



Financing & Incentives

The Maryland Department of Commerce provides the business community financing and incentive-based solutions for economic development projects to maximize job creation and retention, leverage capital investment and encourage growth in targeted business sectors and specific geographic areas throughout the state. See commerce.maryland.gov/fund for more information.

Small Business Assistance

Maryland Small Business Development Financing Authority (MSBDFA)

MSBDFA promotes the viability and expansion of businesses owned by economically and socially disadvantaged entrepreneurs. The program assists small businesses unable to obtain adequate business financing on reasonable terms through normal financing channels. A private contractor manages the program's four components and Commerce provides financing for the approved small businesses.

- **Contract Financing Program** – Provides loan guarantees and direct working capital and equipment loans to socially or economically disadvantaged businesses awarded contracts mainly funded by government agencies and/or public utilities.
- **Equity Participation Investment Program** – Provides direct loans, equity investments and loan guarantees to small businesses.
- **Long-Term Guaranty Program** – Provides loan guarantees and interest rate subsidies.
- **State Small Business Credit Initiative** – Provides loans or equity investments through nine programs that support a small business during its entire lifecycle, from startup to maturity.
- **Surety Bonding Program** – Assists small contractors in obtaining bonding for primarily funded government or public utility contracts that require bid, performance and payment bonds.

Small, Minority and Women-Owned Business Account – Video Lottery Terminal Fund

For this program, 1.5 percent of the proceeds from video lottery terminals (slots) is provided to Eligible Fund Managers that oversee the distribution of the funds. At least 50 percent of their allocations is to be deployed to small, minority, and women-owned businesses located within a 10-mile radius of Maryland casinos. The other 50 percent is available to small, minority, and women-owned businesses located throughout Maryland.

Military Personnel and Veteran-Owned Small Business Loan Program (MPVOLP)

MPVOLP provides no-interest loans of up to \$100,000, from one to eight years, for businesses owned by military reservists, veterans, National Guard personnel, and for small businesses that employ or are owned by such persons.

Maryland Economic Adjustment Fund (MEAF)

MEAF enables small businesses to upgrade or modernize operations, develop or expand commercial applications for technology or enter into and compete in new or different markets. Eligible businesses include manufacturers, wholesalers, retail, technology firms, service companies and skilled trades. Funds can be used for working capital, equipment, building renovation, real estate acquisition and site improvements.

Cannabis Business Assistance Fund

The Cannabis Assistance Loan/Grant Fund is a financing resource operated by the Maryland Department of Commerce, to provide grants and loans for small, minority-owned, and women-owned business entering the adult-use cannabis industry. The Fund also provides grants to Historically Black Colleges and Universities (HBCUs) for cannabis-related programs and business development organizations, including incubators, to train and assist small, minority, and women business owners and entrepreneurs seeking to become licensed to participate in the adult-use cannabis industry.

Economic Development Incentives

Maryland Economic Development Assistance Authority and Fund (MEDAAF)

A flexible and broad-based program, MEDAAF funds conditional grants, loans and investments to assist economic development initiatives. Uses include business attraction and retention, infrastructure support, brownfield redevelopment, arts and entertainment districts, daycare, revolving loan funds and local strategic planning. Projects must be within Priority Funding Areas and eligible industry sectors. Awards are made on a competitive basis.

Five financing capabilities are offered through MEDAAF to assist the business community and local jurisdictions.

- **Strategic Economic Development Opportunities** – Assistance is available on a statewide or regional level and is provided to the business as a loan.
- **Local Economic Development Opportunity** – Funding is provided to businesses for extraordinary economic development opportunities. The local jurisdiction must sponsor the business and can participate in the form of a guarantee, direct loan or grant equal to at least 10 percent of the state's financial assistance.
- **Direct Assistance to Local Jurisdictions or MEDCO** – The use of funds includes land acquisition, infrastructure improvements, acquisition of fixed assets, leasehold improvements, up to 70 percent of the cost of a feasibility study and up to 50 percent of the cost of preparing a local economic development strategic plan.
- **Regional or Local Revolving Loan Fund** – Eligible applicants include county or regional development agencies. A jurisdiction may transfer all or part of its allocation to a regional revolving loan fund. The local government must provide matching grant funds to local revolving loan funds.
- **Special Purpose Funds** – This program targets specific funding initiatives deemed critical to the state. The program determines the level and type of financial assistance. Special purpose programs include Brownfields, Arts & Entertainment, Child Care Centers, Seafood & Aquaculture, and Animal Waste.

Economic Development Opportunities Fund (Sunny Day Fund)

The Sunny Day Fund supports extraordinary economic development opportunities that create and retain employment as well as create significant capital investments. Projects must generate significant jobs in areas of high unemployment; they are evaluated on a competitive basis and must be consistent with the state's strategic economic development plan.

Credit Enhancements

Maryland Industrial Development Financing Authority (MIDFA)

MIDFA promotes private sector investment in economic development projects through the insurance of financial obligations and the issuance of taxable and tax-exempt bonds. The program promotes greater access to capital for small- and medium-sized businesses and supports historically disadvantaged businesses and businesses in rural areas.

MIDFA can be used for land acquisition, building acquisition, construction costs, machinery and equipment, furniture and fixtures, leasehold improvements, certain eligible "soft costs," energy-related projects and working capital.

MIDFA facilitates capital access by issuing private activity revenue bonds and can provide credit insurance in the form of a loan guaranty to reduce lender's risk. Commercial and industrial businesses must be located in a Priority Funding Area (with the exception of retail), manufacturers, not-for-profit entities and day care providers.

Credit Insurance

- **Bond Program** – Insures bonds up to 100%, not to exceed \$7.5 million of taxable or tax-exempt bonds.
- **Conventional Program** – Insures up to 80%, not to exceed \$2.5 million of a transactions made by a financial institution. Export transactions may be insured up to 90%.

Private Activity Revenue Bonds

- **Taxable Bond** – Provides access to long-term capital markets for primarily fixed asset financing.
- **Tax-Exempt Bond** – Provides access to long term capital markets for fixed asset financing at tax-exempt rates. Eligibility is limited by Federal tax law to 501(c)(3) non-profit organizations, manufacturing facilities and certain solid waste projects. Additional limitations apply to the specific transaction type.

Other Financing Resources

Community Development Block Grant (CDBG)

Community Development Block Grant Program funds help strengthen Maryland's communities by expanding affordable housing opportunities, creating jobs, stabilizing neighborhoods and improving the overall quality of life. Units of general local government in non-entitlement counties with a population of less than 200,000 and non-entitlement cities and towns of less than 50,000 population are eligible to apply. Multiple jurisdictions may jointly apply for funds. Other entities, public or private, may be a sub-recipient of the eligible local government.

Investment Programs

TEDCO

tedco.md

TEDCO (founded as the Maryland Technology Development Corporation) has a long history of supporting the commercialization of technology from proof-of-concept studies through its university and federal laboratory technology transfer programs to seed-stage investments. TEDCO funding programs include:

- **Venture Funds** – Evergreen Venture Funds are dedicated to funding and growing the next generation of outstanding early-stage businesses in Maryland.
- **Seed Funds** – Invests early-stage technology start-ups from all industries that show promise of becoming venture fundable companies or are companies that, through a seed investment, will be sustainable through customer revenue, follow-on funding, or other forms of corporate venture..
- **Cybersecurity Investment Fund** – Invests in cybersecurity and information technology companies.
- **Life Science Investment Fund** – Meets the needs of Maryland companies developing products addressing human health that require approval from the U.S. Food and Drug Administration (FDA) for commercialization.
- **Gap Investment Fund** – Investments through the fund help companies solidify strategic partnerships or gain customer traction. Companies are required to secure matching investment from other accredited or institutional investors.

Other TEDCO programs include the Social Impact Funds Pre-Seed Builder Fund and the Inclusion Fund.

Tax Incentive Programs

Job Creation Tax Credit

Maryland's Job Creation Tax Credit (JCTC) program provides an income tax credit to eligible businesses that locate or expand in the state and create a minimum number of net new full-time positions. In most cases, the credit is \$3,000 per new job. In a state enterprise zone, a federal empowerment zone, or a Department of Housing and Community Development (DHCD) sustainable community, the credit is increased to \$5,000 per new job. The credit increases if the new full-time position is filled by a qualified veteran employee. The enhanced credit is equal to \$4,000 per job that is filled by a qualified veteran employee or \$6,000 per job that is filled by a qualified veteran employee in a revitalization area. The credit earned by a qualified business entity may not exceed \$1 million per credit year, and Commerce can certify up to \$4 million in total credits each year allocated on a first come, first served basis.

If the credit is more than the tax liability the unused credit may be carried forward for five years following the credit year. The credit may be recaptured if the business experiences job losses.

Qualifying for the Credit

- Declaration of Intent – A business may not claim any employees hired prior to the business notifying the Department of Commerce of its intent to seek certification for the Job Creation Tax Credit.
- Certification – A business must be certified as a qualified business entity eligible for the tax credit. To be certified, a business must submit applications to the Department of Commerce.
- Job Creation Minimums – Net new, full-time jobs created at the expanding or new facility during a 24-month period:
 - 60 jobs anywhere in the state
 - 25 jobs in a “JCTC Priority Funding Area” (defined below)
 - 10 jobs in counties with annual average employment less than 75,000 or median household income less than two-thirds of the statewide median household income (see link below for current list of counties)
- The positions must be filled for 12 months and pay at least 150 percent of the state minimum wage.
- The facility must be engaged in an eligible activity. For specifics see commerce.maryland.gov/fund/programs-for-businesses/job-creation-tax-credit
- The expansion or establishment of a business must be at a single location in the state. A single firm may have more than one eligible location, provided that each is certified and meets the requirements of the statute.

JCTC Priority Funding Areas include State Enterprise Zones, Federal Empowerment Zones, DHCD Sustainable Communities, incorporated municipalities, areas inside the I-495 and I-695 beltways, and areas designated by each county for the purpose of this credit.

More information on the program may be found at commerce.maryland.gov/fund/programs-for-businesses/job-creation-tax-credit.

One Maryland Tax Credit

Businesses can qualify for up to \$5 million in income tax credits under the One Maryland Tax Credit Program by investing in an economic development project in a Tier 1 County (see link below for list). Tax credits are based on qualifying costs incurred by the business entity in connection with the acquisition, construction, rehabilitation, installation, equipping and furnishing of an eligible economic development project. Eligible project costs must be at least \$500,000, and the maximum credit amount is:

- For businesses that create 10-24 qualified positions: maximum \$1 million in credits based on eligible project costs.
- For businesses that create 25-49 qualified positions: maximum \$2.5 million in credits based on eligible project costs.

- For businesses that create at least 50 qualified positions: maximum \$5 million in credits based on eligible project costs.

Qualifying for the Credits

In order to claim the One Maryland tax credit, a business entity must meet the following requirements:

- Location – A business must locate or expand in a “Priority Funding Area” in a Tier 1 County (Tier 1 counties are subject to change; see link below for current list).
- Declaration of Intent – A business may not claim any expenses incurred or jobs created prior to notifying the Department of Commerce (Commerce) in writing of its intent to seek certification for a One Maryland Tax Credit.
- Certification – A business must be certified as a qualified business entity eligible for the One Maryland tax credit. To be certified, a business must submit applications to Commerce.
- Job Creation Minimums – The business must create at least 10 new, full-time qualified positions at the project within 24 months. However, to receive the maximum \$5 million credit, the business must have at least 50 new qualified positions within 24 months.
 - The positions must be full-time, pay 120% of State Minimum Wage, be filled for 12 months, and be a "net new" job to Maryland. The business must create the minimum number of jobs in a 24-month period.
- The project must be engaged in an eligible activity. For specifics see commerce.maryland.gov/fund/programs-for-businesses/one-maryland-tax-credit

The business must report the amount of the tax credit that it claims each year to the Department of Commerce. The credit can be carried forward 10 years and is refundable, subject to certain limitations. Special provisions apply to non-profits and insurance companies. A business may not claim both the One Maryland Tax Credit and Job Creation Tax Credit in the same tax year.

More information on the program and eligible locations may be found at commerce.maryland.gov/fund/programs-for-businesses/one-maryland-tax-credit.

Enterprise Zones including enhanced Focus Area Credits

Businesses locating in a Maryland Enterprise Zone may be eligible for income tax credits and real property tax credits in return for job creation and investments made in the zone. Businesses that locate in one of Maryland’s focus areas may also be eligible for personal property tax credits.

Enterprise Zone Tax Credit

- Real property tax credits – 10-year credit against local real property taxes on a portion of real property improvements. Credit is 80 percent the first five years, and decreases 10 percent annually thereafter to 30 percent in the tenth and last year.
- Income tax credits – One- or three-year credit for wages paid to new employees. The general credit is a one-time \$1,000 credit per new worker. For economically disadvantaged employees, the credit increases to a total of \$6,000 per worker distributed over three years.

Focus Area Tax Credits

Businesses locating in a focus area within the Baltimore City or Prince George’s County enterprise zones may be eligible for the following tax credits:

- Real property tax credits – 10-year, 80 percent credit against local real property taxes on a portion of real property improvements. (Credit does not decline in a focus area).
- Personal property tax credits – 10-year, 80 percent credit against local personal property taxes on new investment in personal property within a focus area.

- Income tax credits – One- or three-year credit for wages paid to new employees. The general credit is a one-time \$1,500 credit per new employee. For economically disadvantaged employees, the credit increases to a total of \$9,000 per employee distributed over three years.

Maryland Enterprise Zones by Region

Enterprise Zone	County	Acres
Greater Baltimore Region		
Brooklyn Park	Anne Arundel	472
Baltimore City*	Baltimore City	16,674
Chesapeake	Baltimore	5,719
Southeastern	Baltimore	5,713
Southwest Baltimore County	Baltimore	1,720
Woodlawn Baltimore County	Baltimore	756
Aberdeen/Havre de Grace	Harford	9,797
Eastern Howard County	Howard	2,337
Capital Region		
City of Brunswick	Frederick	1,371
City of Frederick	Frederick	525
Old Towne	Montgomery	350
Burtonsville/Briggs Chaney	Montgomery	231
Prince George's County*	Prince George's	9,385
Eastern Shore		
Federalsburg	Caroline	534
North County	Caroline	710
Cecil	Cecil	8,126
City of Cambridge/Dorchester County	Dorchester	1,810
Rock Hall	Kent	1,532
Town of Chestertown	Kent	1,086
Town of Betterton/Worton Industrial	Kent	2,047
Queen Anne's County	Queen Anne's	1,349
Crisfield/Somerset County	Somerset	776
Town of Princess Anne/Somerset County	Somerset	1,500
Easton Talbot	Talbot	316
Tilghman Talbot	Talbot	85
Fruitland/Wicomico County	Wicomico	129
Salisbury/Wicomico County	Wicomico	5,196
Berlin/Worcester County	Worcester	1,195
City of Pocomoke	Worcester	926
Town of Snow Hill	Worcester	230
Western Maryland		
Rt. 220 South/Allegany County	Allegany	380
Northern Garrett Industrial Park	Garrett	109
Southern Garrett	Garrett	247
Keyser's Ridge	Garrett	262
City of Hagerstown	Washington	4,946
Town of Hancock	Washington	1,871

* Contains one or more designated Focus Areas.

Note: Acres calculated with GIS may include undevelopable areas; some acreages may be estimated.

Source: Maryland Department of Commerce, April 2025.

Counties and municipalities are responsible for certifying a business as eligible for the tax credits. More information may be found at commerce.maryland.gov/fund/programs-for-businesses/enterprise-zone-tax-credit.

Maryland Research and Development Tax Credit

Businesses that have qualified R&D expenditures in Maryland may qualify for the R&D Tax Credit. The total amount of credits depends on the amount of eligible expenses incurred with a limit of \$12 million for all businesses that apply. For a business to be eligible, it must apply to and be certified by the Maryland Department of Commerce.

More information on the program and the application/certification process may be found at commerce.maryland.gov/fund/programs-for-businesses/research-and-development-tax-credit.

Biotechnology Investment Incentive Tax Credit

Maryland's Biotechnology Investment Incentive Tax Credit (BIITC) program provides income tax credits for investors in Qualified Maryland Biotechnology Companies (QMBCs). This tax credit program supports investments in seed and early stage, privately held biotech companies to promote and grow the biotech industry in Maryland.

The value of the credit is equal to 33 percent of an eligible investment made in a QMBC during the taxable year, and the maximum amount of the credit cannot exceed \$250,000 for investors. The credit is increased to 50 percent/\$500,000 in select counties. Total credits issued during the fiscal year cannot exceed the budget amount and are, therefore, issued on a first come basis. The credit is refundable if the investor has no Maryland income tax liability. A single QMBC may not receive more than 10% of the program's fiscal year funding.

Qualifying for the Credit

- A Qualified Investor is an individual or any entity that invests at least \$25,000 in a QMBC, and is required to file an income tax return in any non-tax haven jurisdiction.
- QMBC is a biotechnology company that (1) has its headquarters and base of operations in Maryland; (2) has fewer than 50 full time employees; (3) has been in active business no longer than 12 years; (4) is certified by Commerce as a QMBC and (5) the qualified investors in the company have not received more than \$7,000,000 in biotechnology investment Incentive tax credits. All applications are reviewed and approved based on the order in which they were received.

For more information on the program and the application/certification process, please visit commerce.maryland.gov/fund/programs-for-businesses/bio-tax-credit.

Data Center Maryland Sales and Use Tax Exemption Incentive Program

Data centers that locate or expand in Maryland and create new full-time positions may receive an exemption from Maryland sales and use tax on the purchase of qualified data center personal property.

A business is eligible for a 10-year consecutive benefit period, subject to an annual renewal. Within the first three years after submitting an application, the business must create at least five qualified positions and make a minimum investment of:

- At least \$2 million in qualified data center personal property for a business located within a Tier 1 Area, and
- At least \$5 million in qualified data center personal property for a business located in any other area of the State.

The benefit period expands to 20 years, subject to annual renewal, if the business invests at least \$250 million in qualified data center personal property within the first ten years after submitting an application.

Qualifying for the Credit

- A business must be certified as a “Qualified Data Center” by the Maryland Department of Commerce
- The business must invest at least \$2 million in qualified data center personal property if the business located in a Tier 1 Area, and invest at least \$5 million qualified data center personal property if the business is located in any other area in the State.
- The business must create at least five qualified positions. The positions must be full-time, pay 150% of the State minimum wage, be filled for 12 months and be a "net new" job to Maryland. The business must create the minimum number of jobs in a three-year period.

For more information visit commerce.maryland.gov/fund/data-center-maryland-sales-and-use-tax-exemption-incentive-program.

Buy Maryland Cybersecurity Tax Credit

The Buy Maryland Cybersecurity Tax Credit provides an incentive for Qualified Maryland Companies to purchase cybersecurity technologies and services from a Qualified Maryland Cybersecurity Seller, not to exceed \$50,000 per buyer in a single year. Qualified Maryland Companies may claim a tax credit for 50 percent of the net purchase price of cybersecurity technologies and services purchased from a Qualified Maryland Cybersecurity Seller. The tax credit must be claimed for the tax year in which a purchase is made.

The tax credit is awarded on a first come first served basis, and is subject to funding available. Twenty-five percent of the annual funding amount is earmarked for cybersecurity service purchases, and the remaining 75 percent is available for cybersecurity technology purchases. For more information visit commerce.maryland.gov/fund/programs-for-businesses/buy-maryland-cybersecurity-tax-credit.

Employer Security Clearance Costs (ESCC) Tax Credit

The ESCC Tax Credit provides income tax credits for expenses related to federal security clearance costs, construction of Sensitive Compartmented Information Facilities (SCIFs) and first-year leasing costs for small businesses doing security-based contract work.

The total ESCC tax credit approved by Commerce may not exceed \$2 million for any calendar year. If the total amount of credits applied for by all businesses exceeds \$2 million, the credits will be approved on a pro-rata basis. A taxpayer may either claim the credit for the taxable year in which the expenses were incurred or in any subsequent taxable year after receiving the tax credit certification (effective July 1, 2018). Excess credit may be carried forward until the excess amount is fully used.

- Security Clearance Administrative Expenses Tax Credit – A business may qualify for an income tax credit up to \$200,000 per taxable year for qualified security clearance administrative expenses. Qualified expenses include (1) processing application requests for federal security clearance; (2) maintaining, upgrading or installing computer systems in Maryland that are required to obtain federal security clearance; and (3) training employees in the State to administer the clearance application process.
- Sensitive Compartmented Information Facility Costs Tax Credit – A business may also claim a credit against its Maryland income tax for costs related to the construction or renovation of a SCIF located in Maryland. The SCIF must be accredited by the appropriate federal agency. For costs related to a single SCIF, the credit is equal to the lesser of 50 percent of the costs or \$200,000. For costs related to multiple SCIFs, the credit is the amount of costs up to \$500,000 per calendar year.
- The First Year Leasing Costs Tax Credit for Qualified Small Business – A qualified small business may also claim a credit against its Maryland income tax up to \$200,000 for costs for rental payments during the first year of a rental agreement for leasing spaces to perform security-based contracting work. A qualified small business means a firm that (1) is independently owned and operated; (2) is

not a subsidiary of another firm; (3) is not dominant in its field or operation; and (4) in its most recently completed fiscal year, did not employ in its operations more than 25 individuals.

More information on the program and the application process may be found at commerce.maryland.gov/fund/programs-for-businesses/employer-security-clearance-costs-tax-credit.

Brownfields Revitalization Incentive Program

A site that qualifies for incentives from the Department of Commerce's Brownfields Revitalization Incentive Program (BRIP) may qualify for real property tax credits as well. The site must be located in a jurisdiction that has elected to participate in the BRIP, and must be owned by an inculpable person. For five years after cleanup of the site, the site may qualify for a real property tax credit between 50 percent and 70 percent of the increased value of the site. (In an Enterprise Zone, the tax credit may last for up to 10 years.) This credit, combined with other real property tax credits, may not exceed 100 percent of the tax on the increased value of the site.

Additional information on Maryland's Voluntary Brownfields Cleanup Program is available through the Maryland Department of the Environment (mde.maryland.gov).

Other credits

- Film Production Tax Credit
- Hire Our Veterans Tax Credit
- Innovation Investment Tax Credit
- Maryland Commuter Tax Credit
- Small Business Relief Tax Credit

Further information on these and other programs is available at commerce.knack.com/maryland-funding-incentives.