

Department of Commerce

**Responses to the DLS Analysis
of the Commerce FY 2020 Operating Budget Allowance**

**Prepared for the Hearings before the House Appropriations Subcommittee on
Education & Economic Development on February 27, 2019 and the Senate
Budget & Taxation Subcommittee on Education, Business and Administration
on February 28, 2019.**

DLS Recommended Actions:

- 1. Reduce funding for the Maryland Economic Development Assistance Authority and Fund due to existing fund balance and aggressive estimates of *activity and canceled loan encumbrances***

Reduction amount: \$2,000,000 GF

Commerce Response:

Commerce respectfully disagrees with this recommendation.

The Maryland Economic Development Assistance Authority and Fund (MEDAAF) is the primary economic development tool available to Commerce for assisting businesses with significant job growth and retention. The current pipeline includes 51 projects which are estimated to result in \$1 B in private investment and 91,000 new & retained jobs.

Maryland counties rely on MEDAAF assistance to support local projects for their related jobs and tax revenue to support education, safety and other local priorities.

Rigorous analysis is applied to each MEDAAF project to assure alignment with state and local objectives. More recently greater scrutiny has been applied to verify that all project resources are in place to avoid the substantial level of cancelled deals that occurred in FY 2017 and FY 2018. These cancellations were cited in the DLS analyst's recommendation to eliminate \$3 million in General Funds for FY 2020. Commerce notes the actual cancellations in FY 2019 to date are \$600,000 reflecting the new scrutiny. Given the lower level of cancellations, elimination of \$3 million in General Fund revenue could result in a lack of available funding to support important county and regional priority projects.

2. **Reduce funding for the More Jobs for Marylanders income tax credit program due to available fund balance and lower than anticipated usage.**

Reduction Amount: \$5,000,000 GF

Commerce response:

Commerce respectfully disagrees with this recommendation.

Commerce projected \$7 million for FY 2020 to meet existing and projected demand for the MJM program. Reducing funding by \$5 million would result in the program being unable to fund existing and projected job creation. Major manufacturing projects addressed in proposal letters will account for significant future demand. These projects are projected to occur in 21 of Maryland's 24 jurisdictions.

If Commerce assumes only a 50% success rate for these projects, \$7.5 million will be needed to meet the demand for 2020.

3. **Add the following language to the general fund appropriation:**
Provided that this entire appropriation shall be contingent on the enactment of legislation expanding the program (i.e. SB 174 or HB 150)

Commerce response:

Commerce accepts this recommendation.

4. **Reduce funding for the More Jobs for Marylanders Act – Opportunity Zone program expansion due to the overestimated impact of the expansion of the program.**

Reduction Amount: \$3,000,000 GF

Commerce response:

Commerce respectfully disagrees this recommendation.

Commerce projected \$6 million in funding for the expanded MJM Program in Opportunity Zones. Senate Bill 174 expands the geography covered by the MJM to portions of Anne Arundel, Calvert, Carroll, Charles, Frederick, Harford, Howard, Montgomery, Queen Anne's, St. Mary's, and Talbot Counties. In addition, all industry sectors in portions of existing Tier 1 jurisdictions will be eligible for an incentive.

In terms of additional expenditures in Opportunity Zones, the Governor's Office and DHCD are estimating with new businesses receiving investment capital it is likely that between 1,000 and 2,000 jobs will be created per year for the next several years. Based on that estimate along with the estimated \$1 billion in capital investment and an assumed average \$55,000 salary our estimate of potential demand for the expansion of this program ranges from \$3,162,500 to \$6,325,000.

5. **Delete the general fund allowance for the Economic Development Opportunities Program Account as the fund balance is sufficient to meet current obligations.**

Reduction Amount: \$5,000,000 GF

Commerce response:

Commerce respectfully disagrees with this recommendation.

It is critical to maintain sufficient funding in the Sunny Day Program in order to pursue important statewide economic development opportunities such as the Marriott Corporation.

Other Responses:

The department should comment on why the actual average salary of jobs submitted by tax credit applicants is significantly lower than the department's estimates.

When Commerce initially began projecting the anticipated usage of this program the State's average manufacturing wage was used as it was the only credible source available. As Commerce received more applications with additional information the Department determined that the statewide average did not accurately reflect the average salary of the jobs that were being created through More Jobs for Marylanders. One reason for this is that there is a wide variation in salaries depending on the location, the size of the employer and the skill level of the worker. Large manufacturers (>50 employees) pay nearly 40% higher wages on average than small manufacturers (<50 employees). As a result, Commerce found \$40,000 to be a more accurate average for the purposes of projecting the usage of this program. It should also be noted that Commerce only uses this average wage when the company has not yet provided its projected wages. Once a company submits its enrollment application it is required to include projected wages and Commerce uses that amount to project program usage.



Larry Hogan | Governor
Boyd Rutherford | Lt. Governor
Kelly M. Schulz | Secretary of Commerce
Benjamin H. Wu | Deputy Secretary of Commerce

TESTIMONY OF KELLY M. SCHULZ, SECRETARY
on the
FY 2020 COMMERCE ALLOWANCE
before the
HOUSE APPROPRIATIONS
SUBCOMMITTEE ON EDUCATION AND ECONOMIC DEVELOPMENT
Wednesday, February 27, 2019

I. Introduction

Good afternoon Chairman Jones and members of the subcommittee. Thank you for the opportunity to appear before you today in support of the FY 2020 operating budget allowance for the Maryland Department of Commerce. The proposed \$151 million budget—which includes \$91.5 million in general funds, \$56.4 million in special funds, and \$3.5 million in federal funds—will allow the Department to sustain its continued focus on creating and retaining jobs and spurring economic growth in every region of our state. Providing additional funding for Advantage Maryland (also known as the Maryland Economic Development Assistance Authority and Fund (MEDAAF)) is critical to addressing the growing pipeline of major economic development projects and will ensure that Maryland remains competitive in the region, in the nation, and around the world.

Before proceeding with our testimony, I want to thank Jason Kramer and the staff of the Department of Legislative Services (DLS) for their thorough and professional review of Commerce’s operations and the FY 2020 budget allowance.

Maryland’s economy continued to grow in 2018, adding 51,000 private sector jobs over the year. Private sector GDP grew by 2.5 percent through the second quarter, and we saw significant increases in several key industry sectors, including professional services, transportation, health care, and manufacturing. The state’s unemployment rate is at a 10-year low of 3.9 percent and more Marylanders are entering the labor force. However, government jobs have been stagnant or declining, making the state’s efforts to diversify and strengthen the private sector economy even more critical. Looking ahead in 2019, regional economists see possible threats from government uncertainty and slowing global economic growth, but nonetheless expect that Maryland’s economic drivers will keep the economy on track for continued growth.

II. Top Budget Priorities

Opportunity Zones

The nationwide Opportunity Zone program offers federal tax incentives for investment in areas that are in need of economic stimulation. The Hogan Administration wants to use this federal initiative as the foundation for a new job-creation initiative known as the More Opportunities for Marylanders Act.

This proposal uses More Jobs for Marylanders, the existing program that has allowed Commerce to provide targeted, strategic support to manufacturers and helped foster a revival of Maryland's manufacturing industry, as a model.

Businesses that locate or expand within the 149 Opportunity Zones in Maryland and create at least five full-time jobs will be able claim a refundable state income tax credit for each new job. Businesses in these Zones may also claim a credit against the state's portion of property tax, a refund of sales and use tax, and a waiver of fees charged by the State Department of Assessments & Taxation.

The Governor's FY 2020 allowance includes \$6 million to expand the More Jobs for Marylanders tax credit program to accommodate Maryland's Opportunity Zone incentives.

More Jobs for Marylanders

The More Jobs for Marylanders program, originally established by the General Assembly in 2017, provides tax credits to new and existing manufacturers that create new jobs. Additional targeted incentives are available in jurisdictions with higher rates of unemployment and lower per capita income. Since the program began through December 2018, 164 companies have filed a notice with Commerce that they intend to take advantage of the incentives. Of that figure, more than 60 companies have taken the next step in the program and filed official applications projection of approximately 3,400 new jobs in total.

Applicants include the California-based Fabricated Extrusion Company, which is creating 50 jobs at a new headquarters and manufacturing facility in Hagerstown; the Whalen Company, which considered consolidating operations at their facility in upstate New York but now plans to purchase land for a new facility in a new business park in Easton and create 22 new jobs; and Pinnacle Foods in Hagerstown (now known as ConAgra Gardein), which is doubling their capacity by adding a new manufacturing line and creating 75 new jobs.

The More Jobs for Marylanders program expanded in 2018 due to a change in how counties are deemed to be eligible for several state programs. As a result, five additional counties (13 in total) are now considered "Tier 1" and allow manufacturers who create new jobs to receive the highest benefits.

Commerce's FY 2020 budget allowance includes \$8 million for the tax credit reserve funds which will support the creation of thousands of new jobs.

Advantage Maryland

Advantage Maryland, also known as the Maryland Economic Development Assistance Authority and Fund (MEDAAF), is the Department's primary direct assistance fund, providing incentives to significant projects that address our mission to create, attract, retain, and expand jobs and stimulate capital investment. Capabilities are broad, including conditional loans and grants, and investments.

Advantage Maryland has been highly effective in generating substantial revenue returns to the state. Based on the current pipeline of 51 transactions, the projected \$37.5 million in funding will leverage more than \$1 billion in private sector capital investment resulting in nearly 19,000 new and retained jobs. These projects calculate to a \$28 revenue return to the state for each \$1 of funding.

Furthermore, an additional 14 projects in progress require another \$8.9 million and another nine projects are in discussion for \$9.3 million that would have to be encumbered in FY 2020.

Recent Advantage Maryland recipients include: Amazon (1,500 new jobs at Baltimore County's Tradepoint Atlantic), Viela Bio (100 new jobs in Montgomery County), Paragon Bioservices (200 new jobs in Anne Arundel County), Fabricated Extrusion (50 new jobs in Washington County), and Cybrary (229 new jobs in Prince George's County).

Demand for funding from the program continues to increase as the economy strengthens. In each fiscal year, Commerce has used its full appropriation.

| Year | New Funds Encumbered |
|-------------|-----------------------------|
| FY2012 | \$11.5 million |
| FY2013 | \$15 million |
| FY2014 | \$18.3 million |
| FY2015 | \$26.5 million |
| FY2016 | \$19.4 million |
| FY2017 | \$19.8 million |
| FY2018 | \$22.8 million |

With the momentum of the economy, businesses are looking to expand and continued funding for Advantage Maryland is critical to assist in this growth.

Maryland Small Business Development Finance Authority (MSBDFA)

Created in 1978, MSBDFA provides financing assistance to small and minority-owned businesses throughout Maryland through direct equipment loans, working capital, loan guarantees, and assistance in obtaining surety bonding and lines of credit. In FY 2018, MSBDFA approved 39 transactions for a total of \$11.6 million. These transactions attracted \$14.6 million of private capital investment, and supported 529 new and retained jobs. Combined with prior activity, MSBDFA presently has an active portfolio of 91 accounts with outstanding and insured balances of \$21.4 million, which created and retained 1,492 jobs.

III. Commerce Highlights

Key business wins in 2018

Our business attraction and retention efforts resulted in 9,547 jobs created or retained, 51 expansions or location decisions, and more than 2,910 direct outreaches to Maryland companies in FY 2018. Among our recent wins:

- **BlueVoyant**, a cybersecurity company that is establishing a Global Analytics Center at the University of Maryland, College Park and is in the process of creating 25 new jobs.
- **Ring Container Technologies**, which makes plastic containers, opened a new manufacturing and warehousing facility in Hagerstown and created 19 new jobs.
- **ID Agent**, a cybersecurity company specializing in identity-theft protection solutions, relocated from Washington, D.C. to Bowie and created 10 new jobs.
- **Paul Fredrick**, which produces high-quality menswear, is relocating its corporate office from Pennsylvania to Baltimore County and expects to create 60 new jobs.
- **Communications Electronic Systems**, a security firm specializing in video surveillance and intrusion detection, is expanding operations in Queen Anne's County and has added 10 new jobs.
- **The Container Store** is establishing a 600,000 square-foot distribution center in Harford County and expects to create 130 new jobs.
- **Grey Ops**, a defense contractor specializing in blast mitigation, is establishing a headquarters and manufacturing facility in Calvert County, where it expects to create 10 new jobs.
- **RegenexBio**, a gene-therapy company, is moving to a new headquarters and research and development facility in Rockville where it will retain 138 jobs and create 172 new jobs.
- **Floor & Décor**, a specialty retailer of hard-surface flooring, is planning a new distribution center at Tradepoint Atlantic and is projecting to create 150 new jobs.
- **Union Craft Brewing** expanded its brewing operations to a 51,000 square-foot space anchoring the multi-tenant "Union Collective" space in Baltimore City, which also houses a climbing gym, restaurants, and event space. Union Craft Brewing is in the process of adding 100 new jobs by 2024 through our More Jobs for Marylanders Program.

Targeted Industries

Manufacturing

In addition to the More Jobs for Marylanders program, Commerce has supported Maryland's manufacturing industry in areas including:

- **Manufacturing Advisory Board:** Created in 2017, the Maryland Manufacturing Advisory Board launched two initiatives in 2018:
 - The Image of Manufacturing Initiative seeks to improve employee recruitment by promoting manufacturing as a viable and rewarding career choice to students.
 - The Small Manufacturing Business initiative helps identify resources for smaller manufacturers and how to improve their competitive standing in the marketplace.
- **Offshore Wind:** Commerce actively works with other state agencies (led by MEA) to tell the Maryland story in support of this industry. We are identifying Maryland companies that can take advantage of opportunities, while also attracting industry leaders to expand and/or relocate their operations to Maryland.

- **Maryland Defense Diversification Assistance Program:** Commerce is assisting defense contractors to find new markets through the Maryland Defense Diversification Assistance (MDDA) program. In partnership with the Maryland Manufacturing Extension Partnership (MD MEP), we will present a Defense Supply Chain Connectivity Forum March 26. The Forum will bring large Original Equipment Manufacturers (OEMs), agencies and Tier 1 suppliers together with smaller, capable, and interested Maryland defense contractors to help diversify their supply chain to include non-defense customers.

Cybersecurity

- **Buy Maryland:** In 2018 we implemented the new Buy Maryland Cybersecurity Tax Credit to incentivize small businesses to invest in their own cybersecurity by purchasing products and services from Maryland cyber companies to reduce risk. To date, 12 Maryland cybersecurity sellers qualified for the program, and 20 businesses applied for the credit.
- **Promotion:** For the seventh year in a row, Commerce led a team to the RSA Conference in San Francisco, the world's largest gathering of information security professionals. A well-attended breakfast event telling the "Why Maryland" story reached dozens of national and international cybersecurity companies, investors and site selectors. At a similar European event called InfoSec Europe, Commerce led Maryland's delegation of 12 companies, connecting with a growing network of British, Dutch, and other international companies to make Maryland their gateway to the U.S. cybersecurity market.
- **Capital:** Cybersecurity companies need capital to grow. Commerce helped to attract Allegis Cyber from the West Coast to open an office in Maryland, bringing fresh capital for potential investment in Maryland companies seeking funding. Allegis more recently announced their move as an early tenant to Port Covington's "Cybertown USA," further emphasizing their commitment to Maryland's cyber ecosystem.

Biohealth & Life Sciences

- **Investment:** In FY 2018 the Biotechnology Investment Incentive Tax Credit assisted 27 companies, leveraging \$24 million from 153 investors through the issuance of \$12 million in tax credits.
- **Developing Assets:** Commerce worked with the University of Maryland to help fund and launch the Fischell Institute for Biomedical Devices, which seeks to catalyze the transformation of basic research into clinical practice and commercial success.
- **Talent Pipeline:** Commerce is collaborating with The University of Maryland, Johns Hopkins University, and the National Institutes of Health on "Bridges to Biotech" to provide Ph.D. students and postdoctoral fellows with additional training and networking within the industry.
- **Commercialization:** In partnership with NIST, Commerce organized a successful Maryland Technology Transfer Summit to enhance technology transfer from federal and university labs and awareness of commercialization opportunities. The Summit led to the formation of the Maryland Commercialization Council to highlight a path toward enhanced commercialization success for federal and university labs.

- **Promotion:** As in many previous years, Commerce led a delegation to the 2018 BIO International Convention in Boston, holding 35 meetings for relocation and innovation opportunities in Maryland. Efforts are underway to organize bio-focused trade missions to the UK, Quebec and the Netherlands.

Expanding our global footprint

In FY 2018, Commerce awarded 76 ExportMD grants totaling \$383,000 to help small- and medium-sized Maryland companies market their products and services overseas. With these grants, 49 Maryland businesses were able to attend international trade shows to which Commerce led delegations. These included aerospace, defense, and security trade shows in the U.K. (Infosecurity), Singapore (Air Show), Mexico (Expo Seguridad) and South Africa (Aerospace and Defense Show), as well as health care trade shows in Germany (Medica) and UAE (Arab Health). To help fund the ExportMD program, Commerce was awarded a \$600,000 State Trade and Export Promotion (STEP) grant from the U.S. Small Business Administration, marking the fifth year it has received the award.

In addition, Commerce assisted 218 Maryland companies with unique export initiatives, including finding customers and distributors, understanding the regulatory environment, and marketing, among others. As a result of the grants and Commerce assistance, Maryland companies reported more than \$117 million in export sales in FY 2018.

The department's Global Consulting Program continues in partnership with the Center for International Business Education and Research (CIBER) at the Robert H. Smith School of Business at the University of Maryland, College Park. This program assists Maryland companies with research, talent, and executive training to support entry in the global marketplace.

In 2018, Commerce engaged 523 international companies, nine of which made investments in Maryland. Thirty-four foreign prospects visited Maryland last year. Commerce's international staff organized and attended 140 marketing outreach activities locally and globally.

Tourism, Film and the Arts

- **Tourism** – Visitor spending in Maryland continues to increase, growing to \$17.7 billion in 2017, a 2.1 percent increase over the previous year. This generated \$2.4 billion in state and local taxes, saving every Maryland household \$1,100. Overall visitation decreased slightly to 41.5 million from 42.1 million the previous year, but there was a 2 percent increase in tourism employment to 149,000 and a 4 percent increase in wages to \$6.3 billion. Tourism is Maryland's 10th-largest private sector employer
- **Film** – The award-winning Netflix series House of Cards (HOC) finished its sixth and final season in Maryland. Season six had an economic impact of \$115 million. The combined economic impact of the six seasons of HOC in Maryland exceeded \$700 million. The production hired an average of 2,011 Marylanders per season, and directly purchased or rented goods or services from an average of 2,067 Maryland businesses per season.
- **Arts** – With a \$1.4 billion impact in FY 2017 and 17,688 jobs, the arts are a powerful economic engine. Spending by the Maryland State Arts Council's (MSAC) 304 grantee arts organizations and their audiences generated \$60 million in state and local tax revenue, and \$4.12 in total economic activity was generated for every dollar of the operating budgets of arts organizations in the state. During FY 2018, through its flagship

Grants for Organizations and Community Arts Development Programs, MSAC awarded operating grants totaling nearly \$17 million to 309 non-profit organizations across the state, including grants to the local arts councils.

“Open for Business” campaign

The Maryland Public-Private Partnership Marketing Corporation, known commonly as the Maryland Marketing Partnership (MMP), officially launched its “Open For Business” branding campaign in September 2017. The primary objective is to amplify the message that Maryland is a great place to do business and to keep Maryland top of mind throughout the location consideration process.

The on-going campaign includes a mix of print, radio, out-of-home and digital advertising targeted at business decision-makers across in the key high-tech sectors of IT, cybersecurity, and life sciences. Maryland receives national exposure with placements in *Inc.*, *Wall Street Journal*, *Fortune*, *Wired*, *Fast Company* and *Site Selection*. The campaign also aims to reach heavy business travelers with a presence at BWI, Penn Station, and high-profile business events around the country. Much is being learned in the online space about who and how users are engaging with the digital marketing. This insight allows optimizations to be made to ensure the ads are reaching the right people at the right time with the right message.

Since launch, the campaign has reached 172 million people within the target audience. Visits to the website have steadily increased in correlation with the investment in advertising, a 164% increase since FY 2015. A research tracking study is scheduled for 2019 which will provide a look at how the campaign is performing against key branding metrics such as lift in awareness of Maryland, positive perception of Maryland, and intent to consider Maryland as a business location.

To augment the state’s investment in MMP programs, the partnership has also raised funds from the private sector. As of February 2019, the MMP has received corporate commitments totaling \$4.85 million in staggered, multi-year terms. This will allow MMP to continue sharing Maryland’s strong pro-business message and promote Maryland’s assets to both an in-state and out-of-state business audience.

IV. Department of Legislative Services (DLS) Recommended Actions

A complete set of Commerce’s detailed responses to the DLS recommended actions is contained in the blue-page materials you have received.

V. Conclusion

The proposed FY 2020 budget for the Department of Commerce reflects the Administration’s commitment to promoting economic growth using a broad range of tools, including innovative new programs when possible. The requested funding is crucial to our ability to leverage the state’s economic strength as we continue our mission of improving Maryland’s business climate.

We’re here to assist Maryland’s small businesses, to help new companies take root and support those that are ready to expand, and to attract new businesses to make Maryland their home. We’re also focused on promoting the assets that make Maryland a great place to do business and enhancing the recreational and cultural attractions that make Maryland a great place to live.

We thank the Committee for your hard work and the consideration you have shown by crafting strong budgets for our Department year after year. We all share the same goal of growing Maryland's economy, creating jobs and new opportunities, and improving our quality of life.

I want to thank the Chairman and Committee members for their time and respectfully ask for the Committee's full support of the Governor's budget as presented.

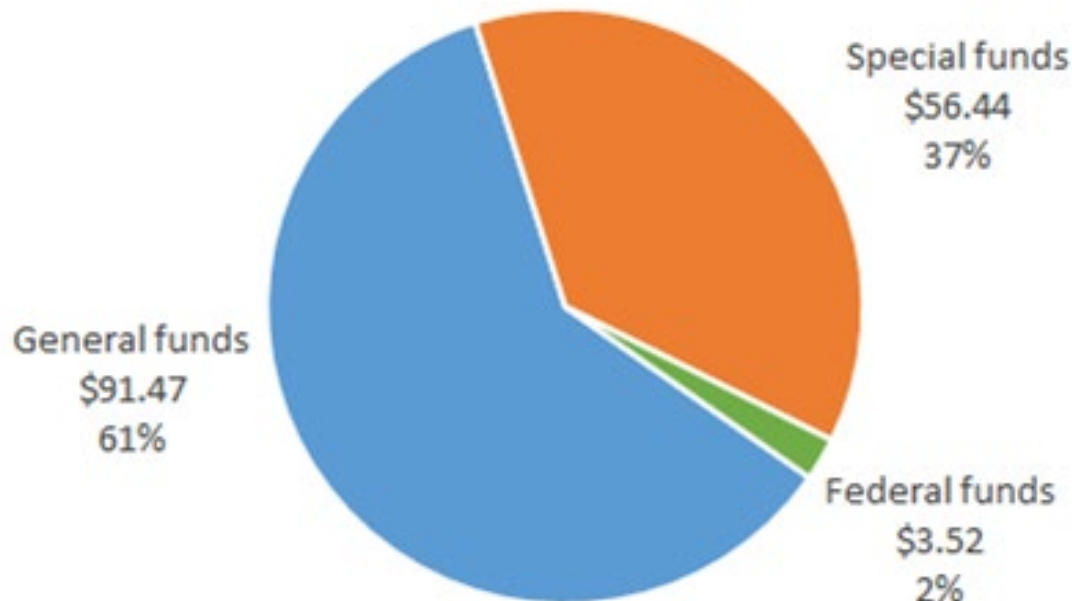


Maryland
DEPARTMENT OF COMMERCE

FY2020 Budget Overview

- \$151.44 million proposed operating budget.
- 188 permanent positions at Commerce plus 26 FTE contractual positions.

Total Commerce FY2020 Allowance is \$151.44 million



Maryland's Economy

- In 2018, Maryland added 51,000 private jobs.
- Private sector GDP grew 2.5 percent through Q2.
- Unemployment has dropped to 3.9%, a 10-year low.

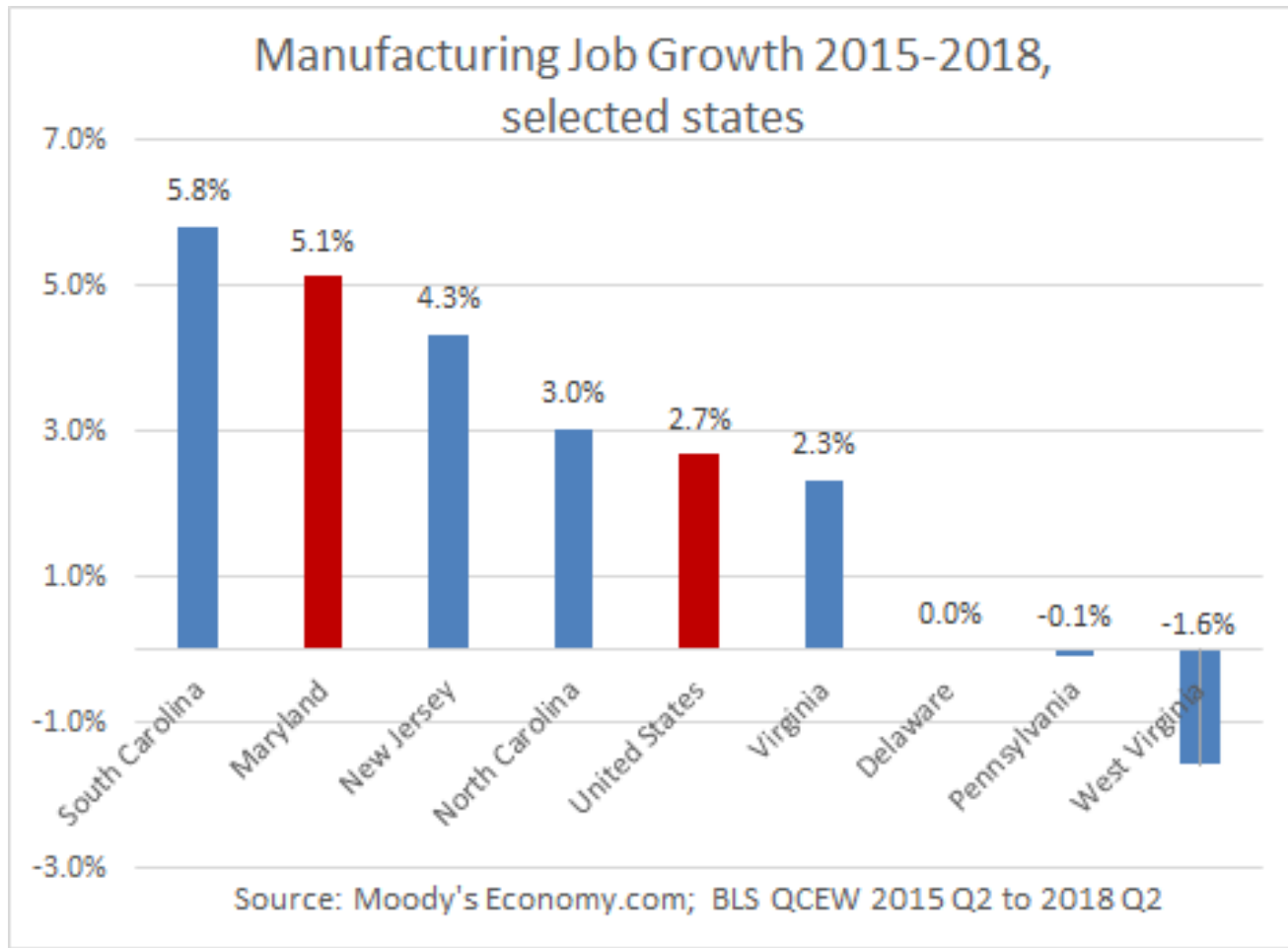
Opportunity Zones

- The *More Opportunities for Marylanders Act* expands the More Jobs for Marylanders tax credit program.
- Provides hiring incentives for companies that locate or expand in Maryland's 149 Opportunity Zones.
- \$6 million is included in the FY2020 budget to support the expansion.

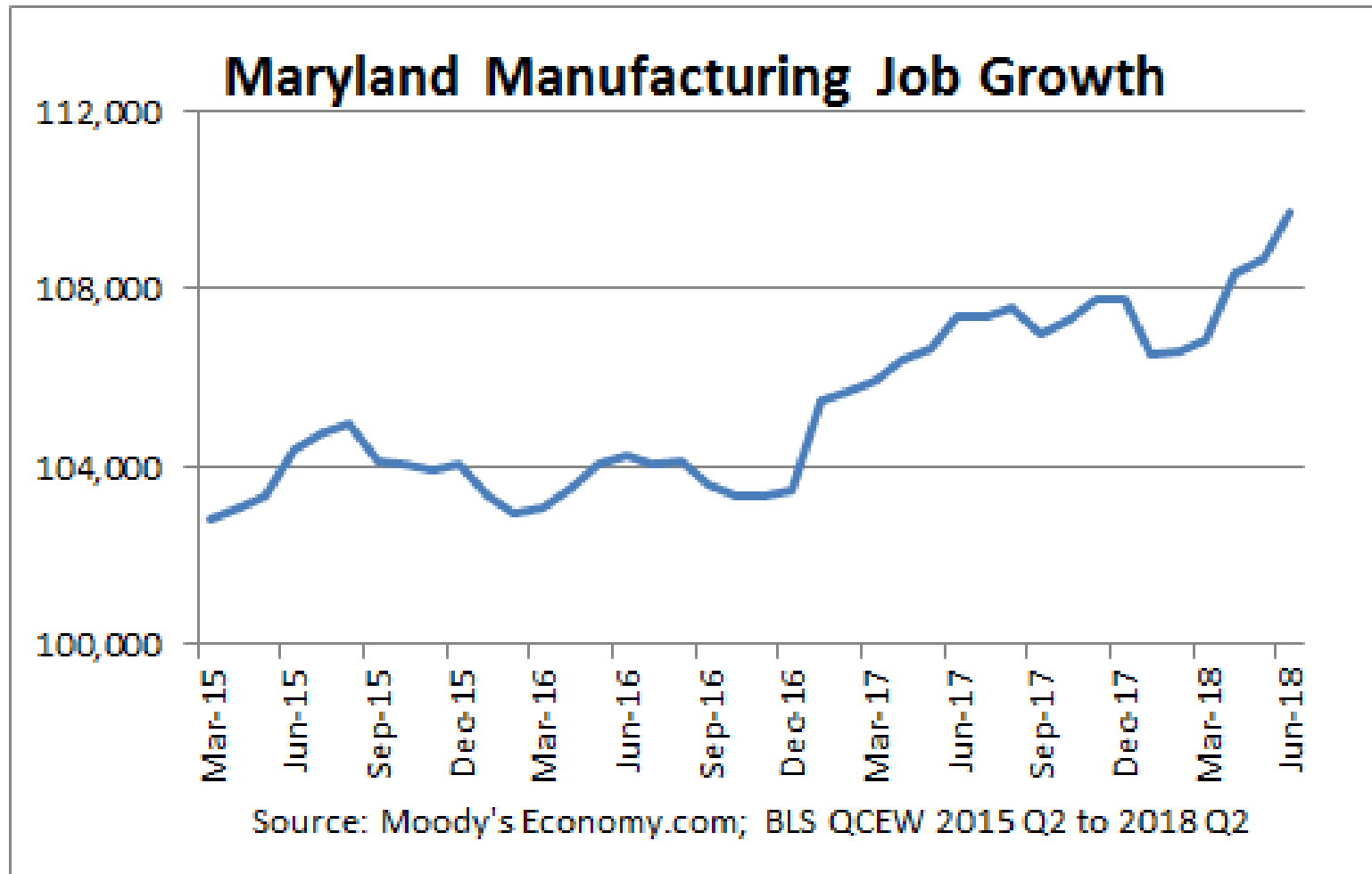
More Jobs for Marylanders

- Provides tax relief for manufacturers creating jobs in high-unemployment areas.
- Since inception, over 60 companies have submitted applications and are projecting approximately 3,400 total new jobs.
- Commerce's fiscal 2020 allowance includes \$8 million for tax credit reserve funds.

More Jobs for Marylanders



More Jobs for Marylanders



More Jobs for Marylanders



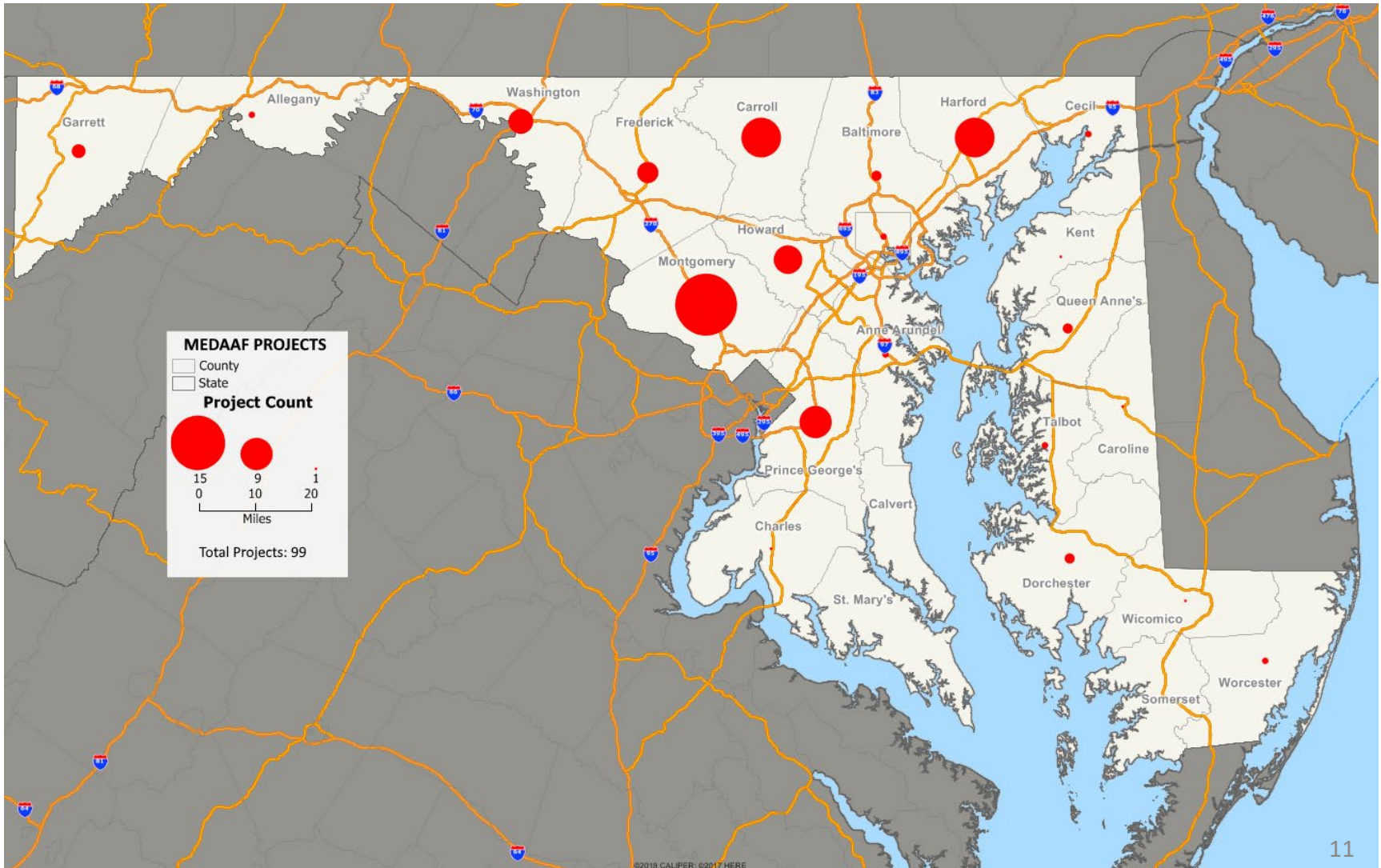
Advantage Maryland (MEDAAF)

- Commerce's "workhorse" program.
- Provides direct assistance such as conditional loans, grants and investments for expansion and attraction projects, often with significant job creation and capital investment.
- Requires matching funds from local authorities.
- *Examples:* 4 Amazon facilities; new corporate HQ projects such as Stanley Black & Decker, Paul Fredrick and Viela Bio.

Advantage Maryland (MEDAAF)

- FY 2020 proposal includes \$28 million in total funds.
- Current pipeline includes 51 transactions:
 - \$37.5 million in state funds expected to spur \$1 billion in private investment.
 - this represents 19,000 new and retained jobs; \$28 return for every \$1 of incentive funding.

Count of Advantage Maryland/ MEDAAF Projects, 2009-2018



Small, Minority and Women-Owned Business Account (VLT)

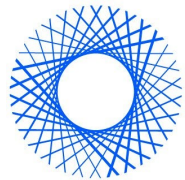
- Since 2014, Commerce has committed \$55.6 million for small business loans.
 - 474 total transactions, with 80 percent of those going to minority-, women-, or veteran-owned business.
 - Fund managers reported \$9.6 million in loans in 2018, supporting 483 new jobs and 919 retained jobs.

Small, Minority and Women-Owned Business Account (VLT)

SMWOBA Jobs



Key Business Wins



BlueVoyant



Container Technologies



REGENXBIO™



AGENT

The Container Store®



Paul Fredrick



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DEPARTMENT OF COMMERCE

Expanding Our Global Footprint

- In FY 2018, Commerce awarded 76 ExportMD grants totaling \$383,000 and provided other export guidance to 218 Maryland companies.
 - These companies reported more than \$117 million in export sales.
 - To support ExportMD, Commerce received a \$600,000 State Trade and Export Promotion (STEP) grant from the U.S. Small Business Administration. This was the department's fifth consecutive award.

Expanding Our Global Footprint

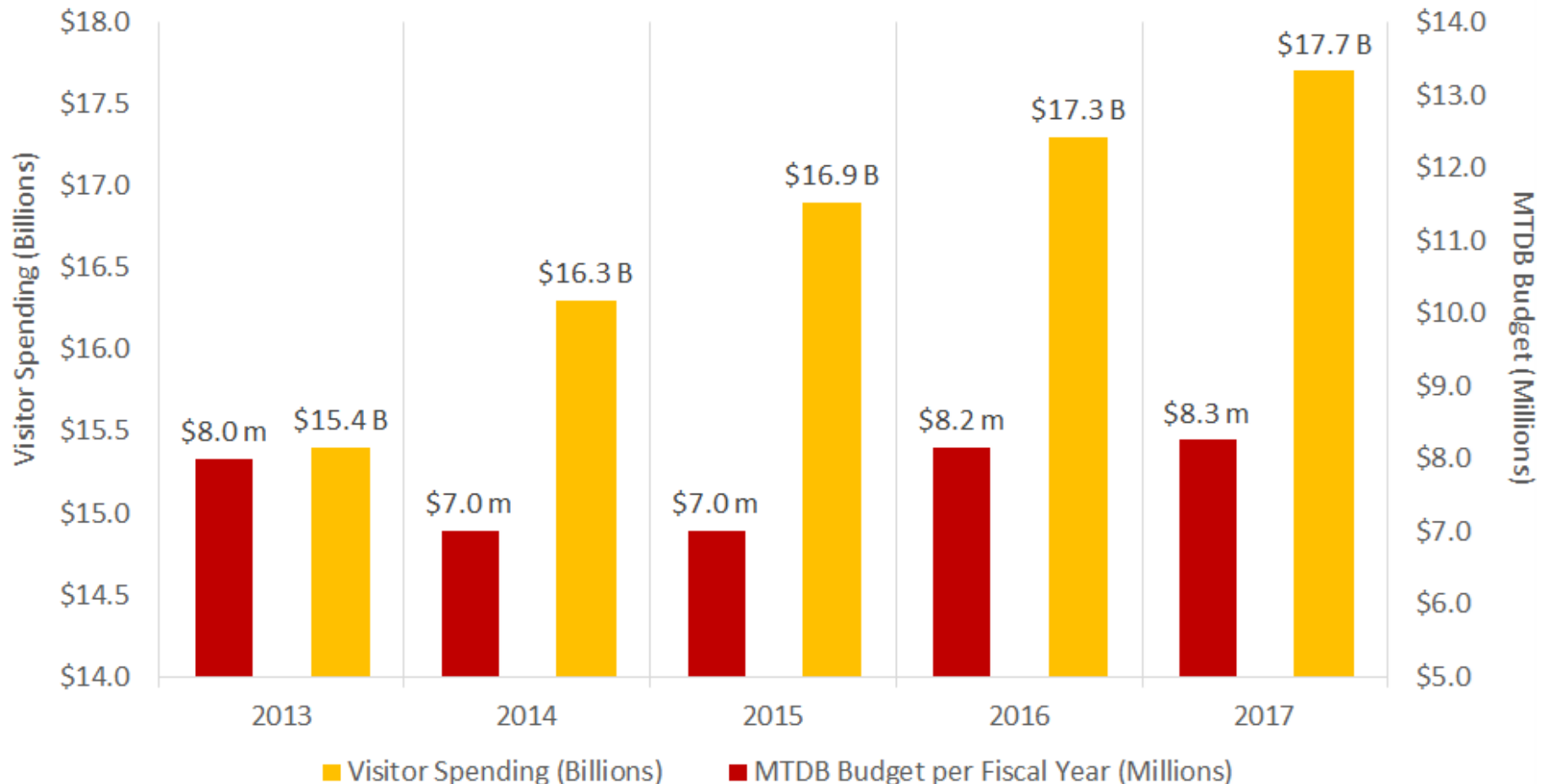
- In 2018, Commerce engaged 523 international companies, nine of which made investments in Maryland. We also welcomed 34 foreign prospects to the state.
- Commerce took delegations to numerous international trade shows including *Infosecurity* in the U.K.; *Medica* in Germany; *Arab Health* in the UAE; *Expo Seguridad* in Mexico; and *Singapore Airshow*.

Tourism, Film and the Arts

- Visitor spending up 2.1% to \$17.7 billion, which generated \$2.4 billion in taxes.
 - On average, this revenue saves Maryland households \$1,100 each.
- Tourism employment increased 2% to 149,000 and total wages increased 4% to \$6.3 billion.

Tourism, Film and the Arts

Tourism Industry Sales and Investment



*NOTE: An additional \$2.5 million was included in MTDB's General Fund budget in both FY14 and FY15 for the War of 1812

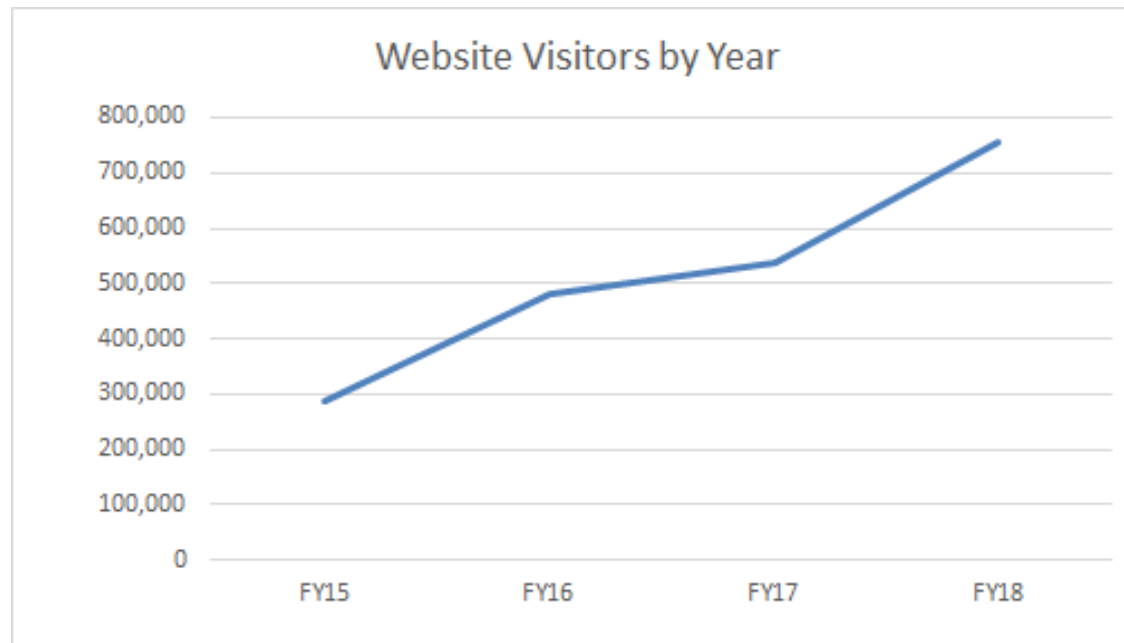
Bicentennial

Tourism, Film and the Arts

- HOUSE OF CARDS wrapped its final season, which had an economic impact of \$115 million (over \$700 million for the entire series).
- The Arts had a \$1.4 billion economic impact in FY2017, supporting nearly 17,700 jobs and generating \$60 million in tax revenue.
- In FY2018, MSAC granted awarded nearly \$17 million in grants to 309 arts organizations across MD.

“Open For Business” Campaign

- 172 million people in target audience reached since launch.
- \$4.85 million in corporate commitments.
- 164% increase in website traffic since FY15.



Recommendations from Department of Legislative Services