

## **2022-0204 Letter of Support for SB391.pdf**

Uploaded by: Andrew Maslan

Position: FAV



LIEBER INSTITUTE *for*  
BRAIN DEVELOPMENT  
MALTZ RESEARCH LABORATORIES

February 4, 2022

The Honorable Guy Guzzone  
Chair  
Senate Budget and Taxation Committee  
3 West  
Miller Senate Office Building  
Annapolis, MD 21401

RE: Letter of Support for SB391

Dear Senator Guzzone:

I am the Chief Financial Officer of the Lieber Institute, Inc., one of the world's preeminent medical research institutes focused on neuropsychiatric disorders. We are in East Baltimore, adjacent to the Johns Hopkins Medical Campus.

I am writing today to express my support for the More Jobs for Maryland refundable tax credit program (SB391). We are new enrollees in the program and anticipate that these credits will greatly enhance our ability to grow, in particular regarding expansion of our headcount. The credits provided will allow us to accelerate new hires as well as free up resources for non-headcount related growth such as facility expansion.

I'd be happy to provide any additional perspectives if it would help you to arrive at a favorable decision regarding continuance of this important program.

Respectfully,

Andrew Maslan  
CFO  
[Andrew.Maslan@libd.org](mailto:Andrew.Maslan@libd.org)  
443-538-1701

# **Support for SB 391.pdf**

Uploaded by: Christine Calleri

Position: FAV



Quality System  
Registered to  
ISO 9001:2015  
ISO 13485:2016

# STROUSE

The Honorable Guy Guzzone  
Chair  
Senate Budget and Taxation Committee  
3 West  
Miller Senate Office Building  
Annapolis, MD 21401

February 3, 2022

Re: The More Jobs for Marylanders Act 3.0 SB 391

Dear Chairman Guzzone,

On behalf of The Strouse Corporation, please accept this letter of support for SB 391.

The More Jobs for Marylanders Act strengthens our ability to grow by investing in new technologies and equipment which also results in adding more jobs.

The Strouse Corporation has greatly benefitted from 'The More Jobs for Marylanders' Act, as we are currently in the 3<sup>rd</sup> year of the Program. The More Jobs for Marylanders Act has increased our focus on hiring, training new talent, and creating new jobs as we continue to grow. This act has also given us the flexibility to add state of art equipment which resulted in increased productivity and increased ability to compete globally. The growth resulting from these initiatives helped us in giving a better wage increase for our employees.

Thank you for your favorable support of SB 391 and as always, if I can be of additional assistance, please do not hesitate to contact me at [hraithatha@strouse.com](mailto:hraithatha@strouse.com) or 410-848-1611 Ext 130.

Sincerely,

Haresh Raithatha, Chief Operations Officer  
1211 Independence Way  
Westminster, MD 21157  
410.848.1611x130

# **SB391 - Economic Development - More Jobs for Maryl**

Uploaded by: Dakota Matthews

Position: FAV



50 Harry S. Truman Parkway • Annapolis, MD 21401  
Office: 410-841-5772 • Fax: 410-841-5987 • TTY: 800-735-2258  
Email: [rmc.mda@maryland.gov](mailto:rmc.mda@maryland.gov)  
Website: [www.rural.maryland.gov](http://www.rural.maryland.gov)  
*Charlotte Davis, Executive Director*

*John Hartline, Chair*

Testimony in Support of  
Senate Bill 391 - Economic Development - More Jobs for Marylanders Program - Extension and Alterations  
Senate Budget and Taxation Committee  
February 08, 2022

**The Rural Maryland Council supports Senate Bill 391 - Economic Development - More Jobs for Marylanders Program - Extension and Alterations.** The bill will alter the circumstances and period of time the Department of Commerce may provide a qualified business a certificate certifying that an eligible project is enrolled in the Program. The bill will also transfer, from the More Jobs for Marylanders Tax Credit Reserve Fund to the General Fund, an amount equal to the amount stated in the final tax credit, rather than that stated in the initial tax credit certificate. SB-391 will allow more businesses to qualify for the tax credit, encouraging more businesses to locate in or remain in the State and provide more jobs to Maryland residents.

Rural areas recover from economic disasters at slower rates than urban and suburban areas, adding on to the already higher rates of unemployment and poverty. The Great Recession's hardest hit regions of Maryland had not fully recovered before being hit by the pandemic in 2020. The Eastern Shore and Western Maryland, once manufacturing hubs, have seen higher than state average rates of unemployment. The Eastern Shore has seen a loss of business establishments, and Western Maryland has seen a decrease of the manufacturing jobs that once made up a large portion of the area's employment. According to the Federal Reserve, Maryland reported 103,000 manufacturing jobs in 2014, an industry low from a high of 200,000 in 1992. Until the COVID-19 pandemic, manufacturing jobs rebounded to 114,100 in 2019

The More Jobs for Marylanders Act offers a powerful incentive to strengthen local economies and increase employment opportunities in the hardest hit regions of Maryland. According to the *Evaluation of the More Jobs for Marylanders Program* compiled by the Department of Legislative Services, the 42 projects that received a first business year tax credit between October 2018 to May 2020 reported creating almost 1,000 jobs. SB-391 will increase the number of eligible projects, ultimately increasing the number of good paying jobs.

The Rural Maryland Council respectfully requests your favorable support of Senate Bill 391.

*The Rural Maryland Council (RMC) is an independent state agency governed by a nonpartisan, 40-member board that consists of inclusive representation from the federal, state, regional, county and municipal governments, as well as the for-profit and nonprofit sectors. We bring together federal, state, county and municipal government officials as well as representatives of the for-profit and nonprofit sectors to identify challenges unique to rural communities and to craft public policy, programmatic or regulatory solutions.*

**"A Collective Voice for Rural Maryland"**

# **SB391 020422.pdf**

Uploaded by: Dennis Kloster

Position: FAV

February 4, 2022

The Honorable Guy Guzzone  
Chair  
Senate Budget and Taxation Committee  
3 West Miller Senate Office Building  
Annapolis, MD 21401

**Subject: Senate Bill 391-Economic Development-More Jobs for Marylanders  
Program-Extension and Alterations-SUPPORT**

Dear Chairman Guzzone,

I am writing you today to express our support for the extension of SB 391 through 2027.

The program provides tax incentives to new and existing manufacturers and non-manufacturers that locate or expand in Maryland and create or retain jobs.

The Whalen Company is a manufacturer and one of the 18 companies that benefited from this program in 2021 and we need the assistance going forward.

In these tough economic times, programs such as SB 391 are lifesavers. SB 391 will also help to entice other companies to move to the state of MD knowing that these benefits are available.

We strongly request your support for the extension of SB 391.

Regards,



Dennis Kloster  
Chief Operating Officer





# **Senate Bill 391 - Economic Development - More Jobs**

Uploaded by: Keiffer Mitchell

Position: FAV



**LARRY HOGAN**  
GOVERNOR

STATE HOUSE  
100 STATE CIRCLE  
ANNAPOLIS, MARYLAND 21401-1925  
410-974-3901  
TOLL FREE 1-800-811-8336

TTY USERS CALL VIA MD RELAY

**Senate Bill 391 – Economic Development – More Jobs for Marylanders Program – Extensions and Alterations**

**Position: Support**

**Keiffer J. Mitchell, Jr. – Chief Legislative Officer**

Chair Guzzone, Vice Chair Rosapepe, and Members of the Committee:

Since taking office, Governor Hogan has remained committed to increasing economic growth and expanding job opportunities for all Marylanders. The More Jobs for Marylanders (MJM) Program is part of the Governor's commitment to invest in the creation of new, high-paying manufacturing jobs across the State, including specific incentives to serve vulnerable and underserved communities. Maryland is no longer losing manufacturing jobs, but instead has one of the fastest growing manufacturing sectors in the nation.

The More Jobs for Marylanders (MJM) program promotes the creation of new manufacturing jobs in Maryland by providing tax incentives to manufacturers that establish a new manufacturing facility in the State or existing Maryland manufacturers that expand their employment, if the location or expansion is in an area of the State with high unemployment and low per capita income. Senate Bill 391 extends the program by changing the date by which a business must enroll in MJM in order to participate in the program from June 1, 2022 to June 1, 2027. This bill also changes the amount of funding that must be transferred from the MJM Income Tax Reserve Fund to the General Fund when a final certificate is issued by requiring that the Maryland Department of Commerce transfer the amount approved in the final certificate as opposed to the amount approved in the initial certificate.

In the two years the MJM program has been in operation, the program is already paying dividends. This program has created over **3,000** manufacturing jobs averaging an annual salary of over **\$65,000** and has provided over **\$14 million** in tax savings for Maryland businesses. The jobs created and tax relief provided under the MJM program has spurred an additional **\$400 million** in indirect economic activity in Maryland.

MJM has created new opportunities for Marylanders and provided relief to businesses prior to and during the pandemic when they have needed it the most. This program has proved critical to the sharp growth in Maryland's manufacturing sector and will continue to create high paying jobs for Marylanders for years to come.

For the aforementioned reasons, we request a favorable report on Senate Bill 391.

# **SB 391\_MDCC\_Economic Development - More Jobs for M**

Uploaded by: Maddy Voytek

Position: FAV



**MARYLAND**  
Chamber of Commerce

**LEGISLATIVE POSITION:**

**Favorable**

**Senate Bill 391**

**Economic Development – More Jobs for Marylanders Program – Extension and Alterations  
Senate Budget and Taxation**

**Tuesday, February 8, 2022**

Dear Chairman Guzzone and Members of the Committee:

Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 5,500 members and federated partners working to develop and promote strong public policy that ensures sustained economic recovery and growth for Maryland businesses, employees, and families.

The More Jobs for Marylanders Incentive Program promotes the growth of manufacturing in the State by providing tax incentives for job creation, encourages investment in new equipment, and provides funding for job training and apprenticeship programs. Since its passage in 2017, the program has been expanded to include non-manufacturers that locate or expand in Opportunity Zones.

SB 391 modifies the More Jobs for Marylanders Incentive Program by extending the program's end dates from 2022 to 2027 and only allowing businesses who have not qualified for a credit prior to June 1, 2022 to apply. The bill also requires the Comptroller to transfer an amount equal to the amount stated in the final tax credit certificate issued to a business from the More Jobs for Marylanders Tax Credit Reserve Fund to the General Fund.

Small businesses, especially manufacturing, are the backbone of our economy. Allowing this program to continue for an additional five years will provide Maryland employers, employees and their families with much needed relief, opportunity and incentives to continue to grow and prosper in the State. SB 391 is a great example of government supporting both small businesses and their workforce by taking a proactive approach to economic recovery.

The Maryland Chamber of Commerce respectfully requests a **favorable report** on **SB 391**.

**MDCHAMBER.ORG**

60 West Street, Suite 100, Annapolis 21401 | 410-269-0642

# **SB 391\_Commerce\_Support.pdf**

Uploaded by: Mike Gill

Position: FAV



Larry Hogan | Governor  
Boyd Rutherford | Lt. Governor  
R. Michael Gill | Secretary of Commerce  
Signe Pringle | Deputy Secretary of Commerce

**DATE:** February 8, 2022 **COMMITTEE:** Senate Budget & Taxation  
**BILL NO:** Senate Bill 391  
**BILL TITLE:** Economic Development - More Jobs for Marylanders Program -  
Extension and Alterations  
**POSITION:** Support

The Maryland Department of Commerce supports Senate Bill 391 - Economic Development - More Jobs for Marylanders Program - Extension and Alterations

**Bill Summary:**

Senate Bill 391 extends the date by which a business must enroll in More Jobs for Marylanders in order to participate in the program from June 1, 2022 to June 1, 2027. It also alters the amount of funding that must be transferred from the More Jobs for Marylanders Income Tax Reserve Fund to the General Fund when a final certificate is issued by requiring that the Maryland Department of Commerce (Commerce) transfer the amount approved in the final certificate as opposed to the amount approved in the initial certificate.

**Background:**

Chapter 149, Acts of 2017, established the More Jobs for Marylanders Program (MJM) within 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.

**Rationale:**

The More Jobs for Marylanders program has helped the State’s manufacturing industry change course. This program was designed to strategically boost this sector by not just encouraging new jobs, but by spurring job growth in high-unemployment areas where those jobs would have the greatest impact. Maryland is no longer losing manufacturing jobs—it is adding them. Maryland’s manufacturing sector continues to perform strongly, even after taking a hit early in the pandemic. The state added more than 3,000 manufacturing jobs in the five-year period ending in December 2020, the 11th-best growth rate in the nation. Maryland's manufacturing output was up 1.2 percent in 2020 compared to 2019, while U.S. manufacturing output fell 4.2 percent. As shown through increased utilization in recent years, the program has spurred growth in one of the State’s key industries, providing well-paying jobs across the State. **In 2019, for example, the average manufacturing employee earned 30 percent more than the average private sector worker in Maryland.**

In FY 21, 18 companies received final certificates through the MJM program totaling \$1.3 million. In total, the 18 companies certified the creation of 265 new Maryland jobs and 65

retained jobs. In turn, these jobs support an additional 431 indirect and induced jobs for an annual total of 761 jobs. These jobs support a total of \$317.2 million in economic activity and \$3.0 million in annual state sales tax and income tax. If these jobs remain in place during the ten-year eligibility period, total state sales tax and income tax revenues are estimated at \$29.6 million.

Out of 55 opportunities in Commerce's major projects pipeline, 24 (43.6%) are manufacturers, representing 9,671 potential new jobs (out of 22,097 total potential jobs in the pipeline – or 43.7%). As shown through increased utilization in recent years, the MJM program has spurred growth in one of the State's key industries, providing well-paying jobs across the State. Extending the enrollment sunset date will allow Maryland to expand upon the progress that has been made in the manufacturing sector through this program by providing certainty and assurance that the MJM program will continue to be available. This extension should support the 24 manufacturing projects and their new jobs within Commerce's pipeline.

The technical correction to the amount of funds Commerce is required to transfer to the General Fund will ensure funds appropriated for this program are able to be utilized by the program. To date, Commerce has issued 32 Final Certificates totaling \$8,324,941 in reserved initial tax credits and \$7,376,851 in final tax credits, resulting in \$948,090 of lost funding to the MJM Reserve Fund. This loss represents 4% of the total MJM appropriation to date.

**Commerce respectfully requests a favorable report on Senate Bill 391.**

## **SB0391\_FAV\_MTC\_Eco. Dev. - More Jobs for Marylande**

Uploaded by: Pam Kasemeyer

Position: FAV





TO: The Honorable Guy Guzzone, Chair  
Members, Senate Budget and Taxation Committee  
The Hogan-Rutherford Administration

FROM: Pamela Metz Kasemeyer  
J. Steven Wise  
Danna L. Kauffman  
Christine K. Krone

DATE: February 8, 2022

RE: **SUPPORT** – Senate Bill 391 – *Economic Development – More Jobs for Marylanders Program – Extension and Alterations*

---

The Maryland Tech Council (MTC) is a collaborative community, actively engaged in building stronger life science and technology companies by supporting the efforts of our individual members who are saving and improving lives through innovation. We support our member companies who are driving innovation through advocacy, education, workforce development, cost savings programs, and connecting entrepreneurial minds. The valuable resources we provide to our members help them reach their full potential making Maryland a global leader in the life sciences and technology industries. On behalf of MTC, we submit this letter of **support** for Senate Bill 391.

Senate Bill 391 extends the More Jobs for Marylanders Program an additional five years. Enacted in 2017, the More Jobs for Marylanders Program promotes the growth of manufacturing in Maryland by providing tax incentives for manufacturing job creation, encourages manufacturers to invest in new equipment through accelerated and bonus depreciation, and funds job training and apprenticeship programs to help strengthen Maryland's workforce. In 2019, the tax credit program was expanded to non-manufacturers that are located or expanded in Opportunity Zones.

Given that this is a relatively new program with a multistep application and approval process, the full benefit and impact of the program in achieving its objectives is just beginning to be effectively evaluated. To that end, the objectives and potential positive impact of the program across the State, especially in economically challenged jurisdictions, warrants an extension of the program. An additional five-year extension of the program will provide a better opportunity to evaluate its effectiveness while continuing to prioritize workforce development and job creation. A favorable report is requested.

**For more information call:**

Pamela Metz Kasemeyer  
J. Steven Wise  
Danna L. Kauffman  
Christine K. Krone  
410-244-7000

## **Bill 391 Support Letter.pdf**

Uploaded by: Thomas Dahbura

Position: FAV



**WE  
THINK  
DIFFERENTLY**

February 4, 2022

The Honorable Guy Guzzone  
3 West Miller Senate Office Building  
Annapolis, Maryland 21401

Subject: Senate Bill 391-Economic Development - More Jobs for Marylanders Program - Extension and Alterations-SUPPORT

On behalf of Hub Labels, Inc., please accept this letter of support for extending the More Jobs for Marylanders program, colloquially referenced as More Jobs for Marylanders 3.0 and submitted for consideration as HB 418 and SB 391.

More Jobs for Marylanders has been an assistive program to Hub Labels for the duration of our participation. We appreciate the program is geared to capture growth, and we know that when we hire additional team members, our tax credit will increase accordingly. And this allows us to increase wages and hire more team members. More Jobs for Marylanders is the exact type of program that I believe works well for the manufacturing sector. It takes some of the risks out of creating and hiring new positions that we think will increase our chance for success.

I have personally seen this program persuade manufacturers to move into Maryland. Our neighboring states have difficulty competing for prospect manufacturers when More Jobs for Marylanders is on the table. And I speak with fellow CEOs and plant managers who appreciate this kind of intelligent incentive that encourages and assists us in growing.

Extending the More Jobs for Marylanders program with SB 391 will ensure that Maryland can successfully compete for manufacturers. And More Jobs for Marylanders has allowed Hub Labels to create positions confidently. For these reasons, Hub Labels supports the extension of this impactful program.

Respectfully Submitted,

Thomas Dahbura  
President & Owner, Hub Labels  
Maryland Chamber of Commerce Board of Directors

**INNOVATION | QUALITY | EXPERIENCE**

[www.HUBLABELS.com](http://www.HUBLABELS.com)

18223 Shawley Drive, Hagerstown, MD 21740  
TEL 301.790.1660 | TF 800.433.4532 | FAX 301.790.1795

# **20220204 SB391 Gotham Greens SUPPORT.pdf**

Uploaded by: Viraj Puri

Position: FAV





February 8, 2022

The Honorable Guy Guzzone  
3 West Miller Senate Office Building  
Annapolis, Maryland 21401

**Subject: Senate Bill 391-Economic Development - More Jobs for Marylanders Program - Extension and Alterations-SUPPORT**

Honorable Guzzone,

On behalf of Gotham Greens, I write to express my support for SB 391 to extend the More Jobs for Marylanders program. The bill was introduced to extend for another five years the More Jobs for Marylanders Program that uses tax credit incentives to attract manufacturers like Gotham Greens to locate in the State of Maryland and create new, high-paying jobs.

Gotham Greens is a beneficiary of the MJM program. Gotham Greens is a pioneering American indoor agriculture and fresh food company. Gotham Greens operates the largest network of high-tech, climate-controlled hydroponic greenhouses with nine facilities across six states and a workforce of over 400 team members. When Gotham Greens was looking to expand its manufacturing footprint in 2019, we chose to locate in Baltimore in part due to the refundable tax credit incentives of the MJM Program. The tax credits allow Gotham Greens to free much-needed capital to continue to invest in food and agricultural innovation, while also providing high-quality, well-paying jobs.

We strongly support extending the MJM Program to promote innovative manufacturers like Gotham Greens to the State of Maryland.

Very sincerely,

Viraj Puri  
Co-Founder and Chief Executive Officer

cc: Honorable Vanessa Atterbeary, Chairperson, House and Ways Committee

## **02032022 Ltr to Senator Guzzone re More Jobs for M**

Uploaded by: William Lo

Position: FAV



1011 FRANK ADAMS INDUSTRIAL PKWY  
FEDERALSBURG, MD 21632

PHONE 410-754-5243  
410-754-3042

February 2, 2022

The Honorable Guy Guzzone  
Chair, Senate Budget and Taxation Committee  
Miller Senate Office Building, 3 West Wing  
11 Bladen Street  
Annapolis, Maryland 21401

**Re: Senate Bill 391-Economic Development - More Jobs for Marylanders Program -  
Extension and Alterations**

Dear Senator Guzzone:

Crystal Steel Fabricators, Inc., is a minority-owned business enterprise in the State of Maryland. We fabricate more than 20,000 tons of structural steel each year. We operate from five locations, including our newest and largest plant in Federalsburg, Caroline County, Maryland. On behalf of Crystal Steel, I write to express support for Senate Bill 391 – More Jobs for Marylanders Act 3.0, which extends the successful More Jobs for Marylanders program an additional five years, through 2027.

Enacted in 2017, the More Jobs for Marylanders program promotes the growth of manufacturing in Maryland by providing tax incentives to new and existing manufacturers that locate or expand in Maryland and create new manufacturing jobs. Under current statute the program will no longer accept new businesses into the program as of June 1, 2022. SB 391 will extend the program for five years through 2027.

#### Program results

As a recent beneficiary of the More Jobs for Marylanders manufacturing tax credit program, I can attest to the results and benefits of the program. In Fiscal Year 2020, Commerce issued \$435,543 in MJM tax credits to companies that created 154 new jobs paying \$8.2 million in annual wages.

- Those jobs supported another 177 indirect and induced jobs, and together those jobs supported \$96.5 million in economic activity and \$1.1 million in state sales and income tax.
- That is already a strong return on the credit issued; if those jobs remain in place for the full ten-year eligibility period, sales and income tax revenue is estimated at \$10.9 million.

In Fiscal Year 2021, Commerce issued certificates for \$1.3 million in MJM tax credits to eighteen companies for creating 288 new Maryland jobs and retaining 42 jobs.

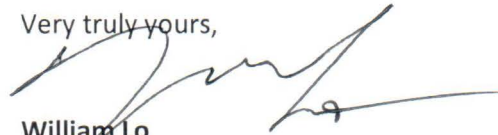
- These jobs supported an additional 431 indirect and induced jobs; together these jobs supported a total of \$317.2 million in economic activity and \$3.0 million in annual state sales tax and income tax.



- If these jobs remain in place during the ten-year eligibility period, total state sales tax and income tax revenues are estimated at \$29.6 million.

As of early 2022, 127 companies have submitted enrollment applications for the program, projecting to create more than 7,700 new jobs in the coming years. I hope that these new applicants are afforded the opportunity to benefit from this wonderful program.

Very truly yours,

A handwritten signature in black ink, appearing to read 'William Lo', with a long horizontal flourish extending to the right.

**William Lo**  
President

Crystal Steel Fabricators, Inc.



# **SB391\_MD Center on Economic Policy\_UNF.pdf**

Uploaded by: Kali Schumitz

Position: UNF

# Extending Special Business Tax Breaks Would Take Maryland Further Down the Wrong Path

## Position Statement in Opposition to Senate Bill 391

*Given before the Senate Budget and Taxation Committee*

As policymakers have added a growing number of business subsidies to Maryland's tax code over the last several decades, evidence has begun to pile up that the millions of dollars we put into business tax breaks each year do little to support Maryland's economy. Worse, these tax breaks use up resources that could otherwise be invested in assets businesses value, such as great public schools and modern transportation infrastructure. Extending the so-called More Jobs for Marylanders subsidy program would take Maryland further down this misguided path.

**For these reasons, the Maryland Center on Economic Policy opposes Senate Bill 391.**

Maryland's economy is built on the foundation of our shared investments—things like quality health care, strong public schools, and reliable transportation networks. Surveys consistently find that these assets are among the most important factors business leaders consider when deciding where to start and grow a business.<sup>i</sup> Individuals and businesses alike help maintain these investments through our taxes. Special tax breaks like the More Jobs for Marylanders Program make it harder to invest in these fundamentals.

Meanwhile, evidence shows that these special tax breaks do little to support our economy. Rigorous academic research generally finds that programs like More Jobs for Marylanders do not work.<sup>ii</sup> One reason for the disappointing performance of tax subsidies is the relative insignificance of state and local taxes to businesses' bottom lines, as they account for only 2 to 3 percent of most companies' cost structure.<sup>iii</sup>

When state analysts evaluated the More Jobs for Marylanders tax credit program last year, they found numerous flaws and recommended allowing the program to sunset as scheduled:<sup>iv</sup>

- The More Jobs for Marylanders program was created without a specific, stated goal. According to state analysts, "Without clearly defined goals and objectives, it is difficult to identify the metrics and data needed to evaluate the effectiveness of the tax credits. In other words, there is no clear standard by which to even assess whether the program is effective."
- Subsequent legislation expanded the program to include a "new, substantially different objective," but did nothing to tailor the program's design to its new objective
- The program's costs are significant and growing. Based only on applications received before November 2020, the program is expected to cost \$20 million in fiscal year 2024, with \$55 million in cumulative costs by that time.
- Because each eligible business can receive tax breaks for multiple years, each year in which the program accepts new applications commits the state to significant and growing costs years down the line.

- More Jobs for Marylanders needlessly overlaps with the state’s numerous other business subsidy programs, such as One Maryland, Enterprise Zones, and the Opportunity Zones Enhancement Program.
- Although the program in theory prioritizes projects in “Tier 1” counties with high unemployment rates or other economic challenges, more than half of credits during the program’s first benefit year went to lower-priority Tier 2 counties that have little need for economic support.
- The bulk of the program’s benefits have gone to “large, established corporations.” Two companies received 40% of all credits in the program’s first benefit year. Companies with at least 500 employees received three-quarters of all benefits, despite generating less than half the state’s private-sector jobs.
- According to the evaluation, major beneficiaries include General Dynamics, Northrup Grumman, ConAgra, and Mack Trucks/Volvo Group.
- The evaluation recommended, **“The General Assembly should consider allowing the program to terminate as provided under current law.”**

Senate Bill 391 extends the program without any addressing any of the serious issues identified in the report.

Marketing	Reality
In 2017 written testimony, the Department of Commerce claimed that the program “will <b>prioritize small and medium sized manufacturers.</b> ”	<ul style="list-style-type: none"> <li>• “Two companies received 40% of all credits.”</li> <li>• “Less than one-half of the State’s private workforce is employed at companies with 500 or more employees,” but these companies received three-quarters of the program’s benefits.</li> </ul>
“In its advocacy for the extension and expansion of the program in 2019, the Hogan administration testified that the More Jobs for Marylanders Program goal ‘was not just to encourage new jobs, but <b>to spur job growth in high-unemployment areas</b> where [new jobs] would have the greatest impact.’”	<ul style="list-style-type: none"> <li>• 53% of credits went to lower-priority Tier 2 counties that needed little additional economic support.</li> <li>• The seven counties with the lowest poverty rates received 51% of credits, despite being home to only 45% of the state’s working-age population.</li> <li>• The 10 counties with the lowest unemployment rates received 52% of credits, despite being home to only 33% of the state’s working age population.</li> </ul>

While the benefits of business subsidy programs are minimal, the associated harms are substantial. By reducing the resources available to invest in the foundations of Maryland’s economy, these tax breaks heighten the economic barriers that hold back too many Marylanders. Our unmet needs in areas like education, health care, and transportation are beginning to pile up, and Marylanders of color often bear the greatest costs. Senate Bill 391 is part of a pattern of Gov. Hogan of prioritizing large businesses and wealthy individuals over the foundations of thriving Maryland communities. This bill part of a budget proposal that shorts public schools by \$140 million while handing out \$224 million in lopsided tax breaks.

Even in the state’s current, strong fiscal position, we should not throw good money after bad at ineffective business subsidies. For a healthy economy, this money would be better spend investing in Maryland communities’ backbones.

**For these reasons, the Maryland Center on Economic Policy respectfully requests that the Budget and Taxation Committee make an unfavorable report on Senate Bill 391.**

## Equity Impact Analysis: Senate Bill 391

### *Bill summary*

Senate Bill 391 extends the final submission date for applications for the More Jobs for Marylanders tax break program from June 2022 to June 2027.

### *Background*

A draft evaluation published by the Department of Legislative Services in 2021 identified serious shortcomings in the program's design and administration, including the lack of a clear program objective, rising costs, and a mismatch between the program's purported goal of supporting economically challenged communities and small manufacturing businesses and its actual performance.

### *Equity Implications*

Effective investments in economic development can advance equity by improving economic opportunities for workers who face barriers in the job market built through centuries of discriminatory policy choices. However, poorly designed business tax breaks bring no such equity benefits but simply skew the economy further in favor of the wealthy and powerful.

Subsidy programs like More Jobs for Marylanders consume resources the state could otherwise invest in Maryland communities. Our growing underinvestment in essential services like education, health care, and transportation harms all Marylanders, and at the same time has outsized impacts on people who face structural barriers because of low income or the ongoing legacy of racist policy. Even during a period of fiscal strength, lopsided tax breaks weaken the state's ability to invest in broadly shared prosperity.

### *Impact*

Senate Bill 391 would likely **worsen racial and economic inequity** in Maryland.

---

<sup>i</sup> Geraldine Gambale, "35th Annual Corporate Survey: Effects of Global Pandemic Reflected in Executives' Site and Facility Plans," *Area Development*, 2021, <https://www.areadevelopment.com/Corporate-Consultants-Survey-Results/Q1-2021/35th-annual-corporate-survey.shtml>

Rhett Morris, "What Do the Best Entrepreneurs Want in a City? Lessons from the Founders of America's Fastest-Growing Companies," *Endeavor Insight*, 2014, [https://issuu.com/endeavorglobal/docs/what\\_do\\_the\\_best\\_entrepreneurs\\_want](https://issuu.com/endeavorglobal/docs/what_do_the_best_entrepreneurs_want)

<sup>ii</sup> See for example Nathan Jensen, "The Effect of Economic Development Incentives and Clawback Provisions on Job Creation: A Pre-Registered Evaluation of Maryland and Virginia Programs," *Research & Politics*, 2017, <https://journals.sagepub.com/doi/abs/10.1177/2053168017713646>

<sup>iii</sup> Robert Tannenwald, "Testimony of Robert Tannenwald, Senior Fellow, Before the New Hampshire Business Tax Commission," Center on Budget and Policy Priorities, 2010, <https://www.cbpp.org/testimony-of-robert-tannenwald-senior-fellow-before-the-new-hampshire-business-tax-commission>

<sup>iv</sup> George Butler, Emily Haskel, Brett Ogden, Robert Rehrmann, and Erika Schissler, "DRAFT Evaluation of the More Jobs for Marylanders Program," Department of Legislative Services, 2021, [http://dls.maryland.gov/pubs/prod/TaxFiscalPlan/Evaluation\\_More\\_Jobs\\_for\\_Marylanders\\_Program.pdf](http://dls.maryland.gov/pubs/prod/TaxFiscalPlan/Evaluation_More_Jobs_for_Marylanders_Program.pdf)