

DIVISION OF FINANCE

One Maryland Economic Development Tax Credit

ANNUAL STATUS REPORT
FISCAL YEAR 2012
ECONOMIC DEVELOPMENT ARTICLE

SECTION 6-401

Submitted by:

Maryland Department of Business and Economic Development

December 2012

One Maryland Economic Development Tax Credit Status Report FY 2012

One Maryland Economic Development Tax Credit Overview

The One Maryland Economic Development Tax Credit (One Maryland Tax Credit) was established by the Maryland General Assembly during the 1999 legislative session. The program was created to attract businesses to invest in an economic development project in a “qualified distressed county”. The definition of a “qualified distressed county” was changed during the 2012 legislative session to the following:

Economic Development Article, § 1–101. Definitions.

- (e) (1) *“Qualified distressed county” means a county with:*
 - (i) *an average rate of unemployment for the most recent 24-month period for which data are available that exceeds:*
 - 1. *150% of the average rate of unemployment for the State during that period; or*
 - 2. *the average rate of unemployment for the State during that period by at least 2 percentage points; or*
 - (ii) *an average per capita personal income for the most recent 24-month period for which data are available that is equal to or less than 67% of the average per capita personal income for the State during that period.*

As long as a county meets the criteria above at some time during the preceding 24 month period, it remains a qualified distressed county. At the time of this report, the following counties were qualified distressed counties: Allegany, Caroline, Dorchester, Somerset, Washington and Worcester Counties and Baltimore City.

The program provides income tax credits to businesses that create new jobs and incur eligible project and start-up costs. The “Project Tax Credit” may be worth up to \$5 million and the “Start-up Tax Credit” may be worth up to \$500,000.

Project Tax Credit

The project tax credit is up to \$5 million based on qualifying costs and expenses incurred with the acquisition, construction, rehabilitation, installation, and equipping of an eligible project. Eligible costs include land acquisition, performance and contract bonds, insurance, architectural and engineering services, environmental mitigation, and utility installation. The business must expend at least \$500,000 in project costs.

Start-Up Tax Credit

The start-up tax credit is for the expense of moving a business from outside Maryland and for the costs of furnishing and equipping a new location. Eligible costs include the cost of fixed telecommunications, office equipment, and office furnishings. Credit cannot exceed the lesser of \$500,000 of eligible costs or \$10,000 times the number of new, positions created.

Qualifications

Business must meet the following requirements:

- Location – “Priority Funding Area” in a “qualified distressed county.”
- Declaration of Intent – The business must notify DBED of its intent to seek certification prior to creating jobs or incurring expenses.
- Certification – The business must apply to and be certified by DBED as an eligible business entity.
- Job Creation Minimums – The business must create at least 25 new, full-time positions at the project within 24 months, and the positions must be filled for 12 months.
- Qualified positions must be full-time and pay at least 150% of federal minimum wage.
- The project must be engaged in an eligible activity.

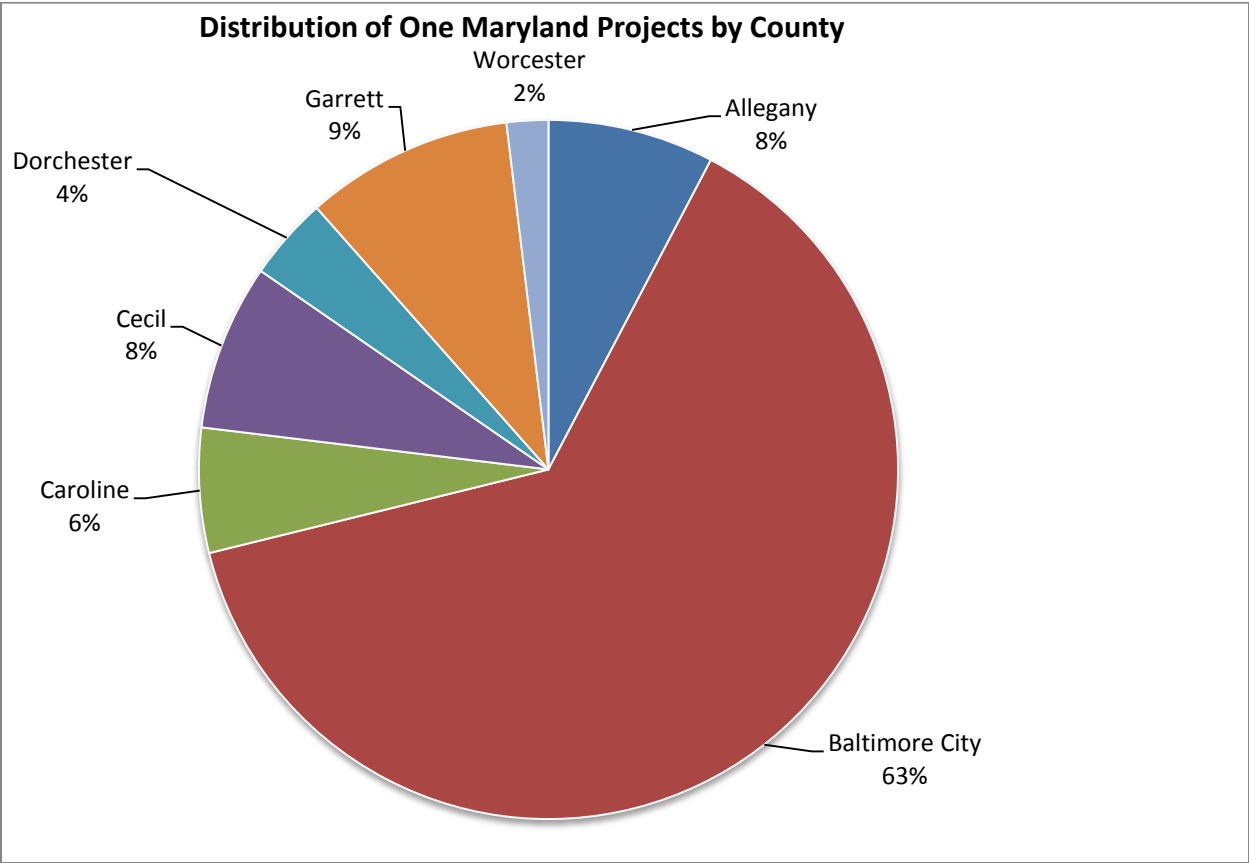
Claiming Credits

- A qualified business entity may claim both the project and start-up tax credits. The business has up to 14 years after the tax-year in which the project is placed in service to use the credits.
- In years one through five, the business may apply the start-up credits against its Maryland income tax liability. In years six through 15, it may apply the start-up credits against its Maryland income tax liability and in addition, claim a refund subject to the payroll withholding of the qualified employees.
- In years one through five, the business may apply the project income tax credit against the income tax arising from the project. In years six through 15, it may apply the project credits against the income arising from the project and in addition, apply the project credits against its non-project income and claim a refund, both of which are limited to the payroll withholding of the qualified positions.
- The refund is accelerated by two years if the majority of the qualified positions pay at least 250% of federal minimum wage.

One Maryland Tax Credit Activity

In FY 2012, DBED issued eight Final Certificates of Eligibility. The businesses created 358 new jobs with a payroll of \$24.2 million and incurred \$26.7 million in eligible project and start-up costs. DBED received 24 letters of intent from businesses for future projects.

Since the program’s inception, DBED has issued Final Certificates of Eligibility to 52 projects (some businesses have received multiple certificates of eligibility) that have created 3,176 new jobs with a payroll of \$177.0 million, or an average wage of \$55,742. The projects incurred a total of \$192.4 million in project and start-up costs. The chart below shows the distribution of projects by County. As illustrated, Baltimore City has seen the greatest impact from the program with 33 projects incurring \$121.8 million in costs.



Please refer to Appendix A for a complete listing of projects that received a Final Certificate of Eligibility for the One Maryland Tax Credit.

Appendix A: One Maryland Tax Credits, FY 2000-2012

| Business | County | Actual Jobs |
|--|----------------|--------------------|
| Superfos Packaging, Inc. | Allegany | 33 |
| Hunter Douglas Fabrication Inc.-Northeast Division | Allegany | 65 |
| CBIZ Insurance Services | Allegany | 26 |
| American Woodmark Corporation | Allegany | 61 |
| Bank One | Baltimore City | 54 |
| Baker's Express of Maryland, Inc | Baltimore City | 51 |
| Fidelity and Guaranty Life Insurance Com | Baltimore City | 56 |
| American Skyline Insurance Company Inc | Baltimore City | 48 |
| KP Sports, Inc, dba Under Armour Performance Apparel | Baltimore City | 33 |
| First Mariner Bank | Baltimore City | 35 |
| CompManagement, Inc. | Baltimore City | 27 |
| MidAtlantic Baking Company, LLC | Baltimore City | 64 |
| KP Sports, Inc, dba Under Armour Performance Apparel Phase 2 | Baltimore City | 40 |
| Nurad Technologies, Inc | Baltimore City | 37 |
| Morgan Stanley & Co Inc | Baltimore City | 51 |
| Vane Line Bunkering Inc | Baltimore City | 26 |
| Under Armour, Inc. | Baltimore City | 46 |
| Standard Auto Parts Corp | Baltimore City | 33 |
| Under Armour, Inc. | Baltimore City | 54 |
| Constellation Energy Commodities Group, Inc | Baltimore City | 97 |
| Constellation Energy Group, Inc. | Baltimore City | 169 |
| Constellation NewEnergy, Inc. | Baltimore City | 159 |
| Under Armour, Inc. | Baltimore City | 73 |
| NCO Financial Systems, Inc. | Baltimore City | 51 |
| Reznick Group, PC | Baltimore City | 36 |
| Baltimore Truck Wash, LLC | Baltimore City | 57 |
| AJM Enterprises, Inc. | Baltimore City | 43 |
| APS East Coast, Inc. | Baltimore City | 54 |
| World Relief Corporation | Baltimore City | 59 |
| T. Rowe Price Associates, Inc. | Baltimore City | 116 |
| Stifel Nicolaus | Baltimore City | 32 |
| Under Armour, Inc. | Baltimore City | 130 |
| Federal Insurance Company | Baltimore City | 139 |
| Morgan Stanley & Co Inc | Baltimore City | 124 |
| Alliant Techsystems Operations, LLC | Baltimore City | 30 |
| Ellicott Dredges | Baltimore City | 25 |
| Under Armour, Inc. | Baltimore City | 137 |
| Hanover Foods Corporation | Caroline | 35 |
| Ritz Camera Centers, Inc. | Caroline | 25 |
| Jason Pharmaceuticals | Caroline | 35 |
| Burriss Logistics, Inc. | Cecil | 249 |
| The Quikrete Companies, Inc. | Cecil | 41 |
| New England Motor Freight | Cecil | 44 |
| ATK Elkton, LLC | Cecil | 120 |

| | | |
|---|------------|----|
| Mushroom Canning Company | Dorchester | 73 |
| Warwick Fulfillment Solutions | Dorchester | 25 |
| Garrett Container Systems, Inc. | Garrett | 25 |
| Garrett Container Systems, Inc. Phase 2 | Garrett | 28 |
| Beitzel Corporation | Garrett | 27 |
| Garrett Container Systems | Garrett | 25 |
| GCC Technologies LLC | Garrett | 28 |
| Hardwire, LLC | Worcester | 25 |