



Wes Moore | Governor
Aruna Miller | Lt. Governor
Harry Coker, Jr. | Acting Secretary of Commerce

DATE: March 4, 2025
BILL NO: House Bill 498
BILL TITLE: Economic Development - Delivering Economic Competitiveness and Advancing Development Efforts (DECADE) Act
COMMITTEE: House Ways and Means
POSITION: Support

The Maryland Department of Commerce (Commerce) supports House Bill 498 - Economic Development - Delivering Economic Competitiveness and Advancing Development Efforts (DECADE) Act.

Bill Summary:

House Bill 498 ensures programs are straightforward and easy to market and utilize; allows investments to focus on high potential priority industries and eliminates programs that are ineffective or have served their purpose.

Background:

The existing economic development strategy has focused too much on a broad-based “peanut butter” approach, spreading incentives widely yet thinly across the state, resulting in insufficient economic stimulus. Economic development programs currently focus on different target industries, which has caused a lack of support for high potential industries in the state. Other programs have barely been utilized, indicating that companies prefer alternative incentive structures.

Rationale:

House Bill 498 will revamp several existing programs to allow them to collectively support high potential industry sectors. This includes standardizing target industry sectors across relevant programs to ensure a concentrated effort of economic incentives. The Secretary of Commerce will receive the authority to establish the list of target industry sectors and review it on an annual basis to ensure Maryland is equipped to adapt to rapidly changing and emerging industries. Some programs will move from Commerce to the Maryland Economic Development Corporation (MEDCO) as the corporation is affirming its role as the State’s go-to entity for business infrastructure development. To streamline programs within Commerce, the Secretary will in some instances receive the authority to issue incentives directly, without having to seek permission from the Governor or an Authority first. Two of Maryland’s most successful programs to support small, minority and women-owned businesses are the Small, Minority, and Women-Owned Business Account (SMWOBA) and the Maryland Small Business Development Financing Authority (MSBDFA). To ensure sustainable funding streams for MSBDFA without impacting the state budget, the bill will redirect half of revenues collected from video terminal revenues from SMWOBA (which currently receives 1.5% of video lottery terminal revenues) to MSBDFA. The RISE Zone program will be restructured to better utilize its historical

institutional assets and financial incentives. This includes repealing several limitations that were put on companies as part of the program and ties qualified companies to target industries defined by the Secretary of Commerce and which will be standardized across all programs. Moreover, a set of programs will provide enhanced benefits to qualified businesses or projects within the RISE zones to further leverage Commerce's successful programs and increase the attractiveness of RISE zones. Several programs will be altered to better incentivize companies' behavior and make them more appealing to a wider group of potential beneficiaries. The bill also includes a sunset clause for programs that have consistently been underutilized or have served their purpose. This allows Commerce to focus its capacity on the programs that have proven to stimulate economic growth and strengthen Maryland's business environment.

Maryland's assets - our highly skilled workforce, robust infrastructure, and world-class academic and federal institutions - make the State strategically positioned to support growth and innovation, but the State continues to fall short of its potential. In addition, for too long Maryland has been too reliant on the federal government for economic opportunities. Even before the unprecedented actions coming out of Washington D.C., the Moore-Miller Administration recognized the need for a robust, equitable, and competitive economy that is less dependent on federal dollars. [Maryland's Winning the Decade](#) report provides recommendations toward a 10-year plan that sharpens Commerce's focus on the industries and programs that will generate the best economic returns for Maryland. The roadmap focuses on three strategic priorities and a few key initiatives. Commerce, in partnership with the Maryland Economic Development Commission, developed this plan to provide a roadmap to assembling the necessary collaboration, concerted effort, and resources that will realize the potential of our rich assets and talented people. The report includes the three lighthouse sectors highlighted in Governor Moore's Executive Order to bolster economic competitiveness signed in December 2024: Quantum Technologies, Position, Navigation, and Timing, and Computational Biology. These sectors are ones in which Maryland is well positioned for growth and advancement, triggering significant economic growth in the State.

Economic growth is the long-term structural solution to the challenges Maryland is currently facing. House Bill 498 – the DECADE Act – is ultimately a good government bill that ensures the State's economic development programs are structured in the best way to provide that growth.

Commerce respectfully requests a favorable report on House Bill 498.