## FISCAL YEAR 2016

# **Consolidated Incentives Performance Report**

As required by the Maryland Jobs Development Act Economic Development Article § 2.5-109

**Pursuant to: Economic Development § 2-123** 

**Economic Development § 3-404(e)** 

**Economic Development § 5-315** 

**Economic Development § 5-419** 

**Economic Development § 5-512(c)(4)** 

**Economic Development § 5-555(h)** 

**Economic Development § 6-307** 

**Economic Development § 6-529(a)** 

**State Finance and Procurement § 7-314** 

Tax General § 10-721(g)(1)

Tax General § 10-725(h)(1)

Tax General § 10-732(f)

## Respectfully submitted to the General Assembly of Maryland by

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Larry Hogan, Governor | Boyd Rutherford, Lt. Governor

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Maryland Jobs Development Act FY 2016 Report

#### **Background**

The Maryland Department of Commerce (Department) is pleased to submit the FY 2016 Consolidated Incentives Report as required by the Maryland Jobs Development Act pursuant to Economic Development Article §2.5-109.

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: Community Development Block Grant (CDBG), Maryland Economic Development Assistance Authority Fund (MEDAAF), Maryland Industrial Financing Authority (MIDFA), Military Personnel and Veteran-owned Small Business No-Interest Loan Program (Military/Veteran), Maryland Small Business Development Financing Authority (MSBDFA), Partnership for Workforce Quality (PWQ), Economic Development Opportunities Program Fund (Sunny Day), and Small, Minority, and Women-Owned Businesses Account - 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). Other programs not covered by the Jobs Development Act but included in this report are Maryland Economic Adjustment Fund (MEAF), Cybersecurity Investor Incentive Tax Credit (CIITC), Employer Security Clearances Costs Tax Credit, Wineries and Vineyards Tax Credit, E-Nnovation Initiative Program and ExportMD. The Enterprise Zone Tax Credit Program submits a separate report on activities.<sup>1</sup> The following programs were moved to TEDCO: Maryland Venture Fund (MVF) and Biotechnology Development Awards (Biotech Grants) and so are no longer included in this report.

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.

# Data by Program and Data by Recipient

The detailed information has been compiled in the Department's Finance Tracker. Finance Tracker is the Department's 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 2009-2016. Users can search and sort data by company, industry, location and program. Please visit <a href="http://commerce.maryland.gov/fund/maryland-finance-tracker">http://commerce.maryland.gov/fund/maryland-finance-tracker</a> to view this information and the summary in Appendix A.

**Table 1** below summarizes FY 2016 activity by the number of clients and incentive amount. The FY 2016 activity covers 584 recipients totaling \$46.2 million in grants, loans and loan guarantees and \$50.7 million in tax incentives. The largest number of transactions was the Research and

<sup>&</sup>lt;sup>1</sup> The Enterprise Zone program is a joint effort between the State and local governments and Commerce does not certify businesses for the credits.

Development Tax Credit, with 227 recipients of \$9 million in tax credits. There were 99 recipients of Video Lottery Terminal Fund financing totaling \$11.5 million. The Department's major finance program, the Maryland Economic Development Assistance Authority Fund (MEDAAF) had 25 transactions totaling \$12.3 million. Thirteen companies received Job Creation Tax Credits (JCTC) and three received One Maryland Tax Credits (OneMD). Research and Development tax credits (R&D) were awarded to 227 companies based on \$1.5 billion in qualified research conducted in Maryland. There were 23 companies receiving investment 159 investors through the Biotechnology Investment Incentive Tax Credit (BIITC). Film Production Activity Tax Credits of \$5.4 million supported two major productions in Maryland.

**Table 1: Program Activity by Type** 

Program	Count of Recipient	Loan/Grant Amount	Loan Guarantee Amount <sup>1</sup>	Tax Credit Amount <sup>2</sup>
Loans/Grants/Investment				
E-Nnovation Initiative Program	5	8,318,750	-	-
Export MD Grant	60	500,000	-	-
Maryland Economic Adjustment Fund	1	175,000	-	-
Maryland Economic Development				
Assistance Authority Fund	25	12,341,580	-	-
Maryland Industrial Financing Act	1	5,104,706	183,769	-
Maryland Small Business Development Financing Authority	26	7,426,000	252,500	_
Military Personnel and Service-Disabled Veterans No-Interest Loan Program	7	276,719	-	-
Partnership for Workforce Quality	4	73,879	-	-
Video Lottery Terminal Fund	99	11,508,968	-	-
Tax Credits				
Biotechnology Investment Incentive	23	-	-	11,612,718
Cybersecurity Investment Incentive	3	-	-	675,000
Employer Security Clearances Costs	48	-	-	2,000,000
Film Production Activity Tax Credit	2	7,500	-	9,384,173
Job Creation Tax Credit	13	-	-	1,033,520
One Maryland Tax Credit	3	-	-	16,500,000
R&D Tax Credit	227	-	-	9,000,000
Wineries and Vineyards	37	-	-	500,000
Totals	584	45,733,102	436,269	50,705,411

Source: Department of Commerce

<sup>&</sup>lt;sup>1</sup> Includes credit enhancements and guaranties

<sup>&</sup>lt;sup>2</sup> Tax credits are certified amount. OneMD and JCTC tax credits are estimated based on project costs and job creation. Actual tax credits amounts are confidential Comptroller office information.

Forty companies received multiple incentives from multiple programs. The list is presented in Appendix F. In fourteen cases, the jobs reported apply to more than one program. In cases where job impacts are reported for multiple programs the estimated job impacts are allocated to only one program to avoid double counting impacts. This resulted in reducing the total number of reported jobs by 257 jobs.

## **Program Evaluation**

This section provides an analysis of the available performance information and explanation of the evaluation results. The information is provided by the program administrators from performance agreements and applications submitted at the time of the transaction. The evaluation was conducted by the Department's Office of Research based on the Department's Finance Tracker data and program reports for **settled** projects receiving incentives in FY 2016. **Table 2** summarizes the information by program for the number of clients, incentive amount, and direct jobs created and/or retained and total expenditures associated with the project. Financing programs represent projects with a total of 228 clients and \$45.7 million in settled approved transactions. Tax credits represent 356 clients, with 227 of those in R&D tax credits.

**Table 3** summarizes program activity by the industry supported. The mix of industries changes every year based on demand but in general, the majority of assistance goes to the professional and technical services sector and to manufacturing. In FY2016, Manufacturing received the largest dollar amount with 32 percent of total assistance. Professional, scientific, and technical services companies received 15 percent of total assistance. These include many technology companies such as those in biotech research, information technology and cybersecurity, as well as professional services and engineering. The information sector, including film production received 13 percent of assistance. In relation to the industry's share of the State Gross Domestic Product (GDP) and employment, manufacturing received the largest proportion of assistance, followed by information, finance, and professional services.

**Table 2: Performance Outputs by Program** 

Program	Recipients	Loan/Grant Amount	Loan Guarantee Amount	Reported New Jobs	Retained Jobs	Project Expenditures
E-Nnovation Initiative	5	8,318,750				18,531,250
Export MD	60	500,000		277		
MEAF	1	175,000		3	2	155,500
MEDAAF	25	12,341,580		2,981	3,933	306,402,000
MEDAAF-2	19	8,576,580		2,969	3,933	292,191,000
MEDAAF-3	5	3,640,000		10		10,410,000
MEDAAF-5	1	125,000		2		3,801,000
MIDFA	1	5,104,706	183,769		6	996,000
MSBDFA	26	7,426,000	252,500	212	227	8,763,000
Military/Veteran	7	276,719		53	24	338,700
PWQ	4	73,879		10	157	542,751
VLT	99	11,508,968		601	560	28,211,070
Loan/Grant Total	228	\$45,725,602	\$436,269	4,137	4,909	\$363,940,271

Tax Credits	Recipients			Credit Amount	Jobs	Jobs	Project Expenditures
BIITC	23			11,612,718	27	136	
Cybersecurity	3			675,000	9	26	
Employer Security Costs	48			2,000,000	4,290	25	8,247,974
Film	2	7,500		9,384,173			93,018,404
JCTC	13			1,033,520	877		
OneMD Tax Credit	3			16,500,000	256		16,500,000
Research & Development	227			9,000,000			1,473,602,659
Wineries & Vineyards	37			500,000		454	2,374,074
Tax Credit Total	356	\$7,500		\$50,705,411	5,459	641	\$1,593,743,111
Grand Total	584	\$45,733,102	\$436,269	\$50,705,411	9,596	5,550	\$1,957,683,382

<sup>&</sup>lt;sup>1</sup>MIDFA Amount is the amount of bonds or credit enhancement; MIDFA does not provide direct funding

<sup>&</sup>lt;sup>2</sup>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 3: Program Performance by Industry** 

Industry	Recipients	Approved Loan Amount	Loan Guarantee Amount	Tax Credit Amount	Total Jobs	Project Expenditures
Agriculture	39	510,000		500,000		2,737,599
Construction	34	5,487,500		160,843	147	1,855,972
Manufacturing	142	7,942,080		22,733,185	4,508	351,153,107
Wholesale Trade	39	2,434,000		6,164,369	170	30,000
Retail Trade	7	1,128,500		100,869	131	3,500,000
Transportation and Warehousing	8	5,271,646	183,769	344,801	48	50,000
Information	35	1,717,500	200,000	10,563,331	384	114,560,618
Finance, Insurance, Real Estate	3	50,000		220,769	271	163,000,000
Professional and technical services	195	4,862,717	52,500	9,752,920	1,089	21,237,840
Administrative and Support Services	28	1,498,239		78,575	268	1,272,438
Health Care Tech & Services	10	1,027,000		9,937	889	41,250,000
Educational services	9	8,613,750		22,677	126	3,800,000
Arts, Entertainment, and Recreation	4	500,000		1,507	281	1,116,000
Accommodation and Food Services	18	2,052,673		0	206	16,480,000
Other Services	13	2,637,498		51,627	33	87,887,554
Grand Total	584	45,733,102	436,269	50,705,411	15,146	\$ 1,957,683,382

#### **Program Impacts**

The following analysis uses direct jobs where available to evaluate the total impact of programs. 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. These estimates are based on spending patterns from the IMPLAN economic model for the State<sup>2</sup>. The total jobs number includes the secondary, or multiplier effects of the jobs (direct, indirect and induced). The estimates of secondary jobs and wages also are based on the IMPLAN economic model for the State.

Based on the total jobs and wages, the annual State tax revenue from those jobs is estimated. For this report, impacts are estimated for a one-year period, providing a snapshot of FY16 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. Those long-term impacts are not included in this report but should be considered when evaluating each program individually.

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.<sup>3</sup> Although other revenues may be generated such as State and local property taxes from property improvements, corporate income taxes and other taxes and fees, these are not included in the revenue estimates. Such impacts may be evaluated by the Department in the case of individual projects, but not in aggregate for the purposes of this report.

# **Detailed Impact by Program and Purpose**

The following section summarizes the job and revenue impacts of each program based on the available information and according to the intent of the program. Job creation is the primary, but not the only, intent of economic development programs. For example, the BIITC was enacted to grow Maryland's biotechnology industry by encouraging investment in early-stage Maryland Biotechnology companies. The film production tax credit is intended to promote the film industry in Maryland and the Research and Development 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.

The program evaluation is organized according to the general economic development objectives of the programs:

- Job creation and retention
- Support for Local economic development
- Leveraging private sector investment in economic development
- Assistance to small, disadvantaged and minority businesses and/or underserved areas

<sup>&</sup>lt;sup>2</sup> IMPLAN Group LLC, IMPLAN System (data and software), 16905 Northcross Dr., Suite 120, Huntersville, NC 28078, <a href="https://www.implan.com">www.implan.com</a>

<sup>&</sup>lt;sup>3</sup> Office of the Comptroller, Maryland Net State and Local Tax By Income Class <a href="http://finances.marylandtaxes.com/static">http://finances.marylandtaxes.com/static</a> files/revenue/incometaxsummary/summary14.pdf

- Promoting startups and innovation through technology commercialization and investment
- Economic diversification through targeted growth industry promotion

**Table 4** summarizes the impact results by program and their primary purpose using the above categories. Overall, the combined programs generate \$5.3 billion in economic output, support over 24,000 jobs and total wages of \$1.0 billion at an average annual wage of \$42,000, generating annual State tax revenues of \$53.7 million.

**Table 4: Summary of Impacts** 

		Economic Output	Total Jobs (Direct and Indirect)	Average Annual salary	Annual State Tax Revenues
1.	Job creation and retention	\$3,771,696,805	16,545	\$41,876	\$36,546,638
	Job Creation Tax Credit	260,792,620	1,667	42,586	3,770,303
	One Maryland Tax Credit	96,520,801	481	45,733	1,179,906
	Partnership for Workforce Quality	64,319,717	202	32,234	339,898
	MEDAAF 2 - Economic Development Opportunities	3,350,063,667	14,195	41,799	31,256,531
2.	Local Government support for economic development	\$20,885,731	104	\$55,664	\$303,781
	MEDAAF 3 - Direct assistance to Local Governments	20,885,731	104	55,664	303,781
3.	Leveraging private sector investment	\$1,901,148	12	\$37,434	\$23,618
	Maryland Industrial Financing Authority	1,901,148	12	37,434	23,618
4.	Assistance to small and minority businesses	\$530,907,228	2,839	\$40,961	\$5,793,985
	MD Economic Adjustment Fund	824,489	7	36,858	14,250
	Military Personnel/ Veteran-owned small business	25,340,872	166	51,005	456,717
	Maryland Small Business Development Financing	156,639,633	754	39,298	1,588,612
	Video Lottery Terminal Fund	348,102,234	1,912	36,682	3,734,406
5.	Startups and Innovation	\$708,039,587	2,571	\$55,235	\$7,584,363
	Biotech Investment Incentive Tax Credit	195,655,949	596	60,261	1,919,531
	Cybersecurity Investor Incentive Tax Credit	14,832,730	85	59,323	266,564
	Research & Development Tax Credit	465,018,715	1,672	53,563	4,774,371
	E-Nnovation	32,532,193	219	52,744	623,897
6.	Targeted Industry promotion	\$177,002,365	1,369	\$26,274	\$1,852,415
	Employer Security Costs Tax Credit	14,892,299	93	52,170	261,908
	Film Production Activity Tax Credit	158,350,666	1,251	24,423	1,563,108
	Wineries & Vineyards	3,759,400	26	23,080	27,399
7.	Special Purpose	\$118,647,469	649	\$45,815	\$1,596,299
	MEDAAF 5 - Special purpose grants or loans	8,198,099	71	21,319	79,521
	ExportMD	110,449,370	577	48,842	1,516,777
То	tal	\$5,329,080,333	24,089	\$42,147	\$53,701,100

#### 1. Job Creation and retention

Many programs have overarching objectives with job creation serving as the common measure. Most of the Department's programs are evaluated based on job creation, either directly or indirectly. However, there are many ways of achieving job creation either through incentives to individual companies, growing strategic industries or developing new economic activities. The primary way that economic development programs create jobs is to bring new economic activity and spending to a region that would not otherwise occur. Therefore, most economic development programs are targeted to basic industries, those exporting from the region and bringing wealth from outside, with non-basic (or service) industries supporting those basic industries and growing as the new activities develop. Programs may provide incentives based on job creation and/or on investment, which in turn generates jobs through increased economic activity. The core metrics for these programs are new and retained jobs and wages.

## **Economic Development Opportunities Program Fund (Sunny Day)**

The Economic Development Opportunities Program Fund, known as Sunny Day was enacted in 1988 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 fiscal year 2016 there were no new projects approved or settled. The continuing reduced level of activity under the program reflects the ongoing shift to usage of the MEDAAF program for deals that were historically funded under this program, as well as the lack of budgeted funds for the program that would permit planning its use for future commitments.

## **Job Creation Tax Credit (JCTC)**

The Job Creation Tax Credit (JCTC) was enacted in 1996 to encourage businesses to create new jobs in Maryland. The credit is available Statewide, but lower job thresholds and increased credits are available in targeted areas. The credits are available for full-time jobs, paying at least 150 percent of federal minimum wage in targeted industry sectors. The JCTC is available anywhere in the State in a variety of targeted industry sectors.

In FY 2016, the Department issued final certificates of eligibility for the JCTC to 12 companies for 13 projects. The amount of tax credits actually claimed by the company is not known to the Department because of taxpayer confidentiality. However, based on the eligible jobs and wages, the companies could be eligible to claim as much as \$1,033,520 in credits for creating 877 new jobs in Maryland with \$45 million in wages. These jobs are estimated to generate 1,667 total jobs and \$3.8 million in annual tax revenues to the State.

**JCTC FY 2016 Annual Impacts** 

	Jobs	Wages	Annual State Revenues
Direct	877	\$40,537,610	\$2,191,420
Secondary	790	\$30,452,910	\$1,578,890
Total	1,667	\$70,990,520	\$3,770,300

Commerce analysis using IMPLAN, Amounts in 2016 dollars

# **One Maryland Tax Credit (OneMD)**

The One Maryland Tax Credit (OneMD) was enacted in 1999 to promote job creation and investment in qualified distressed communities, 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 percent of federal minimum wage and the business must be in a targeted industry sector.

In FY 2016, the Department issued Final Certificates of Eligibility to three companies. The businesses created 256 new jobs with a payroll of \$12.7 million. The 256 reported jobs generate 481 total jobs for \$1,179,900 in annual tax revenues to the State. The projects incurred an estimated \$16.5 million in eligible project and start-up costs. 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 outside of the direct jobs but these are not included.

One Maryland Tax Credits FY2016 Annual Impacts

	Jobs	Wages	Annual State Revenues
Direct	256	\$12,836,680	\$697,110
Secondary	225	\$9,168,800	\$482,800
Total	481	\$22,005,470	\$1,179,910
Commerce analysis	using IMPLAN, Am	ounts in 2016 dollars	;

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 \$16.5 million in credits over 14 years. 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. However, those with smaller job numbers or lower wages (but above the \$10.88 minimum) may not be able to take the full tax credit.

#### Partnership for Workforce Quality (PWQ)

The Partnership for Workforce Quality Program (PWQ) was established by legislation in 1989 to assist Maryland companies to invest in training for employees. The funds enable companies to acquire new skills and technologies that have been identified by the business plan as a catalyst for growth and competitiveness in the industry. 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. Funds are disbursed to eligible Maryland companies in the form of grants for up to 50 percent of qualified reimbursable direct cost of training.

In FY 2016, four companies received training grants totaling \$78,879 with training costs of \$542,751 for the training of 114 employees. The companies also reported 10 new jobs and 157 retained jobs. The impact analysis below is based on the impact of the 114 trainee jobs only. Additional benefits are possible from providing improved skills and increasing productivity. Those jobs generate 202 jobs and total annual State revenues of \$339,900.

#### **PWQ FY2016 Annual Impacts**

	Jobs	Wages	Annual State Revenues
Direct	114	\$2,715,230	\$138,170
Secondary	88	\$3,795,490	\$201,730
Total	202	\$6,510,720	\$339,900

## Maryland Economic Development Assistance Authority Fund (MEDAAF)

The Maryland Economic Development Assistance Authority Fund (MEDAAF) is the primary economic development finance tool offered by the Department. MEDAAF was enacted in 1999 to provide below market, fixed rate financing to growth industry sector businesses, locating or expanding in priority funding areas of the State. The MEDAAF program is administered under five capabilities that address appropriate economic development opportunities for both the business community and political jurisdictions as follows:

- 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

The primary job creation capabilities are MEDAAF-1 and 2. MEDAAF-3 provides direct assistance to local jurisdictions for economic development projects and MEDAAF-4 provides for local governments to create revolving loan funds to assist small businesses. MEDAAF-5 has several special purposes including day care facility finance, Arts and Entertainment Districts, and brownfield remediation.

## **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 percent of the current fund balance. This capability has had limited use for a number of years there was no activity in FY2016.

# **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 percent of the total assistance. Funds may be used for land acquisition, infrastructure improvements, buildings, fixed assets and leasehold improvements.

Nineteen companies received funding under MEDAAF-2 totaling \$8.6 million in FY 2016. The recipients include nine manufacturers, a cyber company, a pharmaceutical manufacturer and a solar company. The companies committed to creating 2,969 new jobs and retaining 3,933 jobs for a total of 6,902 direct jobs (adjusted to 6,810 to account for overlaps). With an average annual salary over \$43,000, the direct jobs are estimated to generate \$15 million in annual Sate revenues. Including secondary impacts, the annual State revenues are over \$31 million. In addition, project costs totaling \$292 million may generate additional economic activity and revenues for the State although these are not included in the impacts below.

**MEDAAF-2 FY2016 Annual Impacts** 

	Jobs	Wages	Annual State Revenues			
Direct	6,810	\$293,102,630	\$15,384,450			
Secondary	7,385	\$300,227,700	\$15,872,080			
Total	14,195	\$593,330,340	\$31,256,530			
Commerce analysis using IMPLAN, Amounts in 2016 dollars						

## 2. Local Government Support for Economic Development

Commerce partners with numerous agencies and organizations to bring strategic economic development opportunities to communities throughout Maryland. The Department may provide funding to a local jurisdiction or to the Maryland Economic Development Corporations for commercial and industrial economic development projects, strategic plans, feasibility studies, revolving loan funds and infrastructure projects. There may be no reported immediate job impacts of these projects, as the funds go directly to the jurisdiction and not to a business. The evaluation therefore should be based on results reported by the community in terms of assistance leveraged and project costs.

## MEDAAF Capability 3 - Direct Assistance to Local Jurisdictions or MEDCO

Capability 3 of MEDAAF provides assistance directly to 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. During FY2016, the Department completed five transactions totaling \$3,640,000 consisting of funding for one feasibility study, one local strategic plan, a grant to Somerset County for the expansion of fiber optics through the Princess Anne Industrial Park, one Investment in the North Carroll Business Park located in Carroll County, and a One Maryland Loan in Dorchester County to B.R.W., located in the Cambridge Flex Building.

These projects reported \$10.4 million in project costs. The project costs are estimated to generate 36 direct jobs and \$3.2 million in wages. The direct and secondary jobs are estimated to generate \$303,780 in annual State revenues. The project investments may generate construction jobs related to the infrastructure improvements but these are not included. Funding for the strategic plan went to Charles County. Funding for the feasibility study went to Worcester County. There are no reported immediate job impacts of the feasibility studies or strategic plans, as the funds go directly to the jurisdiction and not to a business.

**MEDAAF-3 FY2016 Annual Impacts** 

	Jobs	Wages	Annual State Revenues
Direct	36	\$3,180,340	\$169,360
Secondary	68	\$2,589,750	\$134,420
Total	104	\$5,770,090	\$303,780

Commerce analysis using IMPLAN, Amounts in 2016 dollars

#### **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 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. 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. With the growth in available funding through the State's Small, Minority, and Women-Owned Businesses Account - Video Lottery Terminal Fund there has been less demand for the revolving loan fund and there was no activity in FY2016.

#### **Community Development Block Grants (CDBG)**

CDBG is a federally funded program that that provides communities with resources to address a wide range of unique community development needs. Funds are allocated to States and Small Cities based on poverty and population statistics. Maryland's CDBG program is administered jointly by DHCD and the Department. Approximately 25 percent of the State's annual CDBG award is allocated to the Department for job creation. Under federal guidelines, the assistance must be targeted to low and moderate-income citizens in non-urban areas of the State. 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. Eligible projects include revolving loan funds that serve the needs of local businesses. There was no activity in FY2016.

# 3. Leveraging private investment

To help secure more funding for Maryland's entrepreneurs and reduce risk, Commerce programs encourage private sector investments with insurance and the issuance of tax-exempt and taxable revenue bonds.

#### **Maryland Industrial Financing Authority (MIDFA)**

The Maryland Industrial Development Financing Authority (MIDFA) was established by the Maryland General Assembly in 1965 to promote significant economic development by providing financing support to manufacturing, industrial and technology businesses located in or moving to Maryland. MIDFA encourages private sector investments through the use of insurance, the issuance of tax-exempt and taxable revenue bonds and linked deposits, which reduces a lender's risk and 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.

The Fund does not provide direct loans, but provides insurance to transactions resulting in reduced credit risks, and enabling better terms from private financial institutions. During FY 2016, MIDFA settled one Conventional Insurance transaction totaling \$5,104,706; insured for \$183,769. The company reported six retained jobs and project costs of just under \$1 million.

**MIDFA FY2016 Annual Impacts** 

	Jobs	Wages	Annual State Revenues
Direct	6	\$213,240	\$11,620
Secondary	6	\$231,100	\$12,000
Total	12	\$444,340	\$23,620
Commerce analysis	using IMPLAN, An	nounts in 2016 dolla	rs

# 4. Assistance to small and minority businesses

Another economic development priority is to target assistance to populations and areas that have been underserved compared to the rest of the region. Several of the Department's job creation programs, such as One Maryland tax credits are limited to those jurisdictions with higher levels of unemployment or lower incomes that the rest of the State. These targeted programs aim to ensure that economic development incentives are used broadly across the State. Unlike most economic development incentives, these programs may be used for non-basic industries such as retail, which may not bring new spending into the State, but that support existing businesses and entrepreneurs, that are in areas experiencing greater economic distress.

## **Maryland Economic Adjustment Fund**

The Maryland Economic Adjustment Fund (MEAF) was established in 1994 as a revolving loan fund to assist companies experiencing dislocation due to defense adjustments. MEAF is supported by funds from the US Economic Development Administration and the State. Funding assistance through MEAF assists small businesses with upgrading manufacturing operations, developing commercial applications for technology, or entering into and competing in new

economic markets. Eligible businesses include manufacturers, wholesalers, service companies, and skilled trades. Funds can be used for working capital machinery and equipment, building renovations, real estate acquisitions and site improvements. One transaction settled in FY 2016 for \$175,000, creating and retaining five jobs.

**MEAF FY2016 Annual Impacts** 

	Wages	Revenues
5	\$189,160	\$10,310
2	\$75,850	\$3,940
7	\$265,010	\$14,250
	2	2 \$75,850

#### Military Personnel and Veterans-Owned Small Business No-Interest Loan Program

The Military Personnel and Veterans-Owned Small Business No-Interest Loan Program (MPVOLP) was enacted originally in 2006 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. In the 2013 Legislative session, the Maryland General Assembly approved Chapter 105, which altered the name and expanded eligibility for participation in the program to include all veteran owned small businesses. The change also eliminated the requirement for a veteran to have a service related disability to use the program.

During fiscal year 2016, the Department settled seven MPVOLP transactions that will utilize \$276,719 of program funds. These projects are anticipated to create and retain 53 jobs and retain 24. Recipients include a barbecue business, a cybersecurity firm, a medical services provider, and a construction firm.

Military/Veteran Small Business FY2016 Annual Impacts

	Jobs	Wages	Annual State Revenues
Direct	77	\$5,164,330	\$284,790
Secondary	89	\$3,319,860	\$171,930
Total	166	\$8,484,200	\$456,720
Commerce analysis	using IMPLAN. Am	nounts in 2016 dollar	s

# Maryland Small Business Development Financing Authority (MSBDFA)

The Maryland Small Business Development Financing Authority (MSBDFA) was enacted in 1978 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. Meridian Management Group, Inc. (MMG) manages the funds under contract with the Department.

MSBDFA offers contract financing, surety bonds, guaranty funds and equity participation. During FY2016, 29 transactions settled in the form of loans, guaranties and surety bonds, totaling \$7.8 million.

- The Contract Financing Program (CFP) provides financial assistance to eligible businesses in the form of direct loans and loan guaranties. The funds may be used for working capital and the acquisition of equipment needed to begin, continue, or complete work on contracts where a majority of funds are provided by a federal, state or local government agency or utilities regulated by the Public Service Commission. During FY 2016, ten loan transactions closed totaling \$2.375 million.
- Guaranty Fund Program (GFP) provides financial assistance to eligible businesses in the form of loan guaranties and interest rate subsidies for loans made by financial institutions. During FY2016, there were two transactions under the Guaranty Fund component requiring \$252,500 of guarantee support.
- Surety Bond Program (SBP) assists eligible small businesses in obtaining bid, performance or payment bonds necessary to perform on contracts where the majority of funds are provided by a government agency, public utility company or private entity. During FY2016, two surety bond transactions were settled for \$2.3 million.
- Equity Participation Investment Program's (EPIP) purpose is to expand business ownership by socially and economically disadvantaged entrepreneurs and small businesses that do not meet the established credit criteria of financial institutions and are unable to obtain adequate business financing on reasonable terms through normal financing channels. Financial assistance is provided through the use of loans, loan guaranties, and equity investments. In FY2016, there were 12 EPIP transactions equal to \$2.24 million.

In total, there were 26 recipients of MSBDFA assistance in FY2016. The recipients reported 212 new jobs, 227 retained jobs and total project costs of \$8.8 million. The number of jobs was adjusted to 392 to account for overlap with other programs. Six of the recipients received multiple awards and seven received financing through the Video Lottery Terminal loan fund through MMG. The direct jobs reported by the recipients are divided between the MSBDFA impacts and the VLT impacts. The 392 jobs are estimated to generate 363 additional jobs and total annual State revenues of \$1.6 million.

#### **MSBDFA FY2016 Annual Impacts**

	Jobs	Wages	Annual State Revenues
Direct	392	\$15,389,240	\$838,470
Secondary	363	\$14,243,750	\$750,140
Total	754	\$29,632,990	\$1,588,610

Commerce analysis using IMPLAN, Amounts in 2016 dollars

## **Video Lottery Terminal Fund (VLT)**

The Small, Minority, and Women-Owned Businesses Account- Video Lottery Terminal Fund (VLT) provides 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. The Department is the designated administrator of the funds. Eligible Fund Managers oversee the distribution of video lottery terminal funds. In FY2016, there were seven designated fund managers that received funds for the purpose of making loans to small, minority, and womenowned businesses in the State.

- Anne Arundel Economic Development Corporation (AAEDC) settled 12 transactions totaling \$2,002,000.
- Baltimore County Department of Economic and Workforce Development settled 16 transactions totaling \$1,545,800.
- Baltimore Development Corp. settled 8 transactions totaling \$1,536,000.
- Howard County Economic Development Authority settled 10 transactions totaling \$1,513,000.
- Maryland Capital Enterprises Inc. (MCE) settled 23 transactions totaling \$949,495.
- Meridian Management Group, Inc. (MMG) settled 32 transactions totaling \$3,024,500.
- Tri County Council for Western Maryland settled 8 transactions totaling \$983,000.

Of the 99 businesses supported by the VLT funds two-thirds are considered "microenterprises," half are minority-owned and one-fourth are women-owned. The largest industry sectors supported are food services, other services, retail trade, manufacturing and construction. Over half of the recipients used the funds for working capital. Other uses were remodeling and property improvements, equipment purchases, building acquisition, and hiring new employees.

In total, the fund managers reported that 99 companies received funding \$11,508,968 supporting 1,161 new and retained jobs. The direct jobs were adjusted to adjust for impacts reported to other programs. The impact therefore is 1,041 direct jobs, resulting in 1,912 total jobs and \$3.7 million in annual State revenue.

**VLT FY 2016 Annual Impacts** 

	Jobs	Wages	Annual State Revenues
Direct	1,041	\$37,357,420	\$2,035,400
Secondary	871	\$32,759,690	\$1,699,010
Total	1,912	\$70,117,110	\$3,734,410

Commerce analysis using IMPLAN, Amounts in 2016 dollars

## 5. Promoting technology startups and innovation

Another strategy for promoting economic growth is promoting technology innovation. Through the process of invention and commercialization, new economic activity is created that attracts investment and spending from outside the region. These kinds of activities may require different incentives, as the needs of technology startups differ from those of existing businesses. The goal

is to trigger the higher wages and faster growth these activities stimulate. Maryland has a number of programs that are designed to take advantage of the State's unique opportunities in areas of technology and innovation. These include the State's incubators, TEDCO programs, university technology transfer, tax credits and direct investment. The goal is the commercialization of existing technology to create new economic activity and the creation of new startups. The core metric is generally related to the amount of investment leveraged, the number of startups nurtured, and "graduations" from incubators. The number of jobs created by the recipients is generally smaller than other programs initially, with greater potential for growth in later years.

## **Biotechnology Investment Incentive Tax Credit (BIITC)**

Maryland's Biotechnology Investment Tax Credit (BIITC) program provides income tax credits for investors that invest in Qualified Maryland Biotechnology Companies (QMBCs). This tax credit program was enacted in 2005 to offer incentives for investment in seed and early stage, privately held biotech companies. In Fiscal Year 2016, the appropriation was \$12 million. There were 23 QMBCs to qualify for investments through the program in FY 2016. The amount of Final Tax Credit Certificates awarded was \$11,612,718, leveraging over \$23 million in investment. The QMBCs reported 27 new jobs and 136 retained jobs.

**BIITC FY 2016 Annual Impacts** 

	Jobs	Wages	Annual State Revenues
Direct	163	\$16,067,490	\$864,780
Secondary	433	\$19,834,710	\$1,054,750
Total	596	\$35,902,190	\$1,919,530

In a survey of calendar year 2015 recipients, the QMBCs reported a total of 187 Maryland-based employees, for an average of 9.5 employees per company. The average salary of company employees for the QMBCs was \$94,600. Half of the companies reported using the investment to hire a total of 39 new employees. The companies projected that they would create a total of up to 81 new jobs in the next 12 months, an average of five new jobs per company. The companies reporting revenue had total revenues of \$8.9 million in 2015. In total, the companies reported raising over \$41 million for operations and development. Investments are used for securing intellectual property protection, marketing and other expenditures, including legal fees, business development, product manufacturing and fundraising. As the biotech companies succeed in producing commercial products, the impacts are expected to increase.

# **Cybersecurity Investment Incentive Tax Credit (CIITC)**

Maryland's Cybersecurity Investment Incentive Tax Credit (CIITC) program provides a refundable income tax credit to Qualified Maryland Cybersecurity Companies (QMCCs) that secure investment from investors. The purpose of this program is to incentivize and attract cybersecurity companies to startup in or move to Maryland; and to attract investment to cybersecurity companies in order to help them grow, create jobs and retain intellectual property in Maryland.

There were three Qualified Maryland Cybersecurity Companies (QMCCs) that qualified for tax credits totaling \$675,000 through the program in FY2016. The QMCCs receive a credit equal to 33 percent of an eligible investment in the QMCC. The total leveraged investment is \$2.025 million. The QMCCs reported 9 new jobs and 26 retained jobs, resulting in 85 total jobs and \$266,560 in annual State revenue.

**CIITC Annual Impacts 2016** 

		Revenues
35	\$3,198,270	\$172,140
50	\$1,824,050	\$94,430
85	\$5,022,320	\$266,560
	50	50 \$1,824,050

# Research and Development (R&D) Tax Credit

The Research and Development Tax Credit (R&D Tax Credit) was enacted in 2000 to encourage businesses to maintain and increase R&D expenditures in the State. The R&D tax credit is not a tax credit that specifically targets job creation although it likely supports the increase in R&D jobs in the State.

The FY 2016 appropriation was \$4.5 million for a Basic R&D Tax Credit of 3 percent and \$4.5 million for a Growth R&D Tax Credit of 10 percent. To qualify for the R&D Growth credit a company's current year R&D expenditures must exceed its average expenses over the last four years. The program has been oversubscribed since first enacted, so the businesses receive a prorated share of the total amount available for both the Basic and Growth tax credit. At the nominal statutory rates, applicants would have received \$72 million in tax credits. However the tax credits are limited to \$9 million and the credits pro-rated.

The Department certified 227 businesses to receive credits for research conducted in Maryland for their tax year ending in 2014 (certified in FY 2016). The largest share of tax credits go to manufacturers, with nearly \$6 million of the \$9 million in total credits. The business reports the total number of jobs in Maryland and total number of jobs related to R&D, but they are not necessarily because of the R&D tax credit. The companies reported a total of 60,153 Maryland employees and 15,715 Maryland employees engaged in R&D.

Industry	Count of Recipients	Tax Credit Amount
Manufacturing	92	6,121,379
Information	23	927,189
Professional, Scientific and Technical Services	32	794,506
Real Estate and Rental and Leasing	39	432,657
Wholesale Trade	9	381,995
Construction	14	126,963
Other	18	215,311
Total	227	\$9,000,000

The businesses applying for the Maryland R&D tax credit incurred \$1.47 billion in research and development expenses in Maryland in the tax year ending 2014. Total R&D spending in 2014 increased \$303 million over the 2010-2013 average. Of the 227 businesses that received certification, 155 increased their R&D expenses in 2013 over their average R&D expenses from the previous four years, and were therefore able to claim the R&D Growth Tax Credit.

Based on the amount of increase in R&D expenditures in the State, we estimate the program created 673 direct jobs, or 4 percent of the 15,715 Maryland employees engaged in R&D reported by the recipient companies. The total impact is 1,672 jobs and \$89 million in wages. The total State revenue from those jobs is \$4.8 million.

R&D Tax Credit FY 2016 Impacts (Tax Year 2014)

	Jobs	Wages	Annual State Revenues
Direct	673	\$50,173,230	\$2,698,260
Secondary	999	\$39,403,480	\$2,076,110
Total	1,672	\$89,576,720	\$4,774,370
Commerce analysis u	using IMPLAN, Amo	ounts in 2016 dollars	

#### **Maryland E-Nnovation Initiative**

The Maryland E-Nnovation Initiative (MEI) was enacted in 2014 to spur basic and applied research in scientific and technical fields at Maryland colleges and universities. The initiative provides a State match to private funds raised in support of endowed chairs at Maryland's higher education institutions. The Program became operational on July 1, 2014 although there was no appropriation for FY 2015. The FY 2016 appropriation was \$8.5 million. In FY2016, the program made eight awards totaling \$8.3 million to five different institutions. FY2016 recipients were The Johns Hopkins University, the University of Maryland Baltimore, the University of Maryland College Park, Morgan State University, and Washington College. Fields of study funded by the Program include mathematics, cybersecurity, virtual reality, environment, water and public health, bioengineering, neurogenetics and human virology.

There are no direct job impacts reported, but the investment can be estimated to result in academic activity that generates job. In FY2016, the impacts are estimated at 219 total jobs and \$623,900 in annual State revenue.

**Maryland E-Nnovation Initiative FY 2016 Impacts** 

	Jobs	Wages	Annual State Revenues
Direct	129	\$8,543,220	\$471,120
Secondary	90	\$2,986,120	\$152,780
Total	219	\$11,529,340	\$623,900
Commerce analysis	using IMPLAN, Amo	ounts in 2016 dollars	

## 6. Economic diversification through targeted industry support

While many state economic development programs aim to provide incentives to businesses from any industry, a large proportion of state programs target their incentives at specific industries. These may be existing industries, which have proven particularly valuable to the economy of the state, are considered to have growth potential, or are emerging industries perceived as having strong future growth potential. The specific industries most targeted by incentive programs are research and development, entertainment and visitor industries, transportation and logistics, agribusiness and food processing, and energy (renewable and fossil). Other industries frequently targeted by incentive programs include life sciences, information technology, defense and security and advanced manufacturing.

As with other states, many of Maryland's programs are intended to diversify the economy by focusing resources on the industry sectors that promote the greatest impact and opportunities for growth. The focus is generally on industries that bring new spending into the State that would not otherwise occur. Examples include:

- Cybersecurity Investment Incentive Tax Credit
- Biotechnology Investment Incentive Tax Credit
- Cellulosic Ethanol Technology R&D Tax Credit
- Employer Security Clearance Costs Tax Credit
- Maryland Wineries and Vineyards Tax Credit

# **Employer Security Clearance Costs Tax Credit**

The Maryland Employer Security Clearance Costs Tax Credit program was enacted during the 2012 session of the Maryland General Assembly. The Maryland Employer Security Clearance Costs Tax Credit Program includes three tax credits:

- Security Clearance Administrative Expense Tax Credit This credit is 100 percent of eligible administrative expenses related to obtaining and maintaining federal security clearance for employees up to \$200,000. Employers reported they incurred \$1.96 million in eligible costs.
- Sensitive Compartmented Information Facility Costs Tax Credit This tax credit is 50 percent of eligible construction or renovation costs of a single Sensitive Compartmented Information Facility (SCIF) up to \$200,000, and costs related to multiple SCIFs up to \$500,000. Employers reported they incurred \$5.0 million in SCIF costs.
- First Year Leasing Costs Tax Credit for Qualified Small Business This credit is 100 percent of eligible first year leasing costs for small businesses doing security-based contract work up to \$200,000. Employers reported they incurred \$1.3 million in lease costs.

The Department certified 48 businesses to receive credits for incurring \$8.25 million in qualified costs in Maryland for their tax year ending in 2014 (certified in FY 2016). The recipients and credit amounts are listed in Appendix D. The companies reported a total of 14,635 Maryland employees and 4,331 Maryland positions engaged in security-based work. Based on the economic impact of the qualified costs the credit generated 93 total jobs and \$261,910 in annual State revenues.

**Employer Security Clearance Costs Tax Credit FY 2016 Impacts** (Tax Year 2014)

	Jobs	Wages	Annual State Revenues
Direct	47	\$3,169,360	\$174,770
Secondary	46	\$1,660,020	\$87,130
Total	93	\$4,829,380	\$261,910

## **Maryland Film Production Activity Tax Credit**

The Maryland Film Production Activity Tax Credit (Film tax credit) is a tax credit for qualified direct costs of qualified film production activities including feature films and TV series. The program intent is to encourage film production activity in Maryland. A film production entity may receive a refundable income tax credit of up to 25 percent of qualified direct costs of a film production activity. A television series may receive a credit of up to 27 percent of qualified direct costs. To retain the filming of major two television productions \$32.5 million in tax credits was authorized over three years through FY2016. Those funds were committed in 2013. Legislation passed in 2014 that provided funds of \$7.5 million to enhance the tax credit.

Two film productions closed out reporting for the credits totaling \$5,384,173 in FY 2016. The two productions (House of Cards season 3 and VEEP season 4) reported over \$93 million of spending in the State. The productions reported that they hired 3,436 local crew (crew, technicians, cast and extras) and purchased goods or services from 3,116 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 Production Activity Tax Credit FY 2016 Impacts

	Jobs	Wages	Annual State Revenues
Direct	777	\$15,990,000	\$813,660
Secondary	473	\$14,553,260	\$749,450
Total	1,251	\$30,543,260	\$1,563,110
Commerce analysis u	, -	, ,	. ,

# Wineries and Vineyards Tax Credit

The Maryland Wineries and Vineyards Tax Credit program was enacted in 2012 for qualified capital expenses related to a Maryland winery or vineyard. The credit is equal to 25 percent of qualified capital expenses made in connection with the establishment of new wineries or vineyards, or capital improvements made to existing wineries or vineyards in Maryland. Total credits granted may not exceed \$500,000 in a year. If the total amount of credits applied for exceeds \$500,000, the credit is prorated among the certified applicants.

Commerce certified 37 wineries and vineyards to receive credits for \$2.37 million in capital expenditures made in Maryland for their tax year ending in 2014. The recipients and credit amounts are listed in Appendix E. At the nominal statutory rate, applicants would have received

\$593,518 in tax credits. However, the credits are limited to \$500,000. Therefore, the effective rate for the tax credit is reduced to 84 percent.

Wineries & Vineyards Tax Credit 2016 Impacts

	Jobs	Wages	Annual State Revenues
Direct	17	\$251,250	\$9,330
Secondary	8	\$342,130	\$18,070
Total	26	\$593,380	\$27,400
Commerce analysis	using IMPLAN, Am	ounts in 2016 dollars	S

#### 7. Special Purpose

# **MEDAAF Capability 5 - Special Purpose Grants and Loans**

This capability contains targeted programs for specialty initiatives that at one time had been deemed critical to the State's economic health and development by the General Assembly. These specialty programs may be exempt from local participation and certain other MEDAAF requirements. The special purpose initiatives include Brownfields, Seafood and Aquaculture, Animal Waste, Day Care, and Arts and Entertainment. In FY2016, \$125,000 was awarded for one Arts & Entertainment District grant to the Frederick Downtown Arts & Entertainment District.

The funds do not have a direct job creation component. The economic impacts are estimated based on the eligible project costs. Based on total project costs of \$3.8 million, the project activities would generate 71 jobs and \$79,520 in annual State revenues. Additional revenue benefits are possible as the properties and facilities are redeveloped.

**MEDAAF-5 FY2016 Annual Impacts** 

	Jobs	Jobs Wages	
Direct	34	\$514,910	\$28,210
Secondary	37	\$1,006,210	\$51,310
Total	71	\$1,521,130	\$79,520

#### **ExportMD**

The ExportMD program helps to offset some of the costs of marketing internationally for Maryland's small and mid-sized companies. Maryland companies that receive an ExportMD Award are eligible for up to \$10,000 in reimbursement for expenses associated with an international marketing project and can also receive up to 40 hours of assistance from the Maryland Department of Commerce's trade experts located in nine countries around the globe. Eligible expenses include those related to an international marketing initiative including trade show fees, airfare, translation of brochures and web site development. These activities may result in additional contracts and increased sales, which lead to increased employment. In FY 2016, 60 companies received grants of \$5,000-\$10,000 for a total of \$500,000. The companies reported

that the activities supported by the grants created and supported 277 jobs (adjusted to 274). The total impact is 577 jobs, \$28 million in wages and \$1.5 million in annual State revenues.

# **ExportMD FY2016 Annual Impacts**

	Jobs	Wages	Annual State Revenues						
Direct	274	\$16,655,790	\$918,480						
Secondary	303	\$11,549,300	\$598,290						
Total	577	\$28,205,090	\$1,516,780						
Commerce analysis using IMPLAN, Amounts in 2016 dollars									

## **Evaluating Program Effectiveness**

Program evaluation is one of the most vital steps in the economic development process. The Pew Charitable Trusts and the Center for Regional Economic Competitiveness (CREC) have been leading an initiative to improve state incentive evaluations since 2014. The Pew initiative has helped identify common issues among states in conducting incentive evaluations. Some of the key findings are that in many states tax credit and other incentive programs have vague objectives that cannot be measured or assessed. They recommend that all incentive programs should have reporting requirements that respond to the intent and goals of the program.

While jobs, wages and investment are the main metrics for most incentive programs, they are not necessarily the most appropriate. Community development, workforce and innovation/entrepreneurship programs require different measures to determine effectiveness. There is also a difficult balance between requiring more company-provided data and reducing the administrative burden for companies. Company-reported data also requires that security measures are adequate to protect confidential data and adequate staff resources to collect and process the data.

Because of the initiative and the Pew assessment, Commerce has refined its internal return on investment (ROI) tool to incorporate best practices from other states. The ROI tool is linked to the Department's performance measures and includes complete documentation of the methodology and sources.

#### **State Return on Investment for Commerce Incentives**

The Commerce incentive evaluation conducted for the Jobs Development Act report uses jobs, wages and investment as the main metrics to estimate the tax revenues returned to the State from its incentive investments. The total number of direct and secondary jobs and wages generated by each program is used to estimate the annual tax revenues generated. This can be used to determine an overall ROI for the programs. Because of the reliance on jobs and wage data as inputs, the ROI varies significantly by program. In total, the incentive programs generated \$0.55 per \$1 of FY2016 incentive investment.

As seen in **Table 5** Programs that are special purpose and primarily focused on job creation have the highest measurable ROI per incentive dollar, with \$2.55 and \$1.40 in revenues per dollar of incentive, respectively. All of the other program categories return less than \$1 per incentive dollar, but it should be noted that the revenues are based on only one year of impacts, whereas most programs have ongoing impacts, especially the programs focused on technology startups and innovation. Industries with higher average salaries generate higher revenues per job.

The ROI calculation is based on tax revenues from employee wages and spending, but does not include corporate taxes or taxes on production. The IMPLAN model provides an estimate of these revenues. If those other revenues are included, the State taxes more than double, from \$54 million per year to \$140 million. That would produce a total ROI of \$1.45 per incentive dollar.

Table 5: Return on Investment by program

	Total Jobs	Incentives per job	Annual State Tax Revenues	Revenues per \$1 incentive
Job creation and retention	16,545	\$1,583	\$36,546,638	\$1.40
Job Creation Tax Credit	1,667	\$620	\$3,770,303	\$3.65
One Maryland Tax Credit	481	\$34,291	\$1,179,906	\$0.07
Partnership for Workforce Quality	202	\$366	\$339,898	\$4.60
MEDAAF 2 - Economic Development Opportunities	14,195	\$604	\$31,256,531	\$3.64
Local Government support	104	\$35,115	\$303,781	\$0.08
MEDAAF-3	104	\$35,115	\$303,781	\$0.08
Leveraging private sector investment	12	\$445,533	\$23,618	\$0.00
MIDFA	12	\$445,533	\$23,618	\$0.00
Assistance to small and disadvantaged businesses	2,839	\$6,917	\$5,793,985	\$0.30
MD Economic Adjustment Fund	7	\$24,339	\$14,250	\$0.08
Military Personnel/Veteran-owned small business	166	\$1,664	\$456,717	\$1.65
Maryland Small Business Development Financing	754	\$10,183	\$1,588,612	\$0.21
Video Lottery Terminal Fund	1,912	\$6,021	\$3,734,406	\$0.32
Startups and Innovation	2,571	\$11,514	\$7,584,363	\$0.26
Biotech Investment Incentive Tax Credit	596	\$19,492	\$1,919,531	\$0.17
Cybersecurity Investor Incentive Tax Credit	85	\$7,973	\$266,564	\$0.39
Research & Development Tax Credit	1,672	\$5,382	\$4,774,371	\$0.53
E-Nnovation	219	\$38,056	\$623,897	\$0.07
Targeted Growth Industry promotion	1,369	\$8,687	\$1,852,415	\$0.16
ESCC	93	\$21,605	\$261,908	\$0.13
Film	1,251	\$7,510	\$1,563,108	\$0.17
Wineries	26	\$19,448	\$27,399	\$0.05
Special Purpose	649	\$963	\$1,596,299	\$2.55
MEDAAF-5	71	\$1,752	\$79,521	\$0.64
ExportMD	577	\$866	\$1,516,777	\$3.03
Total for all programs	24,089	\$4,022	\$53,701,100	\$0.55

## **Program Compliance**

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 incentive agreement. Over agreement, 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.

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 G summarizes 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 rare. 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 consequences that are more serious. For example, program 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 2016 Commerce Finance Tracker Incentives Report

	Recipient	Program	Approved Loan Amount	Loan Guarantee Amount	Tax Credit Amount	Project Costs	New Jobs	Retained Jobs
1	RedOwl Analytics, Inc.	Cybersecurity Investment			225,000		3	3
2	Strajillion, Inc	Cybersecurity Investment			225,000		6	15
3	Cryptonite, LLC	Cybersecurity Investment			225,000			8
4	Johns Hopkins University	E-Nnovation Initiative	2,106,250			4,212,500		
5	Morgan State University	E-Nnovation Initiative	1,000,000			2,000,000		
6	University Of Maryland Baltimore	E-Nnovation Initiative	2,106,250			4,212,500		
7	Washington College	E-Nnovation Initiative	1,000,000			2,000,000		
8	Univ. of MD College Park	E-Nnovation Initiative	2,106,250			6,106,250		
	True Chesapeake Oyster							
9	Company	Export MD Grant	10,000				2	
10	Pevco	Export MD Grant	10,000				7	
11	Delaware Elevator Manufacturing	Export MD Grant	5,000				24	
12	AirBoss Defense	Export MD Grant	5,000				20	
13	Maryland Thermoform Corp	Export MD Grant	10,000				2	
14	Chesapeake Specialty Products	Export MD Grant	10,000				4	
15	Gould Technology, LLC	Export MD Grant	10,000				5	
16	BTE Technologies	Export MD Grant	5,000				4	
17	Aerospace & Technology Metalworks, Inc.	Export MD Grant	10,000				2	
18	SUN Automation	Export MD Grant	10,000				2	
19	Land Sea Air Manufacturing	Export MD Grant	10,000				10	
20	Temple Allen Industries	Export MD Grant	10,000				1	
21	Patton Electronics Company	Export MD Grant	10,000				15	
22	Man & Machine	Export MD Grant	10,000				2	
23	Hardwire, LLC	Export MD Grant	10,000				1	
24	PTC International	Export MD Grant	5,000					
25	Tricerat, Inc.	Export MD Grant	10,000				2	
26	American General Supplies	Export MD Grant	10,000				1	
27	Koolspan	Export MD Grant	5,000				10	
28	MagBio Genomics	Export MD Grant	10,000				4	
29	Kirby Metal Recycling	Export MD Grant	10,000				10	
30	Planar Monolithics Industries, Inc.	Export MD Grant	10,000				10	

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			Approved Loan	Loan Guarantee	Tax Credit	Project	New	Retained
	Recipient	Program	Amount	Amount	Amount	Costs	Jobs	Jobs
31	Reflexonic, LLC (Urology Health Store)	Export MD Grant	5,000				3	
32	MTI-GlobalStem	Export MD Grant	10,000				3	
33	FASTech	Export MD Grant	15,000				6	
34	John S Connor	Export MD Grant	10,000				3	
35	All City Wireless	Export MD Grant	5,000				4	
36	OCR Services	Export MD Grant	5,000				<u>4</u> 5	
37	BizSolutions 360	Export MD Grant	10,000				2	
38	S & M Engineering Services Link Labs	Export MD Grant Export MD Grant	10,000 10,000				2	
39								
40	MET Laboratories	Export MD Grant	10,000				2	
41	emocha Mobile Health	Export MD Grant	5,000				2	
42	DigitaLogic	Export MD Grant	10,000				<u>1</u>	
43	Pixelligent	Export MD Grant	10,000				7	
44	Land Sea Air Autonomy	Export MD Grant	10,000				10	
45	MESMO Inc.	Export MD Grant	5,000				4	
46	Safe Chain Solutions	Export MD Grant	10,000				4	
47	WGS Systems, LLC	Export MD Grant	10,000				4	
48	Orgone Development	Export MD Grant	5,000				2	
49	Chesapeake Testing Systems	Export MD Grant	5,000				6	
50	SURVICE Engineering Company	Export MD Grant	10,000				6	
51	Beacon Environmental Services	Export MD Grant	5,000				2	
52	NIKA Architects and Engineers	Export MD Grant	10,000				4	
53	Washington Laboratories	Export MD Grant	10,000				1	
54	Results Scorecard	Export MD Grant	10,000				3	
55	Encore Solutions, Inc. (ESI)	Export MD Grant	5,000				1	
56	THE TRAVILLE GROUP	Export MD Grant	5,000				3	
57	Climate Decision	Export MD Grant	10,000				2	
58	IP Technology	Export MD Grant	5,000				2	
59	PW Communications	Export MD Grant	10,000				5	
60	Quality Technology	Export MD Grant	5,000				10	
61	Ausley Associates, Inc.	Export MD Grant	10,000				6	

Appendix A: FY 2016 Commerce Finance Tracker Incentives Report

	Recipient	Program	Approved Loan Amount	Loan Guarantee Amount	Tax Credit Amount	Project Costs	New Jobs	Retained Jobs
	Aviation Systems Engineering							
62	Company (ASEC)	Export MD Grant	10,000				2	
63	AVID Technical Services	Export MD Grant	5,000				2	
64	Rife International	Export MD Grant	10,000				5	
65	Saphira LLC	Export MD Grant	10,000				2	
66	White Swan, Inc.	Export MD Grant	5,000				1	
67	EndoMaster Medical Inc	Export MD Grant	5,000				8	
68	EndoSurg Medical	Export MD Grant	5,000				2	
69	Knight Takes King Productions, LLC / House of Cards (Season 3)	Film Production Activity	7500		4,000,000	61,901,094		
70	Second in Command Productions, LLC / VEEP (Season 4)	Film Production Activity			5,384,173	31,117,310		
71	Jason Pharmaceuticals, Inc.	Job Creation Tax Credit			57,343		61	
72	Food Authority South, LLC	Job Creation Tax Credit			79,875		88	
73	Pete Pappas and Sons, Inc.	Job Creation Tax Credit			28,000		28	
74	Jubilant Cadista Pharmaceuticals	Job Creation Tax Credit			39,000		26	
75	First Transit, Inc.	Job Creation Tax Credit			74,801		114	
76	First Transit, Inc.	Job Creation Tax Credit			270,000		180	
77	Morgan Stanley & Co, LLC	Job Creation Tax Credit			216,000		144	
78	Vision Technologies, Inc.	Job Creation Tax Credit			31,000		31	
79	Highpoint Global, LLC	Job Creation Tax Credit			18,000		12	
80	Moser Consulting Incorporated	Job Creation Tax Credit			24,000		16	
81	FEI.com	Job Creation Tax Credit			83000		83	
82	Tenable Network Security, Inc.	Job Creation Tax Credit			57,000		57	
83	MPM Communications, LLC	Job Creation Tax Credit			55,500		37	
84	County Line Auto Repairs, Inc.	MEAF Fed Loan	175,000			155,500	3	2
85	Astrum Solar, Inc.	MEDAAF-2 Cond. Loan	500,000			750,000	240	75
86	Fuchs North American, Inc.	MEDAAF-2 Cond. Loan	500,000			16,000,000	50	100
87	TIC Gums, Inc.	MEDAAF-2 Cond. Loan	250,000			10,000,000	50	156
88	Aphena Pharma Solutions	MEDAAF-2 Cond. Grant	116,580			5,000,000		87
89	Lehigh Cement Company	MEDAAF-2 Cond. Loan	150,000			150,000,000		125
90	Sucampo Pharmaceuticals, Inc.	MEDAAF-2 Cond. Loan	450,000			2,300,000	100	55

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	Recipient	Program	Approved Loan Amount	Loan Guarantee Amount	Tax Credit Amount	Project Costs	New Jobs	Retained Jobs
91	Thompson Creek Window Co.	MEDAAF-2 Cond. Loan	750,000			17,000,000	150	330
92	Advanced Thermal Batteries	MEDAAF-2 Cond. Loan	125,000			5,000,000		25
93	TDR Systems, Inc. and Chutes I	MEDAAF-2 Cond. Loan	155,000			3,799,000	15	47
94	Sealy of Maryland and Virginia	MEDAAF-2 Cond. Loan	400,000			5,000,000	120	112
95	FR Conversions, Inc.	MEDAAF-2 Loan	1,000,000			11,500,000	175	75
96	The Webstaurant Store, Inc.	MEDAAF-2 Cond. Loan	300,000			6,669,000	150	
97	Millsource, Inc. / Woodgrain M	MEDAAF-2 Loan	250,000			2,773,000	65	-
98	Sephora USA, Inc.	MEDAAF-2 Cond. Grant	1,000,000			31,000,000	121	389
99	Amazon.com.dedc LLC	MEDAAF-2 Cond. Loan	1,000,000			5,500,000	1000	1600
100	Penguin Random House, LLC	MEDAAF-2 Cond. Loan	100,000			2,000,000	80	500
101	Tenable Network Security, Inc.	MEDAAF-2 Cond. Loan	1,000,000			7,500,000	350	230
102	VariQ Corporation	MEDAAF-2 Cond. Loan	280,000			400,000	253	17
103	Flexel LLC	MEDAAF-2 Cond. Loan	250,000			10,000,000	50	10
104	B.R.W., Inc. or entity accepta	MEDAAF-3 One MD Loan	1,500,000			2,000,000	10	
105	Charles County, County Commiss	MEDAAF-3 Cond. Grant	50,000			133,000		
106	Worcester County Economic Deve	MEDAAF-3 Cond. Grant	25,000			75,000		
107	Somerset Board of County Commi	MEDAAF-3 Grant	65,000			202,000		
108	IDACC (Industrial Development	MEDAAF-3 Investment	2,000,000			8,000,000		
109	The Performing Arts Center Sta	MEDAAF-5 Arts & Ent. Cond. Grant	125,000			3,801,000	2	
110	Murphy's Crusting and Uniloader Services Inc.	MIDFA Conventional Insurance Military/Veteran Small	5,104,706	183,769		996,000		6
111	Bayview Services Group	Business Military/Veteran Small	40,000			45,000	1	
112	Seaforth LLC dba Cornwell Tool	Business	50,000			92,000		1
113	Memories to Go, LLC.	Military/Veteran Small Business Military/Veteran Small	21,000			36,000	4	
114	Overland Boiler Inspection & E	Business	50,000			50,000		1

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			Approved Loan	Loan Guarantee	Tax Credit	Project	New	Retained
	Recipient	Program	Amount	Amount	Amount	Costs	Jobs	Jobs
		Military/Veteran Small						
115	VOR Technology, LLC	Business	50,000			50,000	42	22
		Military/Veteran Small						
116	James F. Mingey dba Veterans B	Business	23,719					
117	Tayon 202 Barbagua of Mandand	Military/Veteran Small	42.000			6E 700	6	
117	Texas 202 Barbecue of Maryland C&M Construction and	Business	42,000			65,700	6	
118	Renovation	MSBDFA Contract Financing	150,000			150,000	3	8
119	CRW & Associates, LLC	MSBDFA Contract Financing	100,000			100,000	5	2
120	Education That, LLC	MSBDFA Contract Financing	275,000			295,000	125	
121	GMG World Media, LLC	MSBDFA Contract Financing	100,000			100,000	2	1
122	KR Contracting, Inc.	MSBDFA Contract Financing	50,000			50,000		9
123	Legacy Builders & Construction	MSBDFA Contract Financing	450,000			,		
124	Lyles Cleaning Services, LLC	MSBDFA Contract Financing	100,000			125,000	6	20
125	Mainstreet Technologies, Inc.	MSBDFA Contract Financing	750,000			750,000	25	27
126	Pinnacle Enterprise Business	MSBDFA Contract Financing	200,000			245,000	8	1
127	Weber Solutions, LLC	MSBDFA Contract Financing	200,000			225,000	10	1
128	AvDyne Aeroservices, LLC	MSBDFA EPIP	70,000			70,000		25
129	Education That, LLC	MSBDFA EPIP	20,000					
130	Gravastine, LLC	MSBDFA EPIP	360,000			400,000	2	12
131	KMP Enterprises, LLC	MSBDFA EPIP	345,000			435,000	6	
132	L&J Waste Recycling, LLC	MSBDFA EPIP	250,000			500,000	4	16
133	Lyles Cleaning Services, LLC	MSBDFA EPIP	25,000					
134	Mainstreet Technologies, Inc.	MSBDFA EPIP	110,000					
135	Phenomenal, LLC	MSBDFA EPIP	300,000			1,428,000		15
136	Pinnacle Enterprise Business	MSBDFA EPIP	45,000					
137	The Stone Foundation, LLC	MSBDFA EPIP	50,000			100,000	2	8
138	Warren Brothers Construction	MSBDFA EPIP	640,000			690,000	4	2
139	Weber Solutions, LLC	MSBDFA EPIP	25,000					
140	NGEN, LLC	MSBDFA Guaranty Fund	75,000	52,500				
141	Zavda Technologies, LLC	MSBDFA Guaranty Fund	400,000	200,000				30
142	Legacy Builders & Construction	MSBDFA Surety Bond Direct	1,500,000	•		2,100,000	10	4

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	Desiminut	Drawen	Approved Loan	Loan Guarantee	Tax Credit	Project	New	Retained
143	Recipient  Mahogany, Inc. and Mahogany In	Program  MSBDFA Surety Bond Direct	836,000	Amount	Amount	1,000,000	Jobs	<b>Jobs</b> 46
144	Poly-Seal Corporation	One Maryland Tax Credit	630,000		5,500,000	5,500,000	46	40
145	Mack Trucks, Inc.	One Maryland Tax Credit			5,500,000	5,500,000	174	
145	•	One Maryland Tax Credit			5,500,000		36	
146	Under Armour, Inc.	Partnership for Workforce			5,500,000	5,500,000	30	
147	PolyOne Corporation	Quality	25,000			440,000	8	70
147	1 diyone corporation	Partnership for Workforce	23,000			440,000	0	
148	East Coast Flight Services, In	Quality	11,940			51,453	2	2
	<u> </u>	Partnership for Workforce				01,100		
149	Random House, Inc.	Quality	25,000					
4-0	1104 = 1811	Partnership for Workforce	44.040					
150	USA Fulfillment Inc	Quality	11,940			51,298		85
151	Aryana Rainbow, LLC	VLT Fund/AADC	200,000			6,097,625	8	
152	Backshore Brewing Co	VLT Fund/AADC	250,000			100,000		
153	Eco-Tots, LLC	VLT Fund/AADC	200,000			45,470	7	
154	Edel's Bridal Boutique	VLT Fund/AADC	110,000			27,000	3	
155	Grip Boost, LLC	VLT Fund/AADC	250,000					
156	Minerva Home Healthcare, Inc.	VLT Fund/AADC	37,000				2	
157	Olde Town Candy Company	VLT Fund/AADC	125,000			40,000	3	
158	Pirates Cove	VLT Fund/AADC	275,000			94,189	20	20
159	Smart Graphics Design Inc.	VLT Fund/AADC	125,000				1	
160	The Daily Brew Coffeehouse, LLC	VLT Fund/AADC	30,000				3	3
161	Vasoptic Medical, Inc.	VLT Fund/AADC	150,000				2	
162	Vixiar Medical Inc.	VLT Fund/AADC	250,000				3	
163	Aetna Shirt	VLT Fund/Balt County	50,500					27
164	Allovue	VLT Fund/Balt County	25,000				4	
165	Cycles West	VLT Fund/Balt County	60,000			150,000	5	
166	Devaney & Associates	VLT Fund/Balt County	100,000			985,000	5	
167	Dr. Elezabeth Klebe DVM	VLT Fund/Balt County	50,000			30,000		
168	Exclusive Motor Cars, LLC	VLT Fund/Balt County	150,000			3,400,000	24	
	Eyring, LLC/Bob's Overhead	-						
169	Doors	VLT Fund/Balt County	250,000			1,000,000	2	
170	KLR Real Estate, Inc.	VLT Fund/Balt County	50,000			150,000	1	

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			Approved	Loan				
	Recipient	Program	Loan Amount	Guarantee Amount	Tax Credit Amount	Project Costs	New Jobs	Retained Jobs
171	KR & FP, LLC	VLT Fund/Balt County	30,300			5,000	1	
172	Light Point Security	VLT Fund/Balt County	105,000				3	
173	Oasis Restaurant Group	VLT Fund/Balt County	150,000			2,700,000	52	
174	RedShred	VLT Fund/Balt County	100,000				4	
175	Rosedale Printing	VLT Fund/Balt County	25,000			192,000		
176	Schiavi, Wallace & Rowe, PC	VLT Fund/Balt County	100,000			676,000	2	
177	Sparks Dynamics, LLC	VLT Fund/Balt County	100,000			676,000	5	
178	Wagner 5, LLC	VLT Fund/Balt County	200,000			300,000	1	
179	D&U, LLC	VLT Fund/BDC	60,000			70,000	6	3
180	FX UAPC 10 Light Street, LLC	VLT Fund/BDC	300,000			4,750,000	100	
181	Madison Cloud IT Solutions, LLC	VLT Fund/BDC	150,000			150,000	2	1
	Maryland Thermoform							
182	Corporation	VLT Fund/BDC	300,000			300,000	5	68
183	Planit	VLT Fund/BDC	500,000			1,900,000	15	100
184	StarrSmith, LLC	VLT Fund/BDC	76,000			181,000	2	4
185	Taco Fiesta, LLC	VLT Fund/BDC	150,000			217,500	5	15
186	Bricata LLC	VLT Fund/Howard	250,000			2,900,000	22	
187	Bulk Head Brewing Company LLC	VLT Fund/Howard	150,000			167,938	10	
188	Cookies n Milk	VLT Fund/Howard	200,000					15
189	Inspired Options Inc	VLT Fund/Howard	130,000			30,000	3	
190	Life Safety Consortium LLC	VLT Fund/Howard	33,000					2
191	Puente Technology LLC	VLT Fund/Howard	250,000				5	5
192	Quality Oriented Solutions Inc	VLT Fund/Howard	50,000				3	
193	Rack Top Systems Inc	VLT Fund/Howard	100,000				40	
194	SANS Technology	VLT Fund/Howard	200,000			50,000	3	
195	Sickweather	VLT Fund/Howard	150,000			530,000	43	5
196	A B Construction	VLT Fund/MCE	3,500				1	2
	Advanced Integrative Health							
197	Group, LLC	VLT Fund/MCE	50,000				2	
198	Assateague Life, LLC	VLT Fund/MCE	50,000				1	
199	Badjo T Industries, LLC	VLT Fund/MCE	20,000				8	
200	C Ayers Transportation	VLT Fund/MCE	35,000					1

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	Recipient	Dragram	Approved Loan Amount	Loan Guarantee	Tax Credit	Project Costs	New Jobs	Retained Jobs
	C&S Jones Group, LLC dba	Program	Alliount	Amount	Amount	COSIS	2005	Jobs
201	CSJG	VLT Fund/MCE	49,999					
202	Celebrate Us Gift Baskets	VLT Fund/MCE	2,500				1	1
203	College Scooters, LLC	VLT Fund/MCE	45,000				•	·
204	Gifted Creations Hair Salon	VLT Fund/MCE	2,500					
205	Gilbert's Provisions	VLT Fund/MCE	50,000				1	
206	Greenbrier Staffings, LLC	VLT Fund/MCE	60,000				5	
207	Gym Supreme, LLC	VLT Fund/MCE	30,000				3	
208	Inflatables Delmarva	VLT Fund/MCE	9,000					
209	Lewrox Transportation	VLT Fund/MCE	40,000				1	
210	M&E Enterprises	VLT Fund/MCE	40,000				2	
	Red Oak Car Wash & Laundry,		-,					
211	LLC	VLT Fund/MCE	4,999					
212	Solace SUP Boards	VLT Fund/MCE	20,000					
213	SouthBound Alley	VLT Fund/MCE	75,000			75,000		
214	Studio 7 The Salon, LLC	VLT Fund/MCE	49,999				6	
215	Subway	VLT Fund/MCE	50,000				10	
216	Tabor Ethiopian Cuisine	VLT Fund/MCE	242,000					
217	Tingle Services	VLT Fund/MCE	14,999					
218	Total Lawn Care of Delmarva	VLT Fund/MCE	4,999					6
	C&M Construction and							
219	Renovation	VLT Fund/MMG	135,000				3	8
220	Calmi Electrical Company, Inc.	VLT Fund/MMG	250,000				4	21
004	Capitol Concrete & Landscape,	\/LT = \\/ANAO	00.000				0	0
221	LLC	VLT Fund/MMG	98,000				3	3
222	Delights By Mina, LLC	VLT Fund/MMG	26,000				10	
223	Dylan's Oyster Cellar, LLC	VLT Fund/MMG	125,000				10	_
224	Elk Manor Operations, LLC	VLT Fund/MMG	500,000				8	7
225	Fyodor Biotechnologies, Inc.	VLT Fund/MMG	148,000				2	4
226	Hidden Levels, LLC	VLT Fund/MMG	50,000				5	5
227	L&J Waste Recycling, LLC	VLT Fund/MMG	200,000					20
228	LC Erdman, LLC dba Little Caesars of Erdman	VLT Fund/MMG	150,000				8	

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			Approved Loan	Loan Guarantee	Tax Credit	Project	New	Retained
	Recipient	Program	Amount	Amount	Amount	Costs	Jobs	Jobs
229	Lyles Cleaning Services, LLC	VLT Fund/MMG	19,000				6	20
230	Mainstreet Technologies, Inc.	VLT Fund/MMG	325,000				9	14
	Mosaddegh Physical Therapy &							
231	Sports Medicine	VLT Fund/MMG	90,000				4	27
232	Phenomenal, LLC	VLT Fund/MMG	230,000					60
233	Pioneer Pub, Inc.	VLT Fund/MMG	125,000				5	30
234	Proud Mary, Inc.	VLT Fund/MMG	50,000				3	14
235	SRB Communications	VLT Fund/MMG	150,000				2	7
	Superior Technology Solutions							
236	Corporation	VLT Fund/MMG	70,000					21
237	Sweatism, LLC	VLT Fund/MMG	60,000					3
238	The Stone Foundation, LLC	VLT Fund/MMG	100,000				4	16
	Total Body Trainers, Inc. dba							
239	Evolution Training Athletics, LLC	VLT Fund/MMG	45,000				4	1
240	Voniks Juice, LLC	VLT Fund/MMG	54,500				20	
241	Weber Solutions, LLC	VLT Fund/MMG	24,000					1
242	Allegheny Trail House B&B	VLT Fund/Western MD	197,965			34,935	2	
	American Home Energy							
243	Corporation	VLT Fund/Western MD	160,000			50,000	2	
244	Clatter, LLC	VLT Fund/Western MD	120,208			24,375	4	
245	Cresaptown Automotive Machine	VLT Fund/Western MD	100,000			10,000	1	
246	Lysczek Law Office	VLT Fund/Western MD	30,000			7,038		
247	Simtat, LLC	VLT Fund/Western MD	100,000				4	
248	VR Legacy, Inc.	VLT Fund/Western MD	210,000			95,000	11	
249	Warming Embers, LLC	VLT Fund/Western MD	20,000				1	

Appendix B: Biotechnology Investment Incentive Tax Credits Certified in FY 2016

	QMBC	APROVED FINAL TAX CREDIT CERTIFICATES (\$)
1	20/20 Genesystems, Inc.	976,707
2	AgriMetis, LLC	975,000
3	Akonni Biosystems Inc.	657,502
4	American Gene Techonologies International Inc.	1,799,744
5	BioFactura, Inc.	882,498
6	BioMarker Strategies, LLC	375,000
7	Brainscope Company, Inc.	1,007,500
8	Breethe, Inc.	325,000
9	Cellphire, Inc.	400,000
10	Clear Guide Medical, LLC	240,000
11	ConverGene LLC	135,500
12	CoolTech, LLC	317,500
13	Creaty MicroTech, Inc.	387,500
	Design Innovations for Infants and Mothers Everywhere	
14	d/b/a Sisu Global Health	150,000
15	Fyodor Biotechnologies, Inc.	50,000
16	Noxilizer, Inc.	592,500
17	Otomagnetics, LLC	37,500
18	Plant Sensory Systems, LLC	25,000
19	Royer Biomedical, Inc.	275,000
20	Sequella, Inc.	452,500
21	Therabron Therapeutics, Inc.	623,264
22	Theranostics Health, Inc.	112,500
23	Xcision Medical Systems, LLC	815,003
	Total	\$ 11,612,716

Appendix C: Research and Development Tax Credits, R&D Tax Credits Certified in FY 2016

	Company Name	Certified Basic Credit Amount	Certified Growth Credit Amount	Total Certified Credit Amount
1	3e Technologies International Inc.	2,669	0	2,669
2	AAI Corporation	54,416	14,083	68,499
3	AC Beverage, Inc.	53	999	1,052
4	Action Products, Inc.	683	0	683
5	Adobe Systems Incorporated	268	3,173	3,442
6	Advanced Biotechnologies, Inc.	283	0	283
7	Aeroflex/Weinschel, Inc.	147	0	147
8	AiNet Holding, LLC	2,856	1,870	4,726
9	Akonni Biosystems, Inc.	474	0	474
10	Alliant Techsystems, Inc.	28,561	0	28,561
11	American Infrastructure/ Allen Myers	5,596	0	5,596
12	American Woodmark Corporation	1,223	0	1,223
13	Amgen, Inc.	55,750	87,750	143,500
14	Amplimmune, Inc.	41,618	145,494	187,112
15	AOL Advertising, Inc.	45,286	9,233	54,519
16	ARINC Incorporated	43,365	36,402	79,768
17	Ath Group	2,619	938	3,557
18	Athena Environmental Sciences, Inc.	73	0	73
19	Atlanta Micro, Inc.	476	0	476
20	Automated Precision, Inc.	6,934	1,704	8,638
21	Availink (US), Inc.	10,080	1,009	11,089
22	basys, inc.	5,876	3,641	9,517
23	Becton Dickinson and Company	186,019	0	186,019
24	Bentley Systems, Incorporated	3,900	0	3,900
25	Berry Plastics Group, Inc.	8,300	6,965	15,265
26	Boland Trane Services, Inc.	7,053	2,677	9,730
27	BTE Technologies, Inc	1,072	1,805	2,877
28	Burdette, Koehler, Murphy and Associates,	6,810	7,860	14,669
29	Cardinal Engineering, LLC	0	340	340
30	Carleton Technologies, Inc.	2,630	15,232	17,862
31	Carter Control Systems, Inc.	866	1,474	2,340
32	Castle Communications, Inc.	2,017	1,952	3,969
33	Centrexion Corporation	1,561	20,213	21,773
34	Cerecor, Inc.	6,145	11,839	17,985
35	CheckFree Services Corporation	4,504	17,163	21,667
36	Chesapeake Contracting Group, Inc.	3,725	5,248	8,973
37	Cisco Systems, Inc.	95,679	170,359	266,038
38	Cobham Advanced Electronic Solutions, Inc. (FAK Sensor and Antenna Systems, Lansdale, Inc.)	5,243	695	5,938
39	Colonial Metal, Inc.	10,958	13,402	24,360
40	Columbia Manufacturing Corporation	960	535	1,495
41	Comtech Telecommunications Corp.	3,296	0	3,296
42	Concur Technologies, Inc.	278	14	292
43	Connections Education, Inc.	13,692	246	13,937
44	Conquest Systems, Inc.	391	0	391
45	Consortium Health Plans, Inc.	853	0	853
46	CPP Construction Company	2,506	0	2,506

Appendix C: Research and Development Tax Credits, R&D Tax Credits Certified in FY 2016

	Company Name	Certified Basic Credit Amount	Certified Growth Credit Amount	Total Certified Credit Amount
47	Cristal USA, Inc.	47,127	18,807	65,934
48	CTIS, Inc.	1,422	0	1,422
49	Custom Cable Solutions, Inc.	1,196	407	1,603
50	Cyber Point International, LLC	16,977	5,144	22,121
51	Cytec Engineered Materials, Inc.	11,149	6,112	17,261
52	Dakota Consulting, Inc.	5,282	6,235	11,516
53	DataDirect Networks, Inc.	18,049	11,132	29,181
54	Decision Software, Inc.	3,387	2,445	5,832
55	Delta Resources, Inc.	7,069	0	7,069
56	Diagnostic Biochips, Inc.	16	996	1,012
57	Digital Receiver Technology, Inc.	49,432	2,195	51,627
58	Dixie Construction Company, Inc.	3,416	543	3,958
59	DSM Pharmaceuticals, Inc.	20,997	0	20,997
60	DVCC Inc. and Subsidiaries	3,606	9,244	12,850
61	EA Engineering, Science and	7,006	0	7,006
	Technologies, Inc.	,		•
62	Eastcor Engineering, LLC	0	557	557
63	eBay Inc. and Subsidiaries	23,481	58,153	81,635
64	Ecrion Software, Inc.	1,109	2,546	3,655
65	Eli Lilly and Company	36,029	0	36,029
66	EMC Corporation and Subsidiaries	10,481	0	10,481
67	EMD Serono, Inc.	28	0	28
68	Emergent Biosolutions, Inc.	9,637	43,582	53,219
69	Energy Concepts Company, LLC	3,141	0	3,141
70	Evapco, Inc.	31,061	21,923	52,984
71	Fairchild Controls Corporation	25,439	21,426	46,865
72	FD Neurotechnologies Consulting and Services, Inc.	1,476	95	1,572
73	Fil-Tec, Inc.	2,515	0	2,515
74	Fina Biosolutions, LLC	1,331	2,031	3,362
75	Flowrox, Inc.	1,593	350	1,944
76	Foulger Pratt Contracting, LLC	3,590	1,498	5,089
77	General Dynamics Advanced Information Systems, Inc.	2,650	0	2,650
78	General Dynamics C4 Systems, Inc.	226	120	346
79	General Dynamics Fidelis Cybersecurity Solutions, Inc.	12,776	20,622	33,398
80	Gliknik, Inc.	4,516	5,802	10,318
81	Gold Crust Baking Company, Inc.	3,827	5,424	9,251
82	Group Benefit Services, Inc.	3,338	1,431	4,769
83	Grunley Construction Company, Inc.	1,533	8,242	9,775
84	Hughes Network Systems, LLC	245,375	246,705	492,080
85	Hughes Rolf Jensen Holding Company	3,460	0	3,460
86	iBiquity Digital Corporation	6,832	4,616	11,448
87	IHI Kiewit Cove Point A Joint Venture	1,378	18,533	19,911
88	Illumina Consulting Group, Inc.	72	1,911	1,984
89	Immuno Probe, Inc.	1,039	304	1,343
90	Increditek, Inc.	1,560	0	1,560
91	Inovalon, Inc.	14,441	29,489	43,930
92	Integral Consulting Services, Inc	0	871	871

Appendix C: Research and Development Tax Credits, R&D Tax Credits Certified in FY 2016

	Company Name	Certified Basic Credit Amount	Certified Growth Credit Amount	Total Certified Credit Amount
93	Integrated Biotherapeutics, Inc.	420	0	420
94	Intelligent Automation, Inc.	20,527	2,384	22,911
95	Intelligent Devices, Inc	1,360	385	1,746
96	Intelligrated Systems, LLC	7,992	6,143	14,135
97	Interactdata, LC, trading as VMCSELECT	863	0	863
98	International Business Machines	15,137	0	15,137
	Corporation	,		·
99	Interstate Holding, Inc.	13,122	0	13,122
100	ITHREAT Cyber Group, Inc.	0	238	238
101	J. F. Taylor, Inc.	11,716	14,271	25,987
102	Jason Pharmaceuticals, Inc.	16,747	0	16,747
103	Javelina Software, Inc.	1,065	0	1,065
104	JDA Software, Inc.	13,521	10,430	23,951
105	Jlauryn & Associates, LLC	249	1,566	1,815
106	JLG Industries, Inc.	19,577	65,264	84,841
107	Kaydon Ring and Seal, Inc.	1,673	2,678	4,351
108	Kirlin Industries, LLC	15,574	0	15,574
109	Knorr Brake Company, LLC	256	0	256
110	Kratos Technology and Training Solutions	7,557	0	7,557
111	L-3 Communications Holdings, Inc.	4,424	0	4,424
112	Leidos, Inc.	42,375	20,681	63,056
113	Life Technologies	38,172	18,406	56,578
114	Localist Corporation	487	2,167	2,654
115	Lockheed Martin Corporation	161,917	0	161,917
116	Luminal, Inc.	138	9,380	9,518
117	Mack Trucks, Inc.	103,761	0	103,761
118	Maritime Applied Physics Corporation	5,592	0	5,592
119	Marvell Semiconductor, Inc	826	0	826
120	McCormick & Company, Inc.	141,053	87,313	228,366
121	MCW Solutions, LLC	1,007	727	1,734
122	MDA Information Systems, LLC	2,205	949	3,154
123	MedImmune, LLC	736,149	816,964	1,553,113
124	Meso Scale Diagnostics, LLC	39,464	26,637	66,101
125	Metro Test & Balance, Inc.	3,647	3,691	7,337
126	Michael Baker International, Inc.	460	0	460
127	Millennial Media, Inc.	13,027	14,048	27,075
128	Mindgrub Technologies, LLC	812	0	812
129	Mobilaps, LLC	502	0	502
130	Morningstar PV Controllers Corp.	1,585	0	1,585
131	MPI Labels of Baltimore, Inc.	591	1,430	2,021
132	Nemetschek Vectorworks, Inc.	5,456	6,777	12,233
133	NES Associates, LLC	986	3,165	4,151
134	Nexercise, Inc.	168	1,339	1,507
135	Northrop Grumman Systems Corporation	489,144	1,312,471	1,801,615
				4,018
	· · · · · · · · · · · · · · · · · · ·		-	4,793
				41,321
				270
				26,425
135 136 137 138 139 140	Northrop Grumman Systems Corporation  Novartis Pharmaceuticals Corporation  Novo Nordisk, Inc.  Noxell Corporation  Nteligen, LLC  Nutramax Laboratories, Inc.	489,144 4,018 4,793 23,909 43 11,094	1,312,471 0 0 17,412 227 15,331	

Appendix C: Research and Development Tax Credits, R&D Tax Credits Certified in FY 2016

	Company Name	Certified Basic Credit Amount	Certified Growth Credit Amount	Total Certified Credit Amount
141	Nutramax Manufacturing, Inc.	1,044	0	1,044
142	Nuvasive, Inc.	0	3,178	3,178
143	Orbit Logic Incorporated	249	497	746
144	OrderUp, LLC	352	3,240	3,591
145	Origin Wireless Communications, Inc.	638	2,868	3,506
146	Osiris Therapeutics, Inc	9,127	0	9,127
147	Otsuka America, Inc.	63,252	0	63,252
148	Pall Filtration & Separations Group, Inc.	3,966	4,033	7,999
149	Paramount Die Company, Inc.	3,677	3,380	7,057
150	Patton Electronics Company	6,315	0	6,315
151	Pennoni Associates, Inc.	2,275	5,072	7,346
152	Peregrin Services Corp.	99	440	540
153	Pfizer, Inc. & Subsidiaries	69,569	9,964	79,533
154	Pharmaceutics International, Inc.	40,215	22,805	63,020
155	Phoenix Color Corp.	15,811	0	15,811
156	PickFire, Inc.	0	1,073	1,073
157	Pitney Bowes Software Inc.	5,842	0	5,842
158	Planned Systems International, Inc.	3,808	11,071	14,880
159	Plant Vax, Inc.	1,306	1,831	3,136
160	Power Electronics, Inc.	2,798	5,178	7,976
161	Precision Products Group, Inc.	692	0	692
162	Pritchett Controls, Inc.	7,379	1,329	8,708
163	Profectus Biosciences, Inc	5,476	6,111	11,588
164	Progeny Systems Corporation	597	0	597
165	Progressive Technology Federal Systems,	1,646	9,859	11,506
166	Prometric, Inc.	8,740	0	8,740
167	Qiagen North American Holdings, Inc.	33,048	0	33,048
168	QRC, Inc.	3,060	1,890	4,950
169	Raytheon Company	25,976	0	25,976
170	Red Bag Solutions, Inc.	226	2,150	2,376
171	Restorative Therapies, Inc.	1,377	3,247	4,624
172	Riverbed Technology, Inc.	26,832	0	26,832
173	Rockwell Collins, Inc.	1,545	168	1,713
174	Rome Technologies, Inc.	1,825	1,152	2,977
175	RPM International, Inc.	7,470	3,980	11,450
176	SAFT America, Inc.	13,765	32,056	45,821
177	SAP America, Inc.	5,131	27,788	32,919
178	Shapiro and Duncan, Inc.	10,311	9,195	19,506
179	Sierra Nevada Corporation	5,104	0	5,104
180	Sigma-Tau Pharmaceuticals, Inc.	7,666	6,292	13,958
181	Singleton Electric Co, Inc.	9,618	6,955	16,572
182	Smart Imaging Systems, Inc.	116	0	116
183	Sofpak Technologies, Inc.	961	768	1,729
184	Soltesz, Inc.	3,356	720	4,076
185	Spirent Communications, Inc.	15,377	0	15,377
186	Stanley Black and Decker, Inc.	125,512	22,466	147,978
187	Stardock Systems, Inc.	1,191	15,662	16,853
188	Stulz Air Technology Systems, Inc.	2,835	0	2,835
189	Sucampo Pharmaceuticals, Inc.	4,740	0	4,740

Appendix C: Research and Development Tax Credits, R&D Tax Credits Certified in FY 2016

	Company Name	Certified Basic Credit Amount	Certified Growth Credit Amount	Total Certified Credit Amount
190	Symantec Corporation	6,682	2,199	8,881
191	Synaptic Advisory Partners, LLC	1,012	4,090	5,102
192	Tactical Network Solutions, LLC	189	2,039	2,228
193	TCOM, LP	13,913	0	13,913
194	Tecore, Inc.	8,693	3,232	11,925
195	Telecommunication Systems, Inc.	12,752	0	12,752
196	Tenable Network Security, Inc.	12,816	12,056	24,872
197	Tetracore, Inc.	3,410	6,656	10,066
198	Teva Biopharmaceuticals USA, Inc.	44,503	31,863	76,366
199	The KEYW Holding Corporation, Inc. and Subsidiaries	9,119	4,593	13,712
200	The Lane Construction Corporation	15	7,177	7,191
201	The Sherwin Williams Company	153	0	153
202	Theraly Pharmaceuticals, Inc.	0	209	209
203	THREEHMS, LLC, dba Facility Support Services	8,079	11,153	19,232
204	Tilley Chemical Company, Inc.	1,691	722	2,413
205	Top Down Systems Corporation	1,656	12,110	13,766
206	TRAK Microwave Corporation, dba Lorch Microwave	1,738	0	1,738
207	Transformational Security, LLC	2,815	1,825	4,640
208	Travel Lite Co.	224	496	719
209	UAV Solutions, Inc.	9,433	20,268	29,701
210	Under Armour, Inc.	48,346	142,992	191,337
211	United Parcel Service General Services	92,860	135,162	228,022
212	United Therapeutics Corporation	26,592	60,148	86,740
213	US NewWin, Inc.	424	1,630	2,054
214	USALCO, LLC	9,591	24,080	33,671
215	Value Asset Leasing, Inc., dba IHIRE	4,217	4,998	9,214
216	ViaSat, Inc.	12,144	0	12,144
217	Vigilant Medical, Inc.	315	930	1,245
218	Vorbeck Materials Corp.	2,351	3,537	5,888
219	VSS Mind Media, Inc.	197	659	856
220	W.L. Gore & Associates, Inc.	141,798	105,159	246,956
221	Washington Software Inc.	25	639	664
222	WealthEngine, Inc.	1,114	826	1,940
223	Western Services Corporation	3,043	0	3,043
224	Xcision Medical Systems, LLC	5,368	2,739	8,106
225	Zenimax Media, Inc.	136,326	56,520	192,846
226	Zephyr Aluminum, LLC	1,497	4,949	6,446
227	Zerok Nanotech Corporation	0	1,646	1,646

Total \$4,500,000 \$4,500,000 \$9,000,000

Appendix D: Maryland Employer Security Clearance Costs Tax Credit, Credits Certified, TY 2014 (Certified in FY 2016)

	Business Name	Certified Credit Amount
1	Anthem Engineering, LLC	2,698
2	Asymmetrik, Ltd.	34,837
3	ATI, Inc.	4,199
4	BCT, LLC	53,034
5	Blackwatch International Corp	18,716
6	Booz Allen Hamilton, Inc.	115,493
7	C.K. Signals, Inc.	5,659
8	CACI Technologies, Inc.	115,493
9	Cardinal Scientific, Inc.	1,982
10	Clearedge IT Solutions, LLC	38,656
11	Clearshark, LLC	6,062
12	Critical Resources Group, LLC	6,062
13	Entegra Systems, Inc.	21,379
14	General Dynamics Advanced Information Systems, Inc.	23,420
15	Globecomm Services Maryland LLC	115,493
16	Gray Graphics Corporation	10,021
17	Herrick Technology Laboratories, Inc.	82,222
18	InfoZen, Inc.	41,044
19	Innoplex, LLC	45,059
20	Integral Consulting Services, Inc.	8,420
21	JS Global, LLC	21,608
22	Lingual Information System Technologies, Inc.	66,681
23	LJT & Associates, Inc.	23,553
24	Marble Mountain LC OOC	201,792
25	Masonco, LLC d/b/a GTS Services	12,272
26	MDA Information Systems, LLC	48,574
27	MORI Associates, Inc.	6,263
28	Netorian LLC	26,585
29	Nothrop Grumman Systems Corporation	288,732
30	Novetta, Inc.	16,770
31	Novetta, LLC	28,123
32	Oakleaf Technology Group, Inc.	3,568
33	Omnyon, LLC	6,587
34	Patriot Technologies, Inc.	2,541
35	Project Enhancement Corporation	6,319
36	Quotient, Inc.	72,993
37	Sealing Technologies, Inc.	32,630
38	SigInt Technologies	1,891
39	Staffing Alternatives, Inc.	21,855
40	Tactical Network Solutions, LLC	2,019
41	Telecommunication Systems, Inc.	136,477
42	Tensley Consulting, Inc.	26,564
43	Threehms, LLC d/b/a Facility Support Services	12,272
44	Tiber Technologies, Inc.	12,356
45	Transformational Security, LLC	12,662
46	Van Dyke Technology Group, Inc.	92,905
47	VariQ Corporation	35,793
48	WOG, LLC d/b/a White Oak Group	29,667
	Total Credit Amount	\$2,000,000

Appendix E: Maryland Wineries and Vineyards Tax Credit, Credit Certified for TY2014 (Certified in FY 2016)

	Business Name (	Certified Credit Amount
1	Antietam Creek Vineyards, LLC	5,132
2	Berrywine Plantations, Inc.	12,277
3	Black Ankle Vineyards, LLC	48,908
4	Boordy Vineyards, Inc.	63,161
5	Charm City Meadworks, LLC	13,720
6	Chateau Bu-De II, LLC	26,541
7	Chateau Bu-De, LLC	13,501
8	Clovelly Vineyard, LLC	9,826
9	Cook Winery Holdings, LLC	4,378
10	Cool Ridge Vineyard	9,716
11	Crow Vineyard & Winery, LLC	16,766
12	Eden Mill Vineyards	4,755
13	Elk Manor Operations, LLC	12,216
14	Elk Run Vineyards, Inc.	5,917
15	Fiore Winery, Inc.	16,748
16	Front Porch Micro Winery, LLC	16,370
17	Gemeny Farms, LLC	6,308
18	Layton's Chance Vineyard and Winery, LLC	2,338
19	Libertas Estates, LLC	5,872
20	Mark Cascia Vineyards	3,897
21	Native Concepts, LLC	1,737
22	New Market Plains LLC	23,080
23	Noble Landing, LLC	5,218
24	Old Westminster Winery LLC T/A Old Westmins	ster 11,787
25	Quail Vineyards	4,297
26	Robert Thompson	1,801
27	Robin Hill Farm, LLC	15,865
28	Roche & Smith Vineyard, LLC	1,366
29	Rocklands Farm, LLC	51,249
30	Rohrersville Vineyards, LLC	14,675
31	Schmidt Farms, Inc.	4,715
32	Schmidt Vineyard Management, LLC	1,793
33	Southern Maryland Wine Growers Cooperative,	Inc. 6,627
34	St. Michaels Winery, LLC	6,486
35	Sugarloaf Mountain Vineyard, LLC	13,030
36	The Vineyards At Dodon LLC	31,748
37	Townshend Vogt Farm, LLC	6,177
	Total Credit Amount	\$500,000

Appendix F: Recipients of Multiple Incentives FY 2016

	Recipient	Programs	
1	BTE Technologies	ExportMD, R&D	
2	C&M Construction and Renovation	MSBDFA/CF, VLT/MMG	
3	Capitol Concrete & Landscape, LLC	VLT/MMG (3)	
4	Delights By Mina, LLC	VLT/MMG (2)	
5	Education That, LLC	MSBDFA/CF, MSBDFA/EPIP	
6	Elk Manor Operations, LLC	VLT/MMG, WVTC	
7	FASTech	ExportMD (2)	
8	First Transit, Inc.	JCTC (2)	
9	Fyodor Biotechnologies, Inc.	BIITC, VLT/MMG	
10	General Dynamics Advanced Information		
	Systems, Inc.	ESSC, R&D	
11	Jason Pharmaceuticals, Inc.	JCTC, R&D	
12	Johns Hopkins University (The)	ENovation (2)	
13	L&J Waste Recycling, LLC	MSBDFA/EPIP, VLT/MMG	
14	Legacy Builders & Construction	MSBDFA/CF, MSBDFA/SB	
15	Lyles Cleaning Services, LLC	MSBDFA/CF, MSBDFA/EPIP, VLT/MMG	
16	Mack Trucks, Inc.	OneMD, R&D	
17	Mainstreet Technologies, Inc.	MSBDFA/CF, MSBDFA/EPIP (2), VLT/MMG	
18	Maryland Thermoform Corporation	ExportMD, VLT/Balt	
19	MDA Information Systems, LLC	ESSC, R&D	
20	Northrop Grumman Systems Corporation	ESSC, R&D	
21	Patton Electronics Company	ExportMD, R&D	
22	PHENOMENAL LLC	VLT/MMG , MSBDFA-EPIP	
23	Pinnacle Enterprise Business	MSBDFA/CF, MSBDFA/EPIP	
24	Proud Mary, Inc.	VLT/MMG (2)	
25	Sucampo Pharmaceuticals, Inc.	MEDAAF2, R&D	
26	Taco Fiesta, LLC	VLT/Balt (2)	
27	Tactical Network Solutions, LLC	ESSC, R&D	
28	Telecommunication Systems, Inc.	ESSC, R&D	
29	Tenable Network Security, Inc.	JCTC, MEDAAF2, R&D	
30	The Stone Foundation, LLC	VLT/MMG, MSBDFA-EPIP	
31	Threehms, LLC d/b/a Facility Support		
22	Services	ESSC, R&D	
32	Transformational Security, LLC	ESSC, R&D	
33	Under Armour, Inc.	OneMD, R&D	
34	Univ. of MD College Park Found	ENovation (2)	
35	University Of Maryland Baltimore	ENovation (2)	
36	VariQ Corporation	ESSC, MEDAAF2	
37	Voniks Juice, LLC	VLT/MMG (2)	
38	Warren Brothers Construction,	MSBDFA/EPIP (3)	
39	Weber Solutions, LLC	MSBDFA/CF, MSBDFA/EPIP, VLT/MMG	
40	Xcision Medical Systems, LLC	BIITC, R&D	

Appendix G: 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: Forbearance, Charge Off, Foreclose, Charge Late Fees, Increase Interest Rate, Terminate Transaction, File Judgments, Clawback, etc.		

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.	

In general, the tax credits are non-discretionary. If the business does not meet the statutory requirements, they will not qualify for the credits. Commerce does not have the discretion to waive the statute. However, Commerce 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