



Larry Hogan | Governor  
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R. Michael Gill | Secretary of Commerce  
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**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.**