



Wes Moore | Governor
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**TESTIMONY OF KEVIN A. ANDERSON, ACTING SECRETARY
on the
FY 2024 COMMERCE BUDGET ALLOWANCE
before the
HOUSE APPROPRIATIONS COMMITTEE
EDUCATION AND ECONOMIC DEVELOPMENT SUBCOMMITTEE
on February 22, 2023
and the
SENATE BUDGET & TAXATION SUBCOMMITTEE ON EDUCATION, BUSINESS AND
ADMINISTRATION
on February 27, 2023**

I. Introduction

Good afternoon Madame Chair and members of the subcommittee. Thank you for the opportunity to appear before you in support of the FY 2024 operating budget allowance for the Maryland Department of Commerce. The proposed \$242.8 million budget—which includes \$151.1 million in general funds, \$79.8 million in special funds, \$4.3 million in federal funds, and \$7.6 million in funds from the federal American Rescue Plan Act of 2021—will allow the Department to continue fostering economic growth, attracting new investment to the state and creating meaningful new jobs and career paths across Maryland.

Before proceeding with our testimony, I want to thank Emily Haskel and the staff of the Department of Legislative Services (DLS) for their thorough and professional review of Commerce's operations and the FY 2024 budget allowance.

Today, Maryland's economy stands at a crossroads. On the one hand, our state has incredible assets, including our educated workforce, our research universities, our federal and military installations, and our infrastructure such as railroads and the Port of Baltimore. However, Maryland's economic growth has slowed in recent years. Maryland's private-sector employment growth ranks 46th between February 2020 and December 2022. Between 2019 and 2021, Maryland's GDP growth ranked 41st. In short, we have work to do.

For Maryland to reach its full potential, we need the support of this body. We need to invest in our local entrepreneurs and small businesses; we need to ensure businesses interested in Maryland can build facilities here; we need to focus on developing the clusters that set Maryland apart such as the life sciences, cyber, aerospace and others. Building a strong Maryland economy will take work but our proposed budget will support the Governor's goal of leaving no one behind.

II. Supporting Business Growth Across Maryland

The Department of Commerce is the state's leading economic development agency, focused on attracting new investment, retaining existing businesses, and providing financial assistance to Maryland businesses. Using tax credits, financing programs, and a team of industry specialists, Commerce works

closely with partners across the state including local governments and economic development agencies, businesses, federal and military partners, and higher education institutions.

What follows is an overview of Commerce’s activities and successes over the past year.

Key Business Wins in 2022

Commerce’s business attraction and retention efforts resulted in 32 expansions of location decisions, 5,761 jobs created, 708 jobs retained, 2,365 direct outreaches to Maryland businesses and 1,398 issues resolved for Maryland businesses in FY 2022. Among our recent wins:

- **Chesapeake Shipbuilding**, a cruise ship manufacturer in Salisbury is expanding its operations with a \$20 million capital investment, creating 120 new jobs.
- **Clene Nanomedicine**, a clinical-stage biopharmaceutical company focused on treating neurodegenerative diseases, is expanding its R&D facility in North East and establishing a manufacturing facility in Elkton. It expects to add 400 new jobs over the next five years.
- **Elite Comfort Solutions**, a leading manufacturer of specialty foam used in the bedding and furniture sectors, opened a new facility in Havre de Grace, creating 180 new jobs.
- **Fanatics**, a leading provider of licensed sports merchandise, is establishing a new 500,000 square-foot distribution center, adding 135 new full-time jobs in Aberdeen.
- **Greenland Technologies**, a manufacturer of electric industrial vehicles and drivetrain systems, opened a 50,000 square foot facility in White Marsh.
- **Hexagon Purus**, a provider of hydrogen alternative fuel and energy solutions, is expanding with a new 60,000 square foot manufacturing building in Westminster, where it expects to add 100 new jobs over the next four years.
- **Kite Pharma**, a global cell therapy business, will expand their Frederick operations with a new 70,000 square foot centralized raw materials warehouse to serve their global manufacturing network, creating 100 new jobs by 2026.
- **Hitachi Rail** will manufacture rail cars at a new, \$70 million production facility in Hagerstown, creating 460 new jobs.
- **MilliporeSigma**, an international biosciences company known locally as BioReliance Corporation, will expand its biosafety testing capacity by consolidating multiple facilities in Montgomery County with a \$286 million investment in a 250,000 square foot facility in Rockville, creating over 500 new jobs over the next four years.
- **United Safety Technology**, a leading manufacturer of medical protective equipment, will produce medical grade nitrile exam gloves at Tradepoint Atlantic in Baltimore County, creating 1,700 new jobs.
- **The U.S. Bureau of Engraving and Printing** will build a new paper money production facility in Beltsville, representing a capital investment of \$1.4 billion.

As of February 1, 2023, there were 61 opportunities in Commerce’s major projects “pipeline” (i.e., opportunities representing at least 50 potential new jobs). These opportunities represent 20,013 potential new jobs and \$13.1 billion in potential capital expenditures.

Rural Maryland Economic Development Fund

Last year, the Rural Maryland Economic Development Fund launched with \$50 million in grant funds to boost economic development activity, stimulate private sector investment, and grow jobs in the state’s rural regions. Commerce solicited proposals from each of the five rural regional councils for key

projects of up to \$10 million total per region. In December Commerce announced the funding of 114 projects. Selected projects include:

- **Somerset County Industrial Park** – A new 175-acre industrial park in Somerset County, which will help attract businesses looking to expand in the region (\$3.3 million).
- **Salisbury Airport** – A comprehensive plan to enhance airline service and improve economic development through the Salisbury-Ocean City Wicomico Regional Airport (\$3.29 million).
- **Agbiotech Manufacturing Project** – Development of an agricultural biotechnology manufacturing center in Talbot County (\$500,000).
- **Belvidere Road Improvement Project** – Upgrades to a road in Cecil County which will be a main thoroughfare servicing a large commercial/light industrial hub when a new interchange with I-95 opens in 2025 (\$1.98 million).
- **Calvert County Pavilion** – The development of an open-air pavilion in Prince Frederick, which would support a farmers’ market and other community events as well as promote tourism (\$2 million).
- **Chesapeake Bay UAS Route Network in St. Mary’s County** – Creation of an FAA-approved UAS route network overlying Chesapeake Bay that supports future R&D, government/civil/commercial operations, and public safety (\$800,000).
- **Former Cumberland Courthouse in Allegany County** – Renovations of an historic former courthouse building in Cumberland so it can be sold or leased to the private sector (\$1 million).
- **Garrett County Shell Building** – Design and construction of a 100,000 square foot building at the Keyser’s Ridge Business Park for a business expansion or startup (\$2.9 million).

Expanding our Global Footprint

In FY 2022, Commerce engaged 670 international companies, with five foreign companies making investments in Maryland. Despite the pandemic’s ongoing travel restrictions, Maryland hosted 20 foreign prospects in person. Commerce staff organized and participated in 80 marketing outreach activities locally and globally.

Commerce awarded 54 ExportMD grants totaling \$270,000 in FY 2022 to help small- and medium-sized Maryland companies market their products and services overseas. With these grants, 52 Maryland businesses were able to attend seven international trade shows and missions organized by Commerce. 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 (SBA) in September 2022, marking the tenth year it received an award.

In addition, Commerce assisted Maryland companies with 197 unique export initiatives, including finding customers and distributors, understanding the regulatory environment, and marketing, among others. The agency’s network of 19 foreign offices is an essential component of this company support. As a result of the grants and Commerce assistance, Maryland companies reported \$109.8 million in export sales in FY 2022.

Global Gateway: In May 2022, the agency expanded the Maryland Soft Landing Program, into a more comprehensive foreign direct investment attraction program, rebranding the program as the [Maryland Global Gateway Program](#). With additional funding of \$2 million, Maryland is able to more directly compete with other states to attract investment from abroad. This innovative program partners with the State’s business incubators, which garnered national attention at the SelectUSA Summit. Nineteen incubators and accelerators have signed up, representing all regions of the state.

Build Our Future Grant Pilot Program and Fund

Maryland has long been a leader in the innovation economy. But in order to stay competitive, Maryland must continue to invest in innovation in both current and emerging technology sectors. Commerce's FY 2024 budget includes \$10 million to launch the Build Our Future Grant Pilot Program and Fund, introduced as HB 552 and SB 549. The intent of the funding is to invest in innovation infrastructure projects in several technology sectors.

Manufacturing

More Jobs for Marylanders Program (MJM): MJM 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 locate or expand in Opportunity Zones.

In FY 2022, Commerce issued certificates for \$5.7 million in More Jobs for Marylanders tax credits to 14 companies for creating 1,059 new Maryland jobs and retaining 143 jobs. As of early 2023, 134 projects are enrolled in the program, of which 39 have begun receiving credits. These 39 projects created 2,967 qualified positions, with \$260,943,704 in wages paid to date, at an average salary of \$87,949 – higher than the average for manufacturing jobs.

Maryland Manufacturing 4.0 grant program (M4) : This program provides grants up to \$50,000 to small and mid-sized Maryland manufacturers in support of their investment in Industry 4.0-related technologies, machinery and robotics, and digital business practices in order to remain competitive and drive growth. Projects must clearly demonstrate a tie to Industry 4.0 and a long-term strategy for Industry 4.0 adoption. This pilot program is funded by \$1 million in the state's FY 2023 budget.

The program was well received with 56 manufacturers applying to fund their Industry 4.0 projects. A review team and project selection criteria were created, resulting in the approval of 23 applications totaling \$986,401 in awards.

Supply Chain Resiliency Program: In December 2021, Commerce was awarded \$588,000 in federal grant funds to launch the Maryland Supply Chain Resiliency Program. This program assists Maryland manufacturers that have been adversely affected by COVID-19 with impacts to operations, workforce and/or sales. The Maryland Supply Chain Resiliency Program includes a business assessment and review of a company's business practices to better understand the impacts on the business and the opportunities to help overcome them. To date, 24 projects have been awarded totaling \$276,400.

Small Business Assistance

Small, Minority and Women-Owned Businesses Account (SMWOBA): SMWOBA is the Department's nationally recognized program to assist small, minority, and women-owned businesses gain access to capital. The program is funded by 1.5 percent of video lottery (slots) proceeds, with 50 percent of funds targeted to areas surrounding video lottery terminal facilities. The Department utilizes nine highly qualified fund managers to make loans to small businesses in their communities and throughout the State. The estimated budget allowance for FY 2024 is \$20.2 million.

The program continues to be a great success in helping small businesses gain access to capital. In FY 2022, SMWOBA approved 161 transitions for a total of \$15.6 million. These transactions attracted \$23.7 million of private capital investment and supported 1,759 new and retained jobs. Since inception, fund managers have approved 1,027 transactions totaling \$108 million leveraging \$224.8 million that are expected to create or retain 11,859 jobs.

Maryland Small Business Development Financing Authority (MSBDFA): MSBDFA was created in 1978 to provide financing assistance to small and minority-owned businesses in Maryland. The program provides direct loans, loan guarantees, surety bonds and equity investments. In FY 2022, MSBDFA approved 21 transactions for a total of \$4.6 million. These transactions attracted \$10 million of private capital investment and supported 160 new and retained jobs. Combined with prior years activity, MSBDFA presently has an active portfolio of 128 accounts with outstanding and insured balances of \$23.8 million, which created or retained 1,866 jobs.

Maryland Economic Adjustment Fund (MEAF): In July 2020, MEAF received an award of CARES Act Supplemental funds to recapitalize the program and help small and underserved businesses in Maryland prevent, prepare for, and respond to coronavirus or economic injury because of coronavirus. In FY 2022, MEAF approved and settled 5 transactions for a total of \$545,000. These transactions attracted \$652,000 of private capital investment and supported 145 new and retained jobs.

Advantage Maryland

Advantage Maryland, also known as the Maryland Economic Development Assistance Authority and Fund (MEDAAF), is the Department's primary job creation fund. The program assists companies and jurisdictions to support job creation and retention along with capital investment. Program capabilities and incentive structures are broad, including repayable loans, conditional loans and grants, and investments.

Advantage Maryland has been highly effective in returning substantial revenue to the State. In FY 2022 15 projects were approved for up to \$12.97 million in funding to support 3,309 new jobs, 2,119 retained jobs, and more than \$1 billion in total project costs. An additional seven projects in progress may be approved for another \$9 million by the end of FY 2023.

Recent Advantage Maryland awards include BioReliance (500 new jobs in Montgomery County), United Safety Technology Phase I (550 new jobs in Baltimore County), and Kite Pharma (100 new jobs in Frederick County).

The current pipeline of projects includes 49 projects that are approved for up to \$35.1 million in funding to support approximately 15,360 new and retained jobs, more than \$1.5 billion in private sector capital investment, and return nearly \$1 billion to the state, or approximately \$27 for every dollar invested from the program.

The proposed FY 2024 funding for this program is critical to addressing the growing pipeline of major economic development projects that will assist in the ongoing, post-COVID economic recovery by promoting new job creation and retention along with capital investment. These funds are vital to ensure that Maryland remains competitive in the region, in the nation, and around the world.

Entrepreneurship and Innovation

Strategic Industry Grants: Each year Commerce provides funding to non-profit industry organizations that focus on entrepreneurship, innovation, and technology sector advancement. This past year Commerce provided \$285,500 in grants and sponsorships to 17 organizations across the state, including the Maryland Tech Council, Mountain Maryland Tech Network, techfrederick, Northeastern Maryland Tech Council, and Maryland Clean Energy Center, among others.

E-Nnovation Initiative: The Maryland E-Nnovation Initiative and Fund leverages public and private investment to support university-based research that holds promise for driving economic development and job creation. In FY 2022, the E-Nnovation Fund Authority approved \$14,500,000 in endowments to nine institutions, including first-time program participants Morgan State University. In

FY 2023, \$8,282,825 has been awarded to eight institutions including Hood College, and Washington College.

Life Sciences

In June 2022, Maryland exhibited, supported a delegation, and sponsored a networking reception at the Biotechnology Innovation Convention (BIO), the largest annual international and national gathering of biotechnology and pharmaceutical companies, attended by 14,000 participants from around the globe. Our staff held 41 formal meetings with national and international companies to pitch how Maryland can help them grow and many more informal meetings. Over 150 Maryland companies, federal agencies, and prospects attended our networking reception.

In October, Maryland participated for the first time in the MedTech Conference in Boston, leading a delegation of 20 medical technology startups. Commerce and Maryland's Life Sciences Advisory Board also secured Baltimore as the location for the upcoming MedTech Innovator and BioTools Innovator road show, which is expected to draw over 200 startups, investors, experts, and key opinion leaders in late March.

Commerce is also administering a \$2.5 million grant to the Maryland Tech Council to support workforce development in support of the life sciences industry. This initiative, known as BioHub Maryland, recently partnered with the nonprofit Platoon 22 to address the future skill needs of the fast-growing Maryland bioscience sector by engaging and providing veterans access to specialized training and education for industry-focused careers in biopharma manufacturing.

The University of Maryland BioPark continues to expand in Baltimore City, strengthening a major asset of Maryland's life sciences sector. Commerce is supporting construction of the newest building through Advantage Maryland/MEDAAF.

Cybersecurity

Maryland has a robust and growing cybersecurity industry, bolstered by the presence of military and federal agencies such as the National Security Agency and U.S. Cyber Command. Commerce works closely with partners such as the Cybersecurity Association of Maryland, the Maryland Cybersecurity Coordinating Council and others to promote Maryland as the powerhouse of cybersecurity nationally and internationally, and address critical needs of the industry, including workforce.

Small Business Pilot Program: Commerce was one of three states awarded a Cybersecurity for Small Business Pilot Program grant totaling \$930,155 from the Small Business Administration (SBA) in August 2022. The program will provide small businesses with an overall assessment of their current cybersecurity infrastructure; cyber hygiene training for all employees and curated training for select individuals from the small business focused on industry specific cybersecurity; and remediation services to address the risks noted in the assessment phase.

Military and Federal

New Federal Agency Projects: Commerce is currently supporting expansion and relocation projects with four federal agencies: the Bureau of Engraving and Printing; the Bureau of Labor Statistics; the Food and Drug Administration; and the competitive attraction project of the newly formed Advanced Research Projects Agency for Health (ARPA-H). These four projects collectively represent over 4,000 new jobs and roughly \$2 billion in capital expenditures.

Defense Technology Commercialization Center (DefTech): The DefTech Center supports entrepreneurs commercializing technologies from DoD labs in Maryland. Throughout the course of DefTech's 3.5 years of operation, the program served 83 entrepreneurs and companies to support

product development activities, created or retained 632 Maryland jobs and raised \$33 million of investment. In 2023, the program is being led by TEDCO who will manage the DefTech on behalf of Commerce.

Maryland Defense Supplier Support Program: Launched in 2023, this new program aims at modernizing defense manufacturing processes via Industry 4.0 technology solutions. Led by the Maryland Manufacturing Extension Partnership, who will manage the program on behalf of Commerce, the program will work with two defense “original equipment manufacturers”, or prime suppliers, to identify suppliers within their supply chains who would benefit from industry 4.0 solutions.

Installation Resiliency: Commerce will continue to support installation resiliency in the state by continuing the work started by the Compatible Use program. Commerce will also explore funding for a statewide Military Installation Resilience Review (MIRR) project which will strategize on ways in which the state can support installation resiliency against threats like climate change.

Aerospace/Unmanned Aerial Systems (UAS)

Maryland continues to be an excellent location for businesses working in autonomous technologies to establish themselves. The past year saw continued growth of UAS assets in Southern Maryland. Commerce’s aerospace/UAS initiatives included:

AUVSI: To promote the unmanned and autonomous vehicle industry in Maryland, Commerce hosted a Maryland Pavilion at the 2022 AUVSI Xponential Trade Show in May of 2022, partnering with six Maryland-based companies and engaging with numerous organizations from across the United States. Commerce will host a larger, similarly styled booth in 2023 to accommodate eight Maryland based businesses in May 2023.

Aerospace States Association: In partnership with the national Aerospace States Association, Commerce hosted the first Maryland Aerospace legislative reception in March of 2022. The event, which brings together industry representatives from the aerospace, aviation, and uncrewed technologies industries, was also attended by members of the legislature. The second annual Maryland Aerospace Day was held February 16 in coordination with the Maryland Space Business Roundtable, NASA Goddard, the UMD Research and Operations Center and the UMD SMART facility.

Clean Energy and Offshore Wind

Commerce, in partnership with the Maryland Energy Administration, is participating in the upcoming 2023 IPF - Business Network for Offshore Wind Conference, to be held in Baltimore in March. Commerce has taken a leadership position within the State and region to support the development of Clean Energy and Offshore Wind projects, aligning with the transition to 50% renewable energy utilization by 2030.

These efforts include the increase in associated workforce development involved in tradecraft, including port infrastructure, steel fabrication, monopile foundation manufacturing, subsea cable manufacturing, and turbine tower manufacturing at locations such as TradePoint Atlantic.

Commerce is currently competing for three offshore wind supply chain operations. These companies are seeking locations to manufacture undersea cable, wind towers and flanges. These opportunities represent 875 potential new jobs and more than \$500 million in capital expenditure.

Quantum Computing

Quantum is an emerging technology field in which Maryland has a significant opportunity to be a leader. Commerce was a host sponsor of Connected DMV’s inaugural 2022 Quantum World Congress in Washington D.C. The Department is a member of the Potomac Quantum Innovation Center, and

provided funding to UMD for both the Quantum Startup Foundry and the 2022 Quantum Investors Summit.

Maryland is a recognized national and worldwide leader in the fields of Quantum Computing and Quantum Physics, with major contributions and innovations through the preeminent University of Maryland College Park and leading-edge, commercial entities such as IonQ.

Tourism, Film and the Arts

Tourism is a major economic engine for the state, supporting not only economic opportunity, but quality of life for Maryland residents. Marketing Maryland is critically important to the tourism industry; for every dollar that the state invests in promoting Maryland as a vacation destination, \$31 is spent at the state's attractions, restaurants, hotels and other tourism-related businesses.

After dramatic reductions in visitor spending due to COVID-19, this past year showed signs of improvement, with increases in room occupancy and revenue at Maryland lodgings. Maryland must continue to invest in marketing to maintain the upward trajectory that was recorded in 2022.

The Office of Tourism continues to promote Maryland's assets and experiences, including Underground Railroad history and storytelling; the Chesapeake Bay; and the 18 Scenic Byways that lead to Maryland's amazing towns and cities. This strategy is working: in 2022, advertising requests were up 19 percent, nearly 3 million visitors sought travel information at visitmaryland.org and, perhaps most importantly, this web site sent more than half a million interested travelers to tourism partners across the state.

Film: Recently completed productions in Maryland include season one of *Lioness* for Paramount+, which filmed in 9 counties around the state, and the limited series *Lady in the Lake* for Apple+.

In all, ten productions have shown interest in filming in Maryland this fiscal year. All of the productions were attached to first-rate producers and production companies, including HBO, a company that has enjoyed filming in Maryland in the past; Disney, Taylor Sheridan (creator of *Lioness* and whose company also produces the *Yellowstone* franchise) and Netflix.

Unfortunately, Maryland also lost three major series with very strong Maryland ties to other states. Competition to have a film made in a certain state is fierce. In our region, Pennsylvania has \$100 million per year in film incentives, Ohio has \$40 million per year, and New Jersey has \$100 million per year. Mississippi has \$20 million per year. Oklahoma, a state with limited film and television history and very little infrastructure, has \$30 million per year. Georgia, Illinois, Connecticut, Massachusetts, and Maine all have uncapped incentive programs.

The Maryland Film Production Activity Tax Credit must set aside 10 percent for small and independent film Maryland film productions. Five applications for qualification for tax credits were submitted by Maryland Small Films and approved in FY 2022. Since its inception, 27 local companies have used the small film tax credit.

The Arts: In FY 2022, the Maryland State Arts Council (MSAC) invested over \$25.3 million in the state's arts sector, awarding over 1,100 grants to organizations and individuals. MSAC's grant programs range from offering general operating support for arts organizations and arts programs to project grants for artists and organizations to awards that recognize artistic accomplishment and service to community. In addition to grantmaking, MSAC offered 82 free virtual professional development opportunities for 2,427 participants.

MSAC's grantmaking activity in FY 2022 was a marked increase from FY 2021, which saw just over 700 grants totalling \$21.5 million. This stems from a years-long effort by the staff and Council to revise grant programs in the interest of equity, inclusivity, and access. The Creativity Grant, which has

grown in recent years, has been a notable success, and 81 organizations new to MSAC were added to the Grants for Organizations funding pool over the past three fiscal years. There has also been a notable increase in interest in accessing Public Art Across Maryland (PAAM) funds as well as Arts in Education grants that help bring teaching artists into schools and community settings across the state.

In FY 2023, MSAC is distributing \$40 million in Arts Relief funding efficiently and effectively, aiming to provide economic stability as the arts sector continues to navigate the effects of the COVID pandemic. To accomplish these aims and follow the General Assembly's directions for the funding's use, MSAC plans to disburse funding through increased general operating support for organizations, additional project funding from existing grant programs, and Grants for Artists, a pilot program that supports working and living expenses of Maryland's independent artists. As of February 1, 2023, MSAC had awarded \$23,735,818.57 through 704 grants. Awards will continue monthly through March and a second round of Arts Relief General Operating Support and PAAM grants will be awarded this spring. The Grants for Artists program, which received 1,197 applications from independent artists in Maryland by its first deadline will begin awarding grants in March.

Pre-pandemic, MSAC's 300+ grantee organizations created around \$1.2 billion in total economic activity, supporting 14,600 jobs and generating close to \$50 million in state and local taxes on average. According to Bureau of Economic Analysis data, relative to Maryland's overall economy, arts and culture declined more rapidly, with the total market value of goods and services declining 7.67% between 2019 and 2020. MSAC's continuing investments, including around 2,500 FY2023 grants to artists and arts organizations totaling \$65 million, are helping to ensure that Maryland's arts sector will remain one of the strongest in the nation.

Commerce Marketing and the Maryland Marketing Partnership

A comprehensive business marketing campaign was launched in 2017 by the Maryland Marketing Partnership (MMP). The campaign has reached over 1 billion business decision makers since launch, and in 2022 drove a record 4.4 million visitors to the [Open.Maryland.gov](https://open.maryland.gov) website to learn more about doing business in Maryland. Since 2015, Maryland's social network audience has more than doubled in size, and annual social network engagements have increased from 27,500 to 524,279, while annual ad impressions increased from 6.7 million to 27.5 million.

To augment the state's investment in MMP programs, the Partnership has also raised funds from the private sector. To date, the MMP has received corporate commitments totaling \$6.51 million to support the MMP's yearly media buys and development of the [Open.Maryland.gov](https://open.maryland.gov) website, which serves as a hub for Maryland economic development content and shows people what it's like to be in Maryland.

In 2022, the Partnership contracted with a Maryland-based advertising agency, Planit, to handle the campaign moving forward. Planit's media buy for 2023 includes advertising in outlets such as Wall Street Journal, Inc. Magazine, Wired, Site Selection and Area Development. Also in 2023, the MMP will include a workforce attraction ad buy that targets high-tech workers in key markets with messages about opportunities in Maryland. MMP will support the campaign with a PR effort, coordinated with Baltimore-based Abel Communications, to reach out to the media to pitch Maryland as a place of innovation and a great place to do business. Recent successes of this extensive public relations effort include articles placed in the Wall Street Journal, Site Selection Magazine, the Baltimore Business Journal (and articles were picked up by several sister publications), and online television networks.

IV. Department of Legislative Services (DLS) Recommended Actions

A complete set of Commerce's detailed responses to the DLS recommended actions is attached to this testimony.

V. Conclusion

The proposed FY 2024 budget for the Department of Commerce reflects the administration's commitment to supporting economic growth and ensuring that Maryland is competitive as we work to attract new investment to the state. Commerce employs a broad range of tools, including tax credits, financing programs, and innovative new programs when possible. The requested funding is critical to our ability to leverage the state's unparalleled assets to create meaningful job growth and prosperity.

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 and bringing new prosperity and opportunity to our people.

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

Department of Commerce

**Responses to the DLS Analysis
of the Commerce FY 2024 Operating Budget Allowance**

**Prepared for the hearing before the House Appropriations Subcommittee on
Education and Economic Development on February 22, 2023
and the Senate Budget & Taxation Subcommittee on Education, Business and
Administration on February 27, 2023**

DLS Operating Budget Recommended Actions:

- 1. Add language requiring notification to the Legislative Policy Committee prior to the distribution of funds from the Economic Development Opportunity Fund.**

Commerce response:

Commerce concurs with this recommendation.

The department should comment on when these funds are expected to be released or if the release is not expected, the reason why.

Commerce is not aware of any plans Governor Moore has to release the funds for Prince George's Financial Services Corporation and Employ Prince George's, Inc. Commerce cannot release those funds unless directed by the Governor to do so.

The department should comment on the expected pace of deploying SSBCI funding going forward.

The pace of deployment of the SSBCI funds has been slow. To date, one transaction has been approved for \$293,000. There are approximately 100 applications under review for the MSBDFA program. There are currently three pending transactions totalling \$3,000,000. The federal program has complex rules around funding. Matching the borrower and lending structure to the program rules has been challenging but the contractor believes it will have half of the first tranche (\$7.0 million) of funds deployed by the fall of 2023.

The department should comment on efforts to further add fund managers for the SMWOBA program or to otherwise increase program activity.

Since the inception of the program in 2013, the average amount of SMWOBA Funds deployed each year is \$11.2 million. In FY 2022, the fund managers had approved \$15.6 million in loans supporting 1,789 new and retained jobs. So far in FY 2023, the fund managers have approved sixty-three transactions totalling \$8.6 million. The Department recognizes the growth in the fund and the need for additional fund managers and recently added a ninth fund manager in FY 2022. A Request for Proposal has been advertised seeking additional fund managers to expand the capacity of the program to reach more small businesses in the State. The Department would like to bring on at least two to three additional fund managers.