgomery	71,679	275,762	347,441
69	National Dentex Corporation	526 Boston Post Road	Wayland	MA	01778	Baltimore	620	0	620
70	Nemetschek North America, Inc.	7150 Riverwood Drive	Columbia	MD	21046	Howard	2,840	1,683	4,523
71	Northrop Grumman Systems Corporation	1840 Century Park East, MS 153 CC	Los Angeles	CA	90067	Anne Arundel	434,174	0	434,174
72	Novartis Pharmaceuticals Corporation	59 Route 10	East Hanover	NJ	07936	Various	8,708	30,072	38,780
73	Noxell Corporation	PO Box 599, Attn Tax Division	Cincinnati	OH	45201	Baltimore	20,522	7,278	27,800

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74	Opnet Technologies, Inc.	7255 Woodmont Avenue, Suite 250	Bethesda	MD	20814	Montgomery	35,143	57,012	92,155
75	Otsuka America, Inc.	One Embarcadero Center, Suite 2020	San Francisco	CA	94111	Montgomery	68,711	126,676	195,386
76	Pfizer Inc.	235 East 42nd Street	New York	NY	10017	Various	60,097	0	60,097
77	Pharmacia Corporation	235 East 42nd Street	New York	NY	10017	Various	4,398	0	4,398
78	Phoenix S&T, Inc.	107 Chesapeake Blvd, Suite 102	Elkton	MD	21921	Cecil	297	255	552
79	Post, Buckley, Schuh & Jernigan, Inc.	2001 NW 107th Street	Miami	FL	33172	Prince Georges	7,407	224	7,631
80	Pressure Biosciences, Inc & Subsidiaries	321 Manley Street	West Bridgewater	MA	02379	Montgomery	962	0	962
81	Pritchard Brown, LLC	6501 Erdman Avenue	Baltimore	MD	21205	Baltimore City	1,523	4,574	6,097
82	Qiagen Sciences, Inc.	19300 Germantown Road 400 Collins Road NE, MS 124-318	Germantown Cedar Rapids	MD IA	20874 52498	Montgomery Baltimore	2,855 6,954	7,485 44,422	10,340 51,376
83	Rockwell Collins, Inc.	2628 Pearl Road	Medina	OH	44256	Baltimore City	6,704	4,987	11,691
84	RPM International, Inc.	711 Industrial Blvd	Valdosta	GA	31601	Baltimore City	NA	NA	NA
85	SAFT America Inc.	1355 Piccard Drive, Suite 425	Rockville	MD	20850	Montgomery	790	0	790
86	Savantage Solutions, Inc.	10260 Campus Point Drive-MS F-1 Tax Department	San Diego	CA	92121	Various	20,824	15,422	36,246
87	Science Applications International Corporation								
88	Sentrana, Inc.	1384 Old Freeport Road, Suite 3B	Pittsburgh	PA	15238	Montgomery	0	1,928	1,928
89	SeraCare Life Sciences, Inc.	375 West Street	West Bridgewater	MA	02379	Montgomery	1,630	0	1,630
90	Serono, Inc.	One Technology Place	Rockland	MA	02370	Montgomery	1,205	0	1,205
91	Shire Holdings US, AG	725 Chesterbrook Blvd	Wayne	PA	19087	Montgomery	53,032	0	53,032
92	Smiths Technologies North America, Inc.	Valley Brooke Corporate Center, 101 Lindenwood Drive, Suite 125	Malvern	PA	19355	Harford/ Montgomery	11,659	286,794	298,452
93	Spirent Communications of Rockville, Inc.	1300 Veterans Memorial Highway	Hauppauge	NY	11788	Montgomery	31,522	0	31,522
94	Stone Ridge Technology, Incorporated	1604 Stone Ridge Way	Bel Air	MD	21015	Harford	0	570	570
95	SuperArray Biosciences Corporation	7320 Executive Way, Suite 101	Frederick	MD	21704	Frederick	2,265	7,618	9,883
96	Superfos Packaging, Incorporated	11301 Superfos Drive, SE	Cumberland	MD	21502	Allegany	1,134	2,784	3,917

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97	Symphony Evolution, Inc.	7361 Calhoun Place, Suite 325	Rockville	MD	20855	Montgomery	0	174,097	174,097
98	T. Rowe Price Associates, Inc.	100 E Pratt Street	Baltimore	MD	21202	Baltimore City	34,255	0	34,255
99	Tecore, Inc.	7165 Columbia Gateway Drive	Columbia	MD	21046	Howard	7,664	6,156	13,820
100	Telebright Corporation	1700 Research Blvd	Rockville	MD	20850	Montgomery	1,862	2,006	3,867
101	The Black and Decker Corporation	701 E. Joppa Road TW 285	Towson	MD	21286	Baltimore	128,465	42,102	170,567
102	The Sherwin-Williams Company	101 Prospect Avenue, NW	Cleveland	OH	44115	Somerset/Baltimore	529	0	529
103	Travel Lite Co.	C/O Steven Adler, 13505 Flower Field Drive	Potomac	MD	20854	Montgomery	586	0	586
104	Trimgen Corporation	34 Loveton Circle #210	Sparks	MD	21152	Baltimore	887	1,872	2,760
105	United Parcel General Services Co.	55 Glenlake Parkway, NE	Atlanta	GA	30328	Montgomery	37,082	0	37,082
106	United Therapeutics Corporation	1110 Spring Street	Silver Spring	MD	20910	Montgomery	3,030	16,379	19,409
107	Verizon Communications, Inc.	1 Verizon Way-Room VC53S226	Basking Ridge	NJ	07920	Various	159,561	0	159,561
108	ViPs, Inc.	C/O Tax Department, 669 River Drive, Center Two	Elmwood Park	NJ	07407	Baltimore	6,935	2,964	9,899
109	Visual Analytics Incorporated	20010 Fisher Avenue, Suite 200	Poolesville	MD	20837	Montgomery	1,567	2,411	3,979
110	W. L. Gore & Associates, Inc.	C/O Scott W. Bricker, Gunnip & Company, LLP, Little Falls Centre Two, 2751 Centerville Road, Suite 300	Wilmington	DE	19808	Cecil	110,668	95,809	206,477
111	Zenimax Media, Inc.	1370 Piccard Drive, Suite 120	Rockville	MD	20850	Montgomery	7,515	71,098	78,613
							3,000,000	3,000,000	6,000,000

Note: NA indicates incomplete application