

DIVISION OF FINANCE

One Maryland Economic Development Tax Credit

ANNUAL STATUS REPORT  
FISCAL YEAR 2013  
ECONOMIC DEVELOPMENT ARTICLE

SECTION 6-401

Submitted by:

Maryland Department of Business and Economic Development

# One Maryland Economic Development Tax Credit Status Report FY 2013

## One Maryland Economic Development Tax Credit Overview

The One Maryland Economic Development Tax Credit (One Maryland Tax Credit) was established by the General Assembly during the 1999 legislative session. The program was created to attract businesses to invest in an economic development project in a “qualified distressed county”. The definition of a “qualified distressed county” was expanded during the 2012 legislative session to the following:

Economic Development Article, § 1–101. Definitions.

- (e) (1) *“Qualified distressed county” means a county with:*
  - (i) *an average rate of unemployment for the most recent 24-month period for which data are available that exceeds:*
    - 1. *150% of the average rate of unemployment for the State during that period; or*
    - 2. *the average rate of unemployment for the State during that period by at least 2 percentage points; or*
  - (ii) *an average per capita personal income for the most recent 24-month period for which data are available that is equal to or less than 67% of the average per capita personal income for the State during that period.*

As long as a county meets the criteria above at some time during the preceding 24 month period, it remains a qualified distressed county. At the time of this report, the following counties were qualified distressed counties: Allegany, Caroline, Dorchester, Somerset, Washington and Worcester Counties and Baltimore City.

The program provides income tax credits to businesses that create new jobs and incur eligible project and start-up costs. The “Project Tax Credit” may be worth up to \$5 million and the “Start-up Tax Credit” may be worth up to \$500,000.

### Project Tax Credit

The project tax credit is up to \$5 million based on qualifying costs and expenses incurred with the acquisition, construction, rehabilitation, installation, and equipping of an eligible project. Eligible costs include land acquisition, performance and contract bonds, insurance, architectural and engineering services, environmental mitigation, and utility installation. The business must expend at least \$500,000 in project costs.

### Start-Up Tax Credit

The start-up tax credit is for the expense of moving a business from outside Maryland and for the costs of furnishing and equipping a new location. Eligible costs include the cost of fixed telecommunications, office equipment, and office furnishings. Credit cannot exceed the lesser of \$500,000 of eligible costs or \$10,000 times the number of new, positions created.

## Qualifications

Business must meet the following requirements:

- Location – “Priority Funding Area” in a “qualified distressed county.”
- Declaration of Intent – The business must notify DBED of its intent to seek certification prior to creating jobs or incurring expenses.
- Certification – The business must apply to and be certified by DBED as an eligible business entity.
- Job Creation Minimums – The business must create at least 25 new, full-time positions at the project within 24 months, and the positions must be filled for 12 months.
- Qualified positions must be full-time and pay at least 150% of federal minimum wage.
- The project must be engaged in an eligible activity.

## Claiming Credits

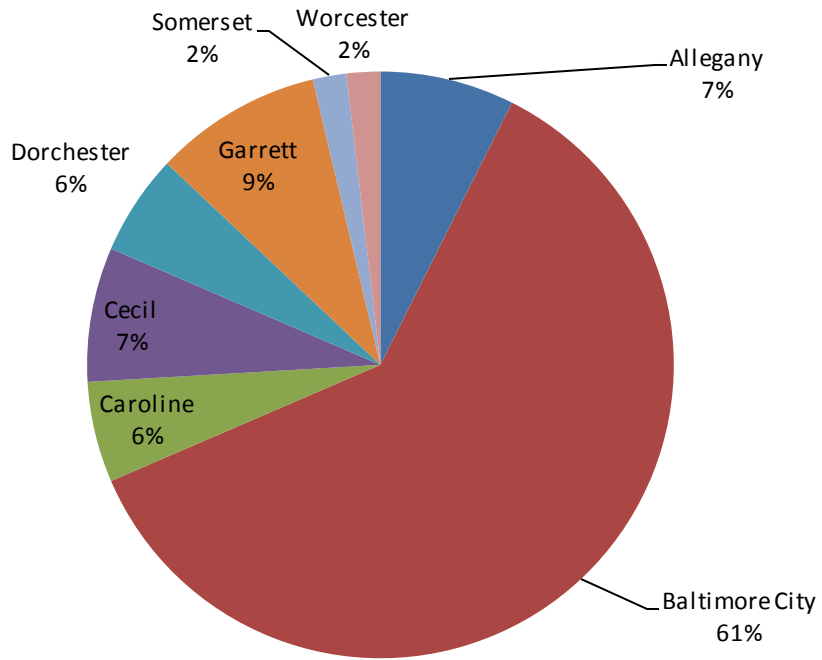
- A qualified business entity may claim both the project and start-up tax credits. The business has up to 14 years after the tax-year in which the project is placed in service to use the credits.
- In years one through five, the business may apply the start-up credits against its Maryland income tax liability. In years six through 15, it may apply the start-up credits against its Maryland income tax liability and in addition, claim a refund subject to the payroll withholding of the qualified employees.
- In years one through five, the business may apply the project income tax credit against the income tax arising from the project. In years six through 15, it may apply the project credits against the income arising from the project and in addition, apply the project credits against its non-project income and claim a refund, both of which are limited to the payroll withholding of the qualified positions.
- The refund is accelerated by two years if the majority of the qualified positions pay at least 250% of federal minimum wage.

## One Maryland Tax Credit Activity

In FY 2013, the Department of Business and Economic Development (DBED) issued two Final Certificates of Eligibility. The businesses created 61 new jobs with a payroll of \$2.6 million and incurred \$2.2 in eligible project and start-up costs. DBED received 26 letters of intent from businesses for future projects.

Since the program’s inception, DBED has issued Final Certificates of Eligibility to 54 projects (some businesses have received multiple certificates of eligibility) that have created 3,327 new jobs with a payroll of \$180 million, or an average wage of \$55,500. The projects incurred a total of \$197.4 million in project and start-up costs. The chart below shows the distribution of projects by County. As illustrated, Baltimore City has seen the greatest impact from the program with 33 projects incurring an estimated \$121.8 million in costs.

### Distribution of One Maryland Projects by County



Please refer to Appendix A for a complete listing of projects that received a Final Certificate of Eligibility for the One Maryland Tax Credit.

Appendix A: One Maryland Tax Credits, FY 2000-2013

<b>One Maryland Applicant</b>	<b>County</b>	<b>Actual Jobs</b>
Superfos Packaging, Inc.	Allegany	33
Garrett Container Systems, Inc.	Garrett	25
Hunter Douglas Fabrication Inc.-Northeast Division	Allegany	65
Bank One	Baltimore City	54
Hanover Foods Corporation	Caroline	35
Baker's Express of Maryland, Inc	Baltimore City	51
Fidelity and Guaranty Life Insurance Com	Baltimore City	56
American Skyline Insurance Company Inc	Baltimore City	48
Under Armour, Inc.	Baltimore City	33
First Mariner Bank	Baltimore City	35
CBIZ Insurance Services	Allegany	26
Garrett Container Systems, Inc. Phase 2	Garrett	28
CompManagement, Inc.	Baltimore City	27
MidAtlantic Baking Company, LLC	Baltimore City	64
Under Armour, Inc.	Baltimore City	40
Nurad Technologies, Inc	Baltimore City	37
Mushroom Canning Company	Dorchester	73
Morgan Stanley & Co Inc	Baltimore City	51
Vane Line Bunkering Inc	Baltimore City	26
Under Armour, Inc.	Baltimore City	46
Standard Auto Parts Corp	Baltimore City	33
Ritz Camera Centers, Inc.	Caroline	25
Under Armour, Inc.	Baltimore City	54
Jason Pharmaceuticals	Caroline	35
Burriss Logistics, Inc.	Cecil	249
The Quikrete Companies, Inc.	Cecil	41
Constellation Energy Commodities Group, Inc	Baltimore City	97
Constellation Energy Group, Inc.	Baltimore City	169
Constellation New Energy, Inc.	Baltimore City	159
Under Armour, Inc.	Baltimore City	73
NCO Financial Systems, Inc.	Baltimore City	51
Reznick Group, PC	Baltimore City	36
Baltimore Truck Wash, LLC	Baltimore City	57
AJM Enterprises, Inc.	Baltimore City	43
APS East Coast, Inc.	Baltimore City	54
World Relief Corporation	Baltimore City	59
New England Motor Freight	Cecil	44
T. Rowe Price Associates, Inc.	Baltimore City	116
Stifel Nicolaus	Baltimore City	32
Hardware, LLC	Worcester	25
Under Armour, Inc.	Baltimore City	130
Federal Insurance Company	Baltimore City	139
Alliant Techsystems, Inc.	Cecil	120
Morgan Stanley & Co Inc	Baltimore City	124
Warwick Fulfillment Solutions	Dorchester	25

Alliant Techsystems, Inc.	Baltimore City	30
American Woodmark Corporation	Allegany	61
Ellicott Dredges	Baltimore City	25
Beitzel Corporation	Garrett	27
Under Armour, Inc.	Baltimore City	137
Garrett Container Systems	Garrett	25
GCC Technologies LLC	Garrett	28
LWRC International, LLC	Dorchester	30
The Sherwin Williams Company	Somerset	31