HB 394

Department of Legislative Services

Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 394 (The Speaker, *et al.*) (By Request - Administration)

Ways and Means Budget and Taxation

More Jobs for Marylanders Act of 2017

This Administration bill establishes the More Jobs for Marylanders Program, to be administered by the Department of Commerce (Commerce). A new manufacturing business that locates within certain counties may be entitled to a 10-year (1) income tax credit based on the number of jobs created at a qualifying facility; (2) State property tax credit equal to 100% of the tax imposed on the facility's real property; (3) sales and use tax refund for specified purchases; and (4) exemption from paying corporate filing fees. All other manufacturing businesses may qualify for the 10-year income tax credit. The bill also allows any manufacturer located in the State to claim increased expensing amounts under the State income tax by conforming State law to the maximum aggregate costs of expensing allowed under Section 179 of the Internal Revenue Code (IRC) and to claim any bonus depreciation amounts provided under Section 168(k) of IRC. The bill also establishes Workforce Development Sequence Scholarships for eligible students who are enrolled in a job skills program at a community college.

The bill takes effect June 1, 2017.

Fiscal Summary

State Effect: State revenues decrease by $0.1 million in FY 2018 due to the incentives specified by the bill. Future year revenue estimates reflect the estimated number of eligible companies and the impact of increased expensing. General fund expenditures increase by $0.2 million in FY 2018 due to implementation costs at the Comptroller's Office and Commerce. Future year expenditure estimates reflect ongoing expenses, mandated funding amounts, and reserve fund appropriations.

($ in millions)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
GF Revenue	$0.0	$0.0	($24.7)	($4.9)	($2.9)
SF Revenue	($0.1)	($0.3)	($5.7)	($1.7)	($1.5)
GF Expenditure	$0.2	$11.1	$21.1	$21.1	$21.1
Net Effect	($0.3)	($11.5)	($51.5)	($27.8)	($25.6)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: Local income tax revenues and local highway user revenues decrease by a total of $1.9 million in FY 2020 and by $0.7 million in FY 2022. Local expenditures are not affected.

Small Business Effect: The Administration has determined that the bill will have a meaningful impact on small business (attached). The Department of Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Bill Summary: The More Jobs for Marylanders Program provides (1) an income tax credit to new or existing qualifying manufacturers that create a minimum number of jobs; (2) additional incentives to qualifying new manufacturing businesses that create a minimum number of jobs within a county designated as a Tier I county; and (3) additional Section 179 expensing and bonus depreciation as allowed under federal income tax law for all manufacturers located in the State.

For the tax credits and sales tax refunds, Commerce may authorize a manufacturing business to receive program benefits for up to 10 consecutive years beginning with the year in which the business becomes eligible. Commerce must administer the tax credit application, approval, and certification process and is required to submit an annual report to the General Assembly detailing specified information about the program. The Secretary of Commerce may establish by regulation any other requirements necessary to implement the bill.

Eligibility

A business must operate or conduct a trade or business that is primarily engaged in manufacturing but does not include refiners. Prior to taking the action that qualifies the business for the program, a business must notify Commerce of its intent to seek certification of an eligible project. Tax incentives are available to both existing businesses and new businesses – a new business is a business that is not located in the State at the time it notifies Commerce of its intent to seek certification. A business must operate a facility and intend to create a minimum number of qualified positions, as defined by the bill, at a facility. A business within a Tier I county must create at least 5 qualified positions and businesses within Tier II counties must create at least 10 qualified positions. Within 12 months of notifying Commerce of its intent to seek designation of an eligible project, a business entity must begin hiring employees to fill the qualified positions.

A business may not qualify if it is currently receiving a One Maryland, job creation, enterprise zone, or any other jobs-based tax benefit through a program administered by Commerce. The income tax credit and sales and use tax refund may not be claimed by an existing business entity that moves a facility to another county on or after June 1, 2017. Commerce may not certify a business as eligible for the program after May 31, 2020. A business may not continue to qualify for the program if the number of qualified positions decreases below the total number in the first year in which the business qualified.

Tier I and Tier II County Designations

Businesses located in counties designated by Commerce as Tier I counties may qualify for additional incentives and lower minimum job creation requirements. Commerce may designate a county as a Tier I county if the county (1) is a qualified distressed county (QDC); (2) has an unemployment rate that exceeds the State average, as specified by the bill; or (3) is designated as a Tier I county pursuant to a scoring system that must be developed by Commerce. The scoring system adopted by Commerce must include specified factors and weighting of those factors, including the average unemployment rate, median household income, and population of the county. Commerce must designate a county as a Tier I county if the county is ranked in one of the three top positions. Any county that is not designated as a Tier I county is considered a Tier II county.

Incentives – New Businesses in a Tier I County

A qualifying new manufacturing business in a Tier I county can claim the following benefits for up to 10 consecutive years.

- *Income Tax Credit:* A qualified business entity may claim a tax credit against the State income tax equal to the total wages paid for the qualified positions multiplied by 5.75%. If the value of the credit exceeds the tax liability imposed in the year, the business can claim a refund in the amount of the excess. Tax credits can be claimed beginning in tax year 2018.

- *Sales and Use Tax Refund:* All personal property and/or services purchased by a qualifying business entity for use at a manufacturing facility may qualify for a refund of the State sales and use tax for purchases made on or after January 1, 2018.

- *State Property Tax Credit:* The bill exempts 100% of the State property tax imposed on the real property that is owned by a qualifying business and located at the qualifying manufacturing facility beginning in fiscal 2018. The State Department of Assessments and Taxation (SDAT) must calculate the value of the credit in each year.

- *Corporate Filing Fees:* A qualified business entity is exempt from all business recording, filing, or special fees collected by SDAT.

Income Tax Credit – All Other Manufacturing Businesses

An income tax credit may be claimed for up to 10 years by an existing manufacturing business operating an eligible business in a Tier I county or a new or existing manufacturing business operating an eligible business in a Tier II county if the business creates the required number of qualified positions at the eligible manufacturing facility. The amount of the credit is equal to the total wages paid for the qualified positions multiplied by 5.75%. If the value of the credit exceeds the tax liability imposed in the year, the business can claim a refund in the amount of the excess. The tax credit may be claimed beginning in tax year 2018.

Reserve Funds

The bill establishes the More Jobs for Marylanders Tax Credit Reserve Fund. The total amount of initial tax credit certificates issued by Commerce in each fiscal year generally cannot exceed $9.0 million. Beginning in fiscal 2019, the Governor must appropriate money to the reserve fund. The bill states that the Governor shall include an amount that is necessary to maintain the current level of manufacturing activity in the State and attract new manufacturing activity to the State. Any amount of money in the fund that is not expended in the fiscal year remains in the fund and must be rolled over into the next fiscal year. In each fiscal year, Commerce must give priority to applications for eligible projects in Tier I counties.

The bill also establishes a More Jobs for Marylanders Sales and Use Tax Refund Reserve Fund. The total amount of sales and use tax refunds issued by Commerce in each fiscal year generally cannot exceed $1.0 million. Beginning in fiscal 2019, the Governor must appropriate money to the reserve fund. Any amount of money in the fund that is not expended in the fiscal year is transferred to the income tax reserve fund established by the bill.

Commerce and the Comptroller must jointly adopt regulations to implement the income tax credit and sales and use tax refund application, approval, and monitoring processes.

Income Tax – Enhanced Section 179 Expensing and Bonus Depreciation for All Manufacturers

The bill allows all manufacturers located in the State to claim increased expensing amounts under the State income tax by conforming State law to the maximum aggregate costs of expensing allowed under Section 179 of IRC and to claim any bonus depreciation amounts provided under Section 168(k) of IRC. These provisions apply to property placed into service on or after January 1, 2019. Under current federal law, as discussed below, manufacturers will be able to claim increased Section 179 expensing beginning in tax year 2019 and bonus depreciation in tax year 2019 only.

Workforce Development Sequence Scholarships

The bill establishes Workforce Development Sequence Scholarships for eligible students who are enrolled in a program at a community college composed of courses that are related to job preparation or an apprenticeship, licensure or certification, or job skills enhancement. The Governor must annually include an appropriation of $1.0 million in the State budget to the Maryland Higher Education Commission (MHEC) for the scholarships.

To be eligible for a scholarship, a student must be a Maryland resident or have graduated from a Maryland high school and be enrolled at a community college in the State in a Workforce Development Sequence. An eligible individual may apply to the Office of Student Financial Assistance for a scholarship. An award may be used for tuition, mandatory fees, and other associated costs of attendance. The annual amount of a scholarship awarded to an eligible student may not exceed $2,000.

By December 1 each year, MHEC must report to the General Assembly on specified information regarding the number and amount of scholarships awarded for the prior fiscal year.

Current Law

Section 179 and Bonus Depreciation

The State is currently "decoupled" from any increased income tax expensing under Section 179 and additional depreciation amounts under Section 168(k) of IRC. Taxpayers are required to make an adjustment for State income tax purposes to reflect the changes made to the maximum aggregate costs of expensing under Section 179 and additional depreciation under Section 168(k). Under State law, the Section 179 deduction is limited to $25,000 with a phase out of $200,000; these amounts were the applicable federal amounts before enactment of the federal Jobs and Growth Tax Relief Reconciliation Act of 2003.

Recent federal legislation permanently extended increased Section 179 expensing (and increased future values based on inflation) and bonus depreciation through tax year 2019. Generally, the bonus depreciation percentage for property placed in service in 2019 is 30% and is not allowed for property acquired after December 31, 2019.

Corporate Filing Fees

SDAT is the central repository of all records for business entity formation and filings, such as charters, limited liability companies, partnerships, and trusts. SDAT administers the

State's annual corporate filing fee, as well as other business transaction fees. The various fees that must be paid by business entities range from $25 for a change of address notice of a principal office to $425 for processing certain financing statements in an expedited timeframe. An annual report fee is required to be paid to SDAT with the personal property tax return. The fee is for the privilege of maintaining the legal entity's existence in the State and is generally equal to $300.

Sales and Use Tax

Businesses in Maryland are required to collect a 6% sales and use tax from taxable purchases, with a 9% tax imposed on sales of alcoholic beverages. The sale of tangible personal property is generally taxable except as otherwise provided by law, while most services are exempt from the tax. Manufacturing firms may qualify for several sales tax exemptions – for example, the sale of machinery, equipment, and other tangible personal property used directly and predominantly in a production activity is exempt.

Property Tax

The State real property tax rate is $0.112 per $100 of assessed value and the revenues are used to pay debt service on the State's general obligation bonds.

Qualified Distressed Counties

A QDC is a county with (1) an average rate of unemployment for the most recent 24-month period for which data is available that exceeds 150% of the average rate of unemployment for the State during that period or (2) an average per capita personal income for the most recent 24-month period for which data is available that is equal to or less than 67% of the average per capita personal income for the State during that period. A QDC includes a county that no longer meets either of the above criteria but has met at least one of the criteria at some time during the preceding 24-month period. According to Commerce, Allegany, Dorchester, Somerset, and Worcester counties are currently designated as QDCs. Baltimore City also currently qualifies because it has met the qualifications at some time during the preceding 24-month period.

Existing Manufacturer and Distressed Area Tax Incentives

As discussed below, numerous federal and State incentives are available to manufacturing businesses. In addition, the One Maryland, enterprise zone, and job creation tax credit programs promote employment and investment within distressed areas of the State.

Background:

Enterprise Zone Property Tax Credits

The Enterprise Zone Tax Credit Program, established in 1982, is intended to encourage economic growth within economically distressed areas of the State and to increase employment of the chronically unemployed. The Secretary of Commerce may only designate an area as an enterprise zone if it is in a priority funding area and satisfies at least one criterion related to economic distress.

The State reimburses local governments for one-half of the cost of the enterprise zone property tax credit. From fiscal 2001 to 2014, State reimbursements to local governments totaled $131.2 million. In fiscal 2014, about 850 properties earned a total of $27.8 million in property tax credits, of which the State reimbursed $13.9 million. Since tax year 2000, an annual average of $900,000 in enterprise zone income tax credits have been claimed. About one-third of all enterprise zones have businesses that are concentrated within manufacturing, fabrication, transportation, warehousing, distribution, and research and development. This concentration typically results from either enterprise zone local standards restricting credit eligibility to these activities and industries or the establishment of the zone within an industrial or business park that has similar requirements.

Pursuant to the Tax Credit Evaluation Act, the Department of Legislative Services (DLS) evaluated the enterprise zone tax credit and made several recommendations in a report issued in August 2014. DLS concluded that enterprise zone tax credits are not effective in creating employment opportunities for nearby residents and that Commerce, SDAT, and local governments do not have a framework or metrics in place for measuring the effectiveness of the credit.

The DLS evaluation of the enterprise zone tax credit can be found here.

One Maryland Program

The One Maryland economic development tax credit was established to assist businesses with the costs of economic development projects undertaken in QDCs and specifically to encourage capital investment and job creation in those counties. A business in a qualifying industry that establishes or expands a business facility in a priority funding area and is located in a QDC may be entitled to an income tax credit of up to $5.5 million.

From calendar 2001 through 2010, businesses within the manufacturing industry claimed the largest amount of credits – of the 54 projects that received a total of $222.5 million in credits under the program, 18 were manufacturing projects that were awarded a total of $79.6 million in credits. Projects located in areas other than Baltimore City had a higher concentration of projects within the manufacturing industry, as these projects claimed the majority of credits in these counties.

In its evaluation of the One Maryland tax credit issued in August 2014, DLS noted that there was significant overlap between existing State tax credit and business assistance programs. DLS estimated that only 3, or 9%, of the 33 One Maryland projects in Baltimore City did not receive additional assistance from the specified programs. A little more than one-half of all projects received at least one type of additional assistance, while the remaining 39% received multiple types of additional assistance. The DLS evaluation of the One Maryland tax credit can be found here.

Job Creation Tax Credit

The job creation tax credit, created by Chapter 84 of 1996, provides a tax credit to businesses that expand or establish a facility in Maryland that results in the creation of new jobs. The value of the credit depends on the number of jobs created, the wages of those jobs in the year the credit was claimed, and whether the jobs are located in a revitalization area. Most job creation tax credits have been claimed by businesses in the transportation and warehousing industries (about one-quarter) followed by manufacturing businesses (one-fifth).

In its draft evaluation of the job creation tax credit issued in November 2016, DLS noted that there was a significant overlap between existing State employment tax credits and a lack of coordination in tax credit objectives, including for tax credits for employment within distressed areas of the State. DLS recommended that the General Assembly consider eliminating the job creation tax credit or consolidating the credit with other employment tax credits. If considering the consolidation of the employment tax credits, DLS recommended that the General Assembly consider one program to increase economic growth within distressed areas and one program to promote broad-based job creation across the State, including provisions that target job creation for small and newly established businesses and businesses in high-growth industries.

The DLS draft evaluation of the job creation tax credit can be found here.

Single Sales Factor Apportionment

Corporations engaged in multistate operations are required to determine the portion of their modified income attributable to Maryland based on the amount of their trade or business carried out in Maryland. Corporations are generally required to use a three-factor apportionment formula of payroll, property, and sales, with sales double weighted. Chapter 633 of 2001 specified that qualifying manufacturing corporations allocate income to Maryland based on a single-factor formula consisting solely of sales.

The Comptroller's Office estimates that the special allocation of income for manufacturers decreased tax year 2010 corporate income tax revenues by $21.4 million. This loss equates to a reduction of about 14% of the $154.3 million tax year 2010 liability of all manufacturers (excluding refiners, who are exempt from using single-sales apportionment) and about 2.7% of total corporate income tax liability.

State Employment Trends and Manufacturing Employment

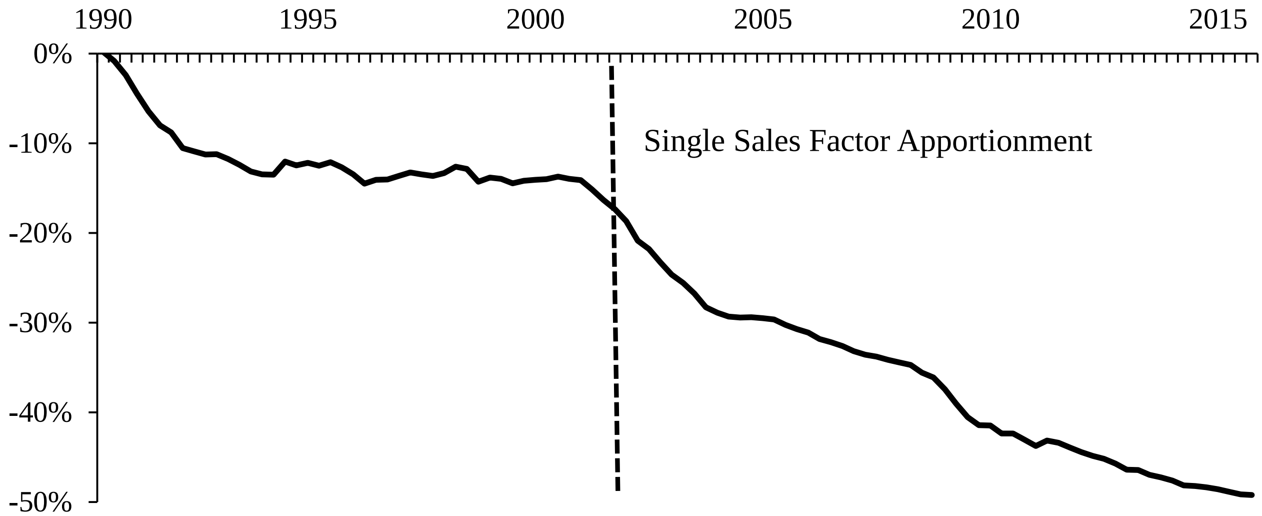
Changes in employment over time reflect the net impact of many factors, including shorter term impacts such as recessions, as well as longer term trends impacting the demand for products within industries and technological changes. These trends often differ across industries, as the Maryland and national economies have shifted away from goods-producing industries to service economies. The share of the U.S. workforce employed within manufacturing and agriculture since World War II has declined from about one-third to a little more than 10%. Employment within the services industry doubled from about one-quarter to one-half. Although manufacturing employment has fallen within the United States, output continues to increase, reflecting more widespread use of technology that increases productivity. In the second quarter of 2015, Maryland manufacturing businesses employed a total of 103,909 workers, about 4% of Maryland's total nonfarm employment.

The manufacturing industry's share of the Maryland economy (about 8%) is about double its share of total employment, and the industry remains the second largest source of corporate income tax revenues.

Since 1990, total Maryland nonfarm employment has increased by 432,300 or about one-fifth. Most of this increase has been driven by growth in the education and health services and professional and business services industries. Employment within these industries increased by 371,100 since 1990, and businesses within these industries employ one out of every three people in the State. Conversely, since 1990, employment within the construction, logging, and mining and manufacturing industries has fallen by 104,400. **Exhibit 1** shows the cumulative change in quarterly employment within the Maryland manufacturing industry from 1990 to the first quarter of 2015. Exhibit 1 also shows when multistate manufacturers were required to apportion income based on a single-sales factor. Despite this measure intended to spur economic growth and employment in the industry, total employment continued to decline, reflecting the influence of recessions and technological, national, and international economic influences impacting the industry. Employment fell by 26,000 from 1990 to 2000 and by 68,000 from 2000 to 2010. Manufacturing losses have accelerated since 2000 – annual losses increased from 1.6% between 1990 and 2000 to 3.3% since 2000.

The change in net manufacturing growth in each year is the result of a number of factors and represents a diverse spectrum of companies. For example, in 2013 a total of 504 manufacturing businesses located within existing QDCs employed 17,024 workers. During 2013 there was a net increase in employment of 241 and the total number of businesses decreased by only 1. Employment increased due to 30 new businesses hiring employees and 158 existing businesses that expanded their employment. Conversely, employment decreased as 31 businesses ceased operations and 155 companies reduced their employment.

Exhibit 1
Cumulative Change in Maryland Manufacturing Employment
1990-2015



Source: U.S. Bureau of Labor Statistics; Department of Legislative Services

Workforce Development Sequence Scholarships

In addition to associate degree programs, community colleges offer courses related to apprenticeship programs in such things as plumbing, heating, air conditioning, and electrical, as well as certificates in areas such as building maintenance, forklift operation, casino table games, and child care. The courses in these programs are generally noncredit bearing. These noncredit course programs are often called workforce development sequences or certificate programs. Additionally, community colleges offer certificate programs for job skills enhancement that consist of a few credit courses in areas such as accounting, bookkeeping, and project management.

Most certificate programs (both credit and noncredit) take less than a year to complete, and the majority are designed to be completed in less than two years. According to a 2012 report by the Center on Education and the Workforce (CEW) as reported by the U.S. Bureau of Labor Statistics, people who have a certificate as their highest level of education earned, on average, 20% more than those whose highest education level is a high school diploma. However, to reap that benefit, individuals must work in the same field as their certificate. The CEW report says that individuals working in the same field as their certificate earn 37% more than workers with a high school diploma and almost as much as workers with an associate's degree. Certificate holders who are not working in the same field as their certificate earn about the same amount as those whose highest level of schooling is a high school degree.

The financial reward of certificate programs also varies by program of study. Individuals who hold a certificate in computer information services and work in that field earned an average of $70,400 based on the combined 2004 and 2008 Survey of Income and Program Participation data, while individuals with a certificate in food service and working in that field only earned an average of $17,600.

Federal financial aid, like Pell grants, is generally *not* available to students who take noncredit courses except in limited circumstances. Most State scholarships are limited to programs that lead to a degree, although a few (including the senatorial and delegate scholarships) may be used to earn a certificate from a private career school. Without access to financial aid, even relatively inexpensive certificate programs can remain out of reach to low-income individuals.

According to MHEC, 8,922 students enrolled in noncredit courses classified by MHEC for "workforce development" in fiscal 2016. In addition, 174,674 students enrolled in credit courses classified by MHEC for "workforce development." MHEC further divides courses classified for "workforce development" as belonging to one of the following three categories: job preparatory, licensure or certification, or job skill enhancement.

State Revenues: State revenues will decrease as a result of eligible manufacturing businesses claiming (1) a corporate filing fee exemption and (2) a State property tax credit for eligible real property. In addition, the bill conforms State income tax law to the federal allowances for expensing under the Section 179 and bonus depreciation provisions. As a result, State revenues may decrease by $113,000 in fiscal 2018 and by $4.4 million in fiscal 2022. To the extent the higher federal bonus depreciation amounts are extended beyond tax year 2019, revenue losses could be significantly higher than estimated. **Appendix 1** details the estimated revenue impact of each provision in fiscal 2018 through 2022.

State Expenditures: General fund expenditures increase by $166,000 in fiscal 2018 due to implementation costs at the Comptroller's Office, Commerce, and MHEC as described below. Future year expenditures increase due to mandated funding amounts and reserve fund appropriations established by the bill.

Reserve Fund Appropriations

The bill establishes an income tax credit reserve fund and sales and use tax refund reserve fund that is intended to offset the revenue losses that result from businesses claiming the refunds and credits. In each fiscal year, Commerce may generally award a maximum of $9.0 million in income tax credits and $1.0 million in sales and use tax refunds. Commerce may not certify a business as eligible for the program after May 31, 2020. Given that companies may claim tax benefits for up to 10 consecutive years, it is assumed that the amount appropriated to the reserve fund fully offsets the revenue impacts of the tax benefits.

Based on data on the existing number of expansions and new firms within eligible counties and data on the average employment, sales, investments, sales and use tax payments, and income tax liabilities for manufacturers in the State, adjusted for the characteristics of new manufacturers, this estimate assumes that the program is funded at the level of maximum credits Commerce may award in each fiscal year and that Commerce awards benefits to new businesses in fiscal 2019 and 2020. Accordingly, general fund expenditures will increase by $10.0 million in fiscal 2019 and $20.0 million annually beginning in fiscal 2020.

To the extent that the Governor provides less or no money to the reserve fund in any year, the increase in general fund expenditures will be less.

Commerce

DLS estimates that Commerce will need one program administrator to implement the program. As a result, general fund expenditures for Commerce will increase by $73,700 in fiscal 2018. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Comptroller's Office

The Comptroller's Office reports that it will incur a one-time expenditure increase of $32,000 in fiscal 2018 to add the tax credit. This amount includes data processing changes to the SMART income tax return processing and imaging systems and systems testing.

Workforce Development Sequence Scholarships – Maryland Higher Education Commission

General fund expenditures increase by $60,000 in fiscal 2018 for MHEC to hire a half-time administrative specialist to administer the program and to update its scholarship system.

General fund expenditures increase by the mandated $1.0 million in fiscal 2019 and beyond for awards.

Appendix 1 details the estimated expenditure impact of each provision in fiscal 2018 through 2022.

Local Revenues: Net local income tax revenues will decrease due to the increased allowances for expensing allowed under the Section 179 and bonus depreciation provisions. In addition, local highway user revenues distributed to Baltimore City, counties, and municipalities will decrease as a result of income tax credits claimed against the corporate income tax and increased expensing. As a result, net local revenues will decrease by $1.9 million in fiscal 2020, $990,000 in fiscal 2021, and $712,000 in fiscal 2022. Appendix 1 details the impacts in fiscal 2018 through 2022.

Additional Information

Prior Introductions: None.

Cross File: SB 317 (The President, *et al.*) (By Request - Administration) - Budget and Taxation.

Information Source(s): U.S. Bureau of Economic Analysis; U.S. Bureau of Labor Statistics; Comptroller's Office; Department of Commerce; Internal Revenue Service; Department of Legislative Services

Fiscal Note History: First Reader - February 21, 2017
md/jrb Third Reader - April 10, 2017
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Appendix 1 – Projected Revenue Impact
Fiscal 2018-2022

	2018	2019	2020	2021	2022
Revenues					
Section 179	$0	$0	($12,610,000)	($9,323,000)	($6,902,000)
Bonus Depreciation	0	0	(17,182,000)	3,436,000	3,436,000
Filing Fee Exemption	(7,000)	(21,000)	(34,000)	(45,000)	(56,000)
Property Tax Credit	(106,000)	(317,000)	(518,000)	(711,000)	(902,000)
Total Revenue Impact	**($113,000)**	**($338,000)**	**($30,344,000)**	**($6,643,000)**	**($4,424,000)**
General Fund	($7,000)	($21,000)	($24,679,000)	($4,915,000)	($2,922,000)
Annuity Bond Fund	(106,000)	(317,000)	(518,000)	(711,000)	(902,000)
HEIF	0	0	(1,500,000)	(296,000)	(174,000)
TTF	0	0	(3,648,000)	(721,000)	(425,000)
MDOT	*0*	*0*	*(3,298,000)*	*(652,000)*	*(384,000)*
LHUR	*0*	*0*	*(350,000)*	*(69,000)*	*(41,000)*
Local Income Tax Revenues					
Section 179	$0	$0	($1,299,000)	($961,000)	($711,000)
Bonus Depreciation	0	0	(202,000)	40,000	40,000
Total	**$0**	**$0**	**($1,501,000)**	**($921,000)**	**($671,000)**
Expenditures:					
Income Tax Credit Reserve Fund	$0	$9,000,000	$18,000,000	$18,000,000	$18,000,000
Sales Tax Credit Reserve Fund	0	1,000,000	2,000,000	2,000,000	2,000,000
Comptroller	32,000	0	0	0	0
MHEC	60,000	1,053,500	1,051,500	1,054,200	1,057,100
Commerce	74,000	71,000	74,000	77,000	81,000
Total Expenditures	**$166,000**	**$11,124,500**	**$21,125,500**	**$21,131,200**	**$21,138,100**
Net Effect	**($279,000)**	**($11,462,500)**	**($51,469,500)**	**($27,774,200)**	**($25,562,100)**

HEIF: Higher Education Investment Fund
LHUR: local highway user revenues
MDOT: Maryland Department of Transportation
MHEC: Maryland Higher Education Commission
TTF: Transportation Trust Fund

ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: More Jobs for Marylanders Act of 2017

BILL NUMBER: SB317/HB394

PREPARED BY: Chris Carroll

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

____ WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

__X__ WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS