

# BUSINESS INCENTIVES PRACTICE

## MAJOR INCENTIVE PROGRAMS MARYLAND

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### BUSINESS INCENTIVES PRACTICE

The Business Incentives Practice (“BIP”) strategically assists companies through the process of securing optimal incentive packages for projects considering an expansion, consolidation, or relocation. BIP leverages a project’s unique strengths and benefits to identify, negotiate, and implement all feasible economic development or government incentives (“Incentives”) opportunities. Moreover, BIP provides ongoing support and administration for a project to address any issues that may arise. By engaging BIP to work in parallel to the site selection team, businesses can have assurance that the optimal level of Incentives is secured and realized.

#### SERVICES

BIP’s mission is to develop a strategy that enhances business performance, while reducing a project’s up-front capital and ongoing operational costs through the procurement of Incentives. Many businesses are not aware they may be entitled to Incentives benefits for certain expansion, consolidation, and relocation activities. BIP identifies said opportunities through a multifaceted methodology that begins with careful analysis of project-specific data. The process continues with a detailed due diligence on all aspects of site-specific Incentives opportunities and concludes with the negotiation, implementation, and administration of Incentives.

#### RESULTS

BIP has successfully secured Incentives packages for a broad range of clients globally. The BIP team maintains a robust incentives database and along with its vast experience it facilitates the best possible results for a project. Since its inception, BIP professionals have negotiated in excess of \$3.0 billion in savings for its clients.



### KEY PROJECT TYPES

BIP enables its clients to identify, negotiate, and quantify the myriad of incentives available through the federal, state, and municipal governments, as well as utilities service providers. BIP clients represent all industry sectors, ranging in size from Fortune 100 corporations to private owners, occupiers and developers. Almost any type of corporate location initiative can benefit from the use of C&W’s Business Incentives Practice:

- Corporate Headquarters Facilities
- Manufacturing Facilities
- R&D Centers
- Warehouse and Distribution Facilities
- Call Centers
- Data Centers
- Back-Office Centers
- Mixed-Use Developments

### MARYLAND’S RECENTLY AWARDED INCENTIVES (USD M)

COMPANY	INVESTMENT	JOBS	INCENTIVES
Astrum Solar	\$0.8	240	\$0.6
AstraZeneca	\$200.0	300	\$1.5
Webstaurant Store	\$7.0	150	\$0.3
Mobile System 7	\$0.8	140	\$0.4
6th Street (SalesWarp)	\$1.5	60	\$1.0
Meso Scale Diagnostics	\$18.3	119	\$1.5
Amazon	\$175.0	1,000	\$43.9
Volvo Powertrain	\$30.0	100	\$4.2
Total Wine & More	\$5.0	150	\$1.4
Sucampo Pharmaceuticals	\$0.5	55	\$0.5
Fuchs North America	\$16.0	50	\$0.5
Coastal Sunbelt Produce	\$26.0	500	\$1.0

## OVERVIEW OF MAJOR MARYLAND INCENTIVE PROGRAMS

### ONE MARYLAND TAX CREDIT

The One Maryland Tax Credit Program provides two income tax credits to businesses that initiate major investment projects in Maryland's most economically distressed jurisdictions. The Project Tax Credit can be as much as \$5 million on qualified costs for construction or acquisition of a site for an economic development project. The Start-Up Tax Credit can be as much as \$10,000 per net new job created. The total amount is based on the eligible costs of relocating a business from outside Maryland. Eligible costs include office equipment, office furniture, telecommunications, and computer equipment.

In order for a business to be eligible for the One Maryland Tax Credit, they must:

- Create at least 25 net new jobs in 24 months
- Be an eligible activity e.g., manufacturing, warehousing, financial services, back office)

Businesses have up to 14 years after the tax-year in which the project was placed in service to claim the credits. In years 1-5, businesses may apply credits to Maryland income tax liability. In years 6-15, businesses may apply credits to income tax liability, and, in addition, claim a refund against payroll withholding of qualified employees.

### JOB CREATION TAX CREDIT

Certain businesses that create new qualified positions in Maryland may be eligible for tax credits based on the number of qualified positions created or wages paid for these positions. The credit is 2.5% of aggregate annual wages for all newly created, full-time jobs - \$1,000 per new job. In a revitalization area, increased to five percent of annual wages, up to \$1,500 per new job. Credits cannot exceed \$1 million per credit year. If the credit is more than the tax liability the unused credit may be carried forward for five years.

The business facility must be certified as having created at least 60 qualified positions, 30 high-paying qualified positions, or 25 qualified positions if the business facility established or expanded is in a Maryland Priority Funding Area. The positions must be filled for 12 months. Additionally, the facility must be engaged in an eligible activity. The Job Creation Tax Credit remains in effect until January 1, 2020, subject to extension by the Maryland General Assembly.

### ENTERPRISE ZONE TAX CREDIT

Businesses located in a Maryland Enterprise Zone may be eligible for income tax credits based upon wages paid to qualifying employees. There are two types of income tax credits for firms in an enterprise zone; a general income tax credit and a larger income tax credit for hiring economically disadvantaged employees.

# Maryland shows an average deal value of \$4.63 million with 169 new jobs created per deal

The business must hire at least one employee who:

- Is a new employee or an employee rehired after being laid off for more than one year;
- Worked for the business for at least 35 hours per week for six months or more;
- Earns at least 150% of the federal minimum wage;
- Spends at least 50% of the workday either in the enterprise zone or on activities of the business resulting from its location in the enterprise zone or focus area;
- Hired after the date the enterprise zone was created or the date the business located in the enterprise zone or focus area, whichever is later; and
- Is not hired to replace an individual employed by the business within the last four years.

The income tax credit is \$1,000 for each qualified new employee filling a newly created position in an enterprise zone, or \$1,500 for each qualified new employee in a focus area. The tax credit for economically disadvantaged employees is for a three-year period for each qualified employee, earned at the following flat rates:

	ENTERPRISE ZONE	FOCUS AREA
First Year	\$3,000	\$4,500
Second Year	\$2,000	\$3,000
Third Year	\$1,000	\$1,500

In order to receive the full tax credit, an economically disadvantaged employee must remain in the position for three years. However, if the disadvantaged employee leaves the firm and is replaced by another employee who is also certified as disadvantaged, the firm may take the remainder of the credit as if the original employee had remained.

If the credit allowed in any taxable year exceeds the State income tax for that taxable year, a business entity may apply the excess as a credit against the State income tax for succeeding taxable years until the earlier of the full amount of the excess is used or the expiration of the 5th taxable year from the date on which the business entity hired the qualified employee to whom the credit first applies.

## OTHER MARYLAND INCENTIVE PROGRAMS

- Cybersecurity Investment Incentive Tax Credit
- Research and Development Tax Credit
- Biotechnology Investment Incentive Tax Credit
- Brownfields Tax Incentive
- BRAC Revitalization and Incentive Zone Program
- Cellulosic Ethanol Technology R&D Tax Credit
- Employer Security Clearances Costs Tax Credit
- Maryland Wineries and Vineyards Tax Credit
- Maryland Film Production Tax Credit
- Maryland Venture Fund
- Invest Maryland
- Challenge Investment Program
- Maryland Economic Development Assistance Authority Fund
- Maryland Innovation Initiative
- State Small Business Credit Initiative
- Community Development Block Grant Program

For more information, contact:

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