

DIVISION OF FINANCE
MORE JOBS FOR MARYLANDERS PROGRAM

ANNUAL STATUS REPORT
FISCAL YEAR 2020
ECONOMIC DEVELOPMENT ARTICLE

SECTION 6-809

Submitted by:

Maryland Department of Commerce

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STATUS REPORT MORE JOBS FOR MARYLANDERS FISCAL YEAR 2020

PROGRAM OVERVIEW

Chapter 149, Acts of 2017, established the More Jobs for Marylanders Program (Program) within the Department of Commerce (Commerce) to incentivize and encourage manufacturers to create jobs in areas of Maryland that need jobs the most. The incentives are available for a 10-year period for eligible new and existing manufacturers in “Tier 1” or “Tier 2” areas in Maryland that are enrolled in the Program before June 1, 2022, create the minimum required jobs, offer ongoing job training and meet other Program requirements. Chapter 211, Acts of 2019 expanded the program to allow non-manufacturers that locate or expand in a Maryland Opportunity Zone to also qualify.

BENEFIT

The benefits are available for a 10 year period.

TIER 1 NEW MANUFACTURING BUSINESS: (a) a refundable credit against the State’s income tax of 5.75% of wages for each qualified position; (b) a credit against the State’s portion of the property tax; (c) a refund of sales and use tax; and (d) a waiver of fees charged by SDAT.

TIER 1 OR TIER 2 EXISTING MANUFACTURING BUSINESS: A refundable credit against the State’s income tax of 5.75% of wages for each qualified position.

OPPORTUNITY ZONE NEW NON-MANUFACTURING BUSINESS: (a) a refundable credit against the State’s income tax of 5.75% of wages for each qualified position; (b) a credit against the State’s portion of the property tax that is the lesser of 100% of state property tax OR \$250 per qualified position; (c) a refund of sales and use tax; and (d) a waiver of fees charged by SDAT.

OPPORTUNITY ZONE NON-MANUFACTURING EXISTING BUSINESS: A refundable credit against the State’s income tax of 5.75% of wages for each qualified position.

Tier 1 Areas include: Baltimore City, Allegany, Baltimore, Caroline, Cecil, Dorchester, Garrett, Kent, Prince George’s, Somerset, Washington, Wicomico and Worcester Counties. Tier 1 Areas also include Opportunity Zones located in any Maryland county. Tier 2 Areas are any areas which are **not** Tier 1 Areas.

QUALIFICATIONS

To qualify a **manufacturing** business must:

- Be a manufacturer primarily engaged in activities at the facility 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 post-secondary education program (e.g. tuition reimbursement).
- Provide Notice of Intent (NOI) to enroll in the program.
- New or existing manufacturers in Tier 1 Areas must create at least **5** new Qualified Positions.
- Existing manufacturers in Tier 2 Areas must create at least **10** new qualified jobs.
- A Qualified Position is a job that is full-time, pays at least 120% of State minimum wage, and is filled for 12 months before they qualify for credits.
- Begin hiring within 12 months of the Notice of Intent to Commerce. Once a business begins hiring, it must add 5 new qualified positions (Tier 1 Areas) or 10 new qualified positions (Tier 2 Areas) within 12 months after the date of its first new hire.
- Existing manufacturers that move their facility from one Maryland County to another after June 1, 2017 will **not** be eligible to participate.
- Be certified by Commerce as a qualified business entity.

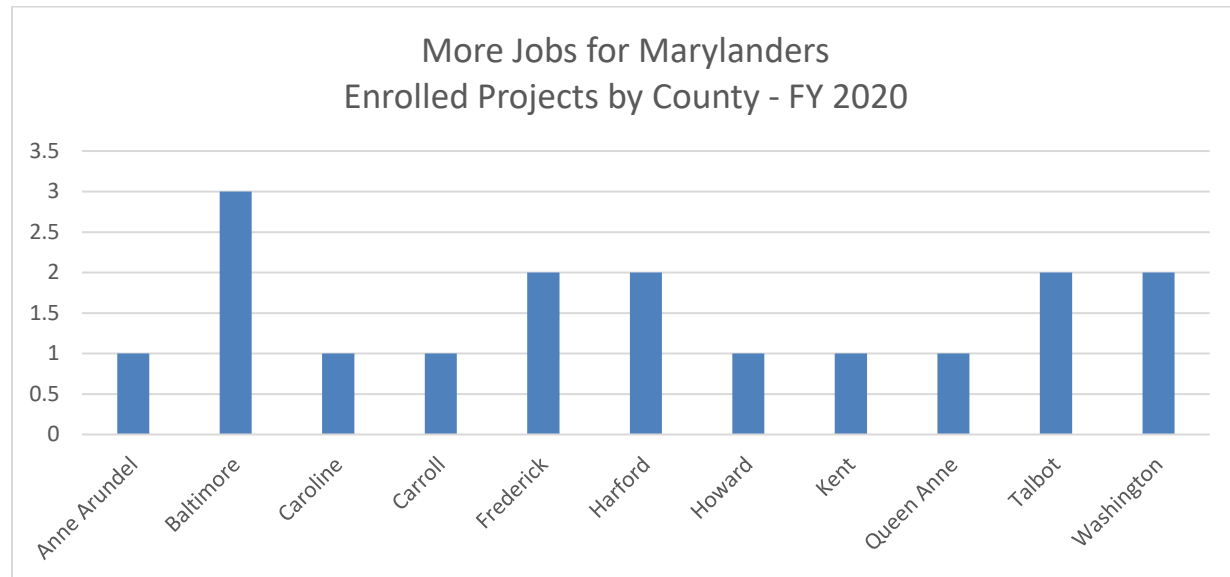
To qualify, a **non-manufacturing** business must:

- Be located in an Opportunity Zone
- Provide Notice of Intent (NOI) to Commerce before it begins hiring.
- Create at least 5 Qualified Positions.
 - A Qualified Position is a job that is full-time, pays at least \$50,000 per year, and is filled for 12 months before they qualify for credits.
- Offer ongoing job training or provide a post-secondary education program.
- Begin hiring within 12 months of its Notice of Intent to Commerce. Once a business begins hiring, it must add 5 new qualified within 12 months after the date of its first new hire.
- Existing businesses that move their facility from one Maryland County to another after June 1, 2017 will not be eligible to participate.
- Be certified by Commerce as a qualified business entity.
- Non-manufacturing businesses do **NOT include businesses that:** (i) provide adult entertainment, (ii) are primarily engaged in retail activities (except Grocery Stores), (iii) are primarily engaged in the sale or distribution of alcoholic beverages, or (iv) are one of the following types of entities: a private or commercial golf course or country club, a tanning salon or a bail bondsman.

PROGRAM ACTIVITY

The More Jobs for Marylanders statute requires Commerce report on the Qualified Business Entities that received Final Certification in the preceding fiscal year. During Fiscal Year 2020, 11 businesses received Final Certification, representing 154 new jobs with annual wages of \$8,168,453. Through October 31, 2020, five additional businesses have received Final Certification for Fiscal Year 2021, representing 150 new jobs with annual wages of \$11,845,766. Commerce anticipates that additional businesses that have received an Initial Income Tax Credit Certification will submit their Final Application at the end of the calendar year when all positions will be in place for 12 months in order to claim the credits on their 2020 tax return.

During FY 2020, Commerce received 36 NOIs from businesses that are either locating or expanding in Maryland and an additional 21 through the end of October 2020. Commerce enrolled 17 projects during FY 2020. Sixteen projects represent manufacturers and one project represents a non-manufacturer expanding in an Opportunity Zone. Of the 17 approved projects, 7 are located in Tier 1 Counties and 10 in Tier 2 Counties. All but 3 are existing businesses. Enrolled projects are distributed across the State of Maryland in 11 counties.



Once a project is enrolled in the program, the business is certified as a Qualified Business Entity and may apply for the credits. The next step in the process is to apply for an Initial Income Tax Credit for the business's first benefit year. Commerce issued Initial Income Tax Credit certificates to 21 businesses during FY 2020 and an additional seven through the end of October 2020. Commerce reserved \$1,814,686 of credits in FY 2020, including \$1,759,005 for businesses in their first benefit year and \$55,681 for the second benefit year. In addition, Commerce has reserved \$6,473,905 of credits for FY 2021 through the end of October 2020, including \$623,607 for businesses in their first benefit year and \$5,850,298 for businesses in their second benefit year.

Appendix: More Jobs for Marylanders Incentive Program, Final Income Tax Credits Certified for FY 2020

	Business Name	Certified Final Credit Amount
1	Fabricated Extrusion Co. of MD LLC	26,464
2	Clipper City Brewing Co., LP	15,005
3	Alertus Technologies LLC	39,769
4	Sumatech, Inc.	15,940
5	Hardwire, LLC	38,535
6	Stulz Air Technology Sys, Inc.	33,354
7	The Strouse Corporation	21,235
8	Caldwell Manufacturing	18,659
9	KM Printing LLC	19,161
10	Packaging Services of MD	11,574
11	Freshly, Inc.	225,847
	Total Amount Certified	465,543