



Department of Commerce – Report on Funding Provided to Lockheed Martin

In accordance with p. 208 of the 2021 Joint Chairmen's Report

Submitted by
Maryland Department of Commerce

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Introduction

Page 208 of the 2021 Joint Chairman's Report requested a report on the amount of funding provided by the Department of Commerce (Commerce) to Lockheed Martin since FY 2010, including any funding for the company's Middle River manufacturing plant.

None of Commerce's discretionary finance programs have been used to fund projects at Lockheed Martin's Middle River facility since FY 2010. In that time, there has been one discretionary program utilized by Lockheed Martin, and that was for the Rockville location.

Lockheed Martin has participated in the Research & Development (R&D) Tax Credit every fiscal year beginning in FY 2011. The company had qualified R&D expenses at multiple locations each year, including at the Middle River location.

Commerce has provided below an explanation of the programs and utilization by Lockheed Martin since FY 2010.

Maryland Economic Development Authority and Fund (MEDAAF) Conditional Grant

Program Summary: A flexible and broad-based program, Advantage Maryland (also known as MEDAAF) funds grants, loans and investments to support 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.

Program Utilization: A \$400,000 conditional grant was provided to Lockheed Martin in FY 2010 to support the growth and retention of 340 employees at the company's Rockville location utilized for training and other purposes. Total project costs were \$4.4M. This facility was separate from the company's corporate headquarters in Bethesda. Montgomery County provided a 10% local match and a resolution of support for the project. The company met all requirements under the conditional grant agreement.

Research & Development Tax Credit

Program Summary: Businesses that have qualified R&D expenditures in Maryland may qualify for two state income tax credits, the Basic R&D Tax Credit and the Growth R&D Tax Credit.

- The Basic R&D Tax Credit is based on three percent (3%) of eligible R&D expenses that do not exceed the Maryland Base Amount. If the total credits applied for exceed \$5.5 million, the business' Basic tax credit is prorated.
- The Growth R&D Tax Credit is based on ten percent (10%) of eligible R&D expenses in excess of the Maryland Base Amount. If the total credits applied for exceed \$6.5 million, the business's Growth R&D tax credit is prorated.

Program Utilization: The following table shows the prorated amounts earned by Lockheed Martin.

Year	Basic Credit Amount	Growth Credit Amount	Locations	Total
TYE 2011	\$132,936	0	Various ¹	\$132,936
TYE 2012	\$185,581	\$59,366	Rockville, Gaithersburg, Hanover, Laurel	\$244,947
TYE 2013	\$272,836	0	Rockville, Gaithersburg, Aberdeen Proving Ground, Hanover, Bethesda, Middle River	\$272,836
TYE 2014	\$161,917	0	Rockville, Gaithersburg, Aberdeen Proving Ground, Hanover, Bethesda, Middle River	\$161,917
TYE 2015	\$112,139	0	Rockville, Gaithersburg, Aberdeen Proving Ground, Hanover, Bethesda, Middle River, Baltimore	\$112,139
TYE 2016	\$75,453	0	Rockville, Aberdeen Proving Ground, Hanover, Bethesda, Middle River, Baltimore	\$75,453
TYE 2017	\$49,930	0	Harford, Anne Arundel, Montgomery, and Baltimore Counties ²	\$49,930
TYE 2018	\$32,350	0	Rockville, Aberdeen Proving Ground, Hanover, Bethesda, Middle River	\$32,350
TYE 2019	\$23,248	0	Rockville, Aberdeen Proving Ground, Hanover, Bethesda, Middle River	\$23,248
Total	\$1,046,391	\$59,366		\$1,105,757

¹ Files for this tax year containing specific address have since been purged in accordance with the Department's record retention policy.

² Files with the specific address information could not be located, but a previously submitted report contained the counties for all locations for this tax year.