



Larry Hogan | Governor
Boyd Rutherford | Lt. Governor
R. Michael Gill | Secretary of Commerce
Benjamin H. Wu | Deputy Secretary of Commerce

December 1, 2017

The Honorable Thomas V. Mike Miller, Jr.
President, Maryland Senate
State House, H-107
Annapolis, Maryland 21401-1991

The Honorable Michael E. Busch
Speaker, Maryland House of Delegates
State House, H-101
Annapolis, Maryland 21401-1991

RE: More Jobs for Marylanders Tax Credit – Annual Report

Dear President Miller and Speaker Busch:

Pursuant to Economic Development Article §6-809, I am pleased to submit the Department of Commerce's More Jobs for Marylanders Tax Credit Annual Report.

I look forward to your review of this report and will be available to furnish any additional information that is needed. If my staff or I can be of further assistance, or if you have any questions regarding this report, please contact me at 410-767-6301.

Sincerely,

R. Michael Gill
Secretary

Enclosure



Larry Hogan | Governor
Boyd Rutherford | Lt. Governor
R. Michael Gill | Secretary of Commerce
Benjamin H. Wu | Deputy Secretary of Commerce

MEMORANDUM

TO: The Honorable Larry Hogan
Governor

FROM: R. Michael Gill
Secretary

THRU: Sean Powell
Deputy Chief of Staff, Governor's Office

DATE: December 1, 2017

SUBJECT: More Jobs for Marylanders Tax Credit - Annual Report

Pursuant to Economic Development Article §6-809, I am pleased to submit the Department of Commerce's More Jobs for Marylanders Tax Credit Annual Report.

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Attachment

DIVISION OF FINANCE
MORE JOBS FOR MARYLANDERS PROGRAM

ANNUAL STATUS REPORT
TAX YEAR 2017
ECONOMIC DEVELOPMENT ARTICLE
SECTION 6-809

Submitted by:

Maryland Department of Commerce

December 2017

STATUS REPORT MORE JOBS FOR MARYLANDERS CALENDAR YEAR 2017

PROGRAM OVERVIEW

Maryland's More Jobs for Marylanders Program (Program) provides tax incentives to manufacturing businesses that locate or expand their manufacturing operations in Maryland. The Program was enacted during the 2017 legislative session of the Maryland General Assembly (Chapter 149) to offer incentives and encourage manufactures to create jobs in areas of Maryland that need jobs the most. This Program benefits enrolled manufacturers by providing tax incentives tied to job creation for a 10-year period.

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

Tier 1 jurisdictions include Baltimore City and Allegany, Dorchester, Somerset, and Worcester Counties. Tier 2 counties that have been promoted for Tier 1 benefits, per Commerce Secretary's approval authority to designate three counties, are Baltimore, Prince George's and Washington Counties. All other counties are considered Tier 2 counties.

Qualifications

- ✓ Be a manufacturer primarily engaged in activities that according to the North American Industrial Classification System, would be included in Sector 31, 32, or 33, except for Refiners.
- ✓ Offer ongoing job training or a postsecondary education program (e.g. tuition reimbursement).
- ✓ A new manufacturer must notify Commerce of its intent to be designated eligible before it establishes a facility in the state.
- ✓ An existing manufacturer must notify Commerce of its intent to be designated eligible for the Program incentives before it creates new jobs.
- ✓ New or existing manufacturers in Tier 1 counties must create at least 5 new qualified jobs. (A qualified job is a job that is full-time, pays at least 120% of State minimum wage and is filled for 12 months.)
- ✓ Existing manufacturers in Tier 2 counties must create at least 10 new qualified jobs.
- ✓ The business must begin creating the new jobs within 12 months of its intent date and meet the minimum job threshold (5 or 10 jobs) within 12 months of its first hire.
- ✓ Be certified by Commerce as a Qualified Business Entity.
- ✓ Businesses that move from one Maryland county to another after June 1, 2017 do not qualify.

Application Process

To participate in the Program, a business must first submit a Notice of Intent (NOI) to Commerce. New businesses must submit NOI prior to establishing their facility in the State and existing businesses must submit NOI prior to adding new jobs. When Commerce receives the NOI, it will provide the business with an information packet including an application to enroll its project in the Program. A company must enroll its project in the Program and be certified by Commerce as a Qualified Business Entity with a defined benefit period in order to apply for the incentives available to it. Commerce may not certify any business as a Qualified Business Entity after June 1, 2020.

Qualified Business Entities are eligible to apply for the incentives available to them. Both new and existing businesses that are certified as Qualified Business Entities may apply for an Initial Tax Credit certificate for the income tax credit beginning July 1, 2018. Commerce may not certify more than \$9 million in Initial Tax Credit Certificates in a fiscal year. Qualified Business Entities that have been issued an Initial Tax Credit Certificate may apply for a Final Tax Credit Certificate when the jobs they created have been filled for 12 months. The business is entitled to a 10 year income tax credit benefit, subject to the annual budget appropriation. If the number of jobs at the eligible project decreases to a number less than the number established in the first benefit year, the business may no longer receive any income tax credit benefits.

New manufacturers that are certified as qualified business entities may also apply for a Sales and Use Tax refund beginning January 1, 2019 for the amount of sales and use taxes paid during the preceding calendar year during the 10 year benefit period. Commerce may not issue more than \$1 million in Sales and Use refunds. New manufacturers are also eligible for 100% state real property tax credit and waiver of SDAT fees during its benefit period.

MORE JOBS FOR MARYLANDERS PROGRAM ACTIVITY FOR TAX YEAR 2017

Since Chapter 149 - Acts of 2017 was signed into law, Commerce has begun implementing the Program by creating a website to provide program information including application forms and instructions, frequently asked questions, and the statute¹. In addition, Commerce is developing regulations as well as marketing the Program.

Commerce marketing efforts have included a series of events:

- July 18th – Business Resource Network event on the Eastern Shore (targeting economic development offices in Talbot, Queen Anne's, Caroline and Dorchester Counties).
- July 26th – Presentation of the Program to County Economic Development Directors at the MEDA Summer Conference.
- August 8th- 9th – Visit to Western Maryland to promote the Program including a roundtable of manufacturers in Hagerstown, Oakland and Cumberland.
- August 16th – Presentation to the Rural Counties Coalition at the MACo Summer Conference.

¹ <http://commerce.maryland.gov/fund/programs-for-businesses/more-jobs-for-marylanders>

- October 18th - Webinar targeting manufacturers outside of Maryland considering expansion and relocation
- October 24th – Visit to Mid-Shore to promote the Program including a roundtable of manufacturers in Queen Anne’s County, and site visits in Cambridge and Easton.
- November 16th – Manufacturing event at City Garage in Baltimore City.

Printed brochures and PDF materials detailing the program have been mailed to a targeted mailing list and made available online on the Commerce website and through regional partners including the Regional Manufacturing Institute (RMI) and Maryland Manufacturing Extension Partnership (MD MEP).

Commerce began accepting Notices of Intent (NOIs) for the Program on June 1, 2017. As of November 15, 2017, Commerce had received 52 NOIs. Additional Program activity includes submissions of enrollment applications from 15 of the 52 companies that have submitted NOIs.