



**COME TO WORK
STAY TO PLAY**



Maryland
Annual Report | **1999**

MARYLAND DEPARTMENT OF BUSINESS & ECONOMIC DEVELOPMENT

Letter from the Governor and Lt. Governor

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Parris N. Glendening
Governor



Kathleen Kennedy Townsend
Lt. Governor

Maryland is a great place to do business. From bio-tech to manufacturing, from health care to agriculture, the state is on the move. We have the people, the infrastructure, the quality of life and the attitude needed for success. In fact, Maryland's economy is at its strongest point in a decade, with solid job growth, higher wages and a consistently low unemployment rate.

Over the past five years, the Glendening-Townsend Administration has worked to improve Maryland's business climate. Working with the General Assembly, we reduced the state's personal income tax for the first time in 30 years. We implemented a job creation tax credit program and reduced or eliminated 20 business taxes. Responding to the needs of businesses across the state, the Department of Business and Economic Development established five regional centers, providing better access to customer-focused service. Advanced Technology Centers, located in community colleges throughout Maryland, also provide these businesses with customized high-tech training for their employees, ensuring that our state has a skilled workforce to meet the needs of businesses, both today and in the future.

We will continue to strengthen Maryland's business environment. We will increase our ability to respond to economic development opportunities, improve access to financing and streamline the approval process for existing incentive programs. Moreover, through workforce development programs, we will ensure that Maryland companies have the trained and qualified people they need to grow and expand.

Making Maryland's economy a national benchmark has always been, and will always be, a top priority of this administration. As you read this annual report, we think you will agree that we have made substantial progress toward our goal.

A handwritten signature in cursive script that reads "Parris N. Glendening". The signature is written in dark ink and has a long, sweeping tail that extends to the right.

A handwritten signature in cursive script that reads "Kathleen Kennedy Townsend". The signature is written in dark ink and is more compact than the signature above it.

Letter from the Secretary

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Richard C. Mike Lewin
Secretary

It is my firm belief that Maryland is one of the best places in the world to live and to work. Maryland ranks first in the nation in percentage of professional and technical workers in the workforce, first in the dollar amount of National Institutes of Health research and development awards, and first in educational categories ranging from high school completion rates (95%) to the number of residents with doctoral degrees in the biological sciences. We rank second among all states in the percentage of college graduates as well. Our state enjoys the nation's second highest median household income and its lowest poverty rate.

What's behind these numbers? That's the rest of the story: great business locations; excellent quality of life with world-class cultural, sports and recreation offerings; access to customers and suppliers; and outstanding educational systems and their talented graduates. These are just some of the resources that make our great state a premier location for working, playing, learning and living. Telling Maryland's story throughout the world of business, trade and travel is at the heart of our mission at the Department of Business and Economic Development.

These pages highlight many of our efforts during the year ending June 30, 1999 to maintain and enhance Maryland's business climate and to raise our state's profile around the world as the business location of choice. Two threads run through this tapestry of programs, projects and publications – information and teamwork.

As Maryland's standing among states has climbed during the Glendening-Townsend Administration in the key measures of economic health, our department has stepped up efforts to spread the word about our many business advantages, especially within the growing business sectors of biotechnology, information technology, communications, financial services, transportation and manufacturing. The assets and resources we bring to the global marketplace are outstanding. Our task has been to wake up the world to all the ways that doing business in Maryland can benefit companies, their employees and their families.

Promoting Maryland's business advantages, supporting economic development initiatives in all regions of our state, and responding to the concerns and inquiries of business decision-makers all require teamwork. By fostering and supporting partnerships, alliances and networks at the local, regional, state, national and international levels we can address economic development needs at all of these levels. And by doing so, we ensure that our message about Maryland will be heard.

Thank you for taking the time to read this report on the department's activities and achievements for FY 99. As you review it, I hope you will take note of what we are doing to sustain our current prosperity well into the 21st century. Please call us whenever we can be of assistance. Or visit our website, www.choosemaryland.org.

Richard C. Lewin

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**Maryland ranks
first
in the nation in
the percentage of
professional and technical
workers (24.1 percent)
in the workforce.**



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Mission

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Maryland ranks **second** in the nation in the percentage of the population (31.8 percent) age 25 and over that has completed a bachelor's degree or more.



The mission of the Maryland Department of Business and Economic Development is to stimulate private investment and create jobs, attract new businesses to the state, encourage the expansion and retention of existing companies and provide businesses in Maryland with workforce training and financial assistance. The Department also publicizes Maryland's economic advantages and markets local products and services at home and abroad to spur economic development, international trade and tourism. As part of its promotional mission, the Department supports the arts, film production, sports and other special events. The four primary divisions are Marketing (now known as Business Development), Financing, Regional Development and Tourism, Film and the Arts. The Division of Administration and Information Technology provides administrative and support services.

M E A S U R E M E N T

	FY 1997 ACTUAL	FY 1998 ACTUAL	FY 1999 ACTUAL
EMPLOYMENT			
New Jobs	16,957	21,078	19,360
Retained Jobs	14,785	26,367	24,640
TOTAL	31,742	47,445	44,000
CAPITAL INVESTMENT			
State: In State Companies	\$88.5 million	\$132.8 million	\$97 million
State: Out-of-State Companies	\$10.2 million	\$14.7 million	\$11 million
TOTAL	\$98.7 million	\$147.5 million	\$108 million
PRIVATE SECTOR	\$1.06 billion	\$1.58 billion	\$1.15 billion

Economic Development Commission

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Maryland ranks first in the nation in the rate of high school completions (95 percent), considerably more than the national average (85 percent).



Created by Governor Glendening in 1995, the Maryland Economic Development Commission fosters a positive business climate that will result in more employment choices for Maryland residents. The Commission, a partnership between state government and the private sector, develops strategic plans, market initiatives, programs and policies to enable Maryland to compete more vigorously in the global marketplace.

The Commission's mission is to establish economic development policies, incentives and programs that will help extend prosperity in Maryland to all of its citizens in every region of the state. To this end it has produced two strategic plans, Strategic Directions for Increasing Maryland's Competitiveness and Strategic Directions for Increasing the Competitiveness of Maryland's Growth Industry Sectors, and continues to focus on issues and actions that are critical to Maryland's business-friendliness and the retention and growth of jobs and investment.

FY 99 HIGHLIGHTS

- The Administration and the General Assembly successfully accomplished actions related to most of the Commission's 1999 top legislative priorities by implementing recommendations in the strategic plan for economic development.
- Testified before the Maryland General Assembly on legislation concerning the creation of the Maryland Economic Development Assistance Authority and fund, amending Maryland General Corporation Law to strengthen Maryland publicly owned companies' ability to deal with unsolicited takeovers and opposed changes to state's contributory negligence law.
- Helped design a study to highlight the components of the state's tax structure and tax burden for specific industries and income levels, including a comparison of Maryland's rates in these areas versus the tax rates of competitor states.
- Produced a report comparing the cost of living for selected Maryland jurisdictions that will be used for comparison with communities throughout the United States. The report includes several Maryland counties and three Virginia counties.
- Conducted the second statewide employers' workforce needs and preparedness survey in collaboration with the Maryland Business Roundtable for Education, the Maryland Higher Education Commission and the

Maryland State Department of Education. The “Maryland Workforce Educational Needs Assessment Survey” was released in 1999, providing information on the level of satisfaction and anticipated needs of employers across Maryland regarding the state’s educational systems and how well they are preparing potential employees for the workforce.

Created by Governor Glendening in 1995, the Commission is a partnership between state government and the private sector working together to foster a positive business climate.

- Approved department regulations pertaining to the Maryland Small Business Development Financing Authority.
- Through its Maryland Marketing Partners program, communicated the state’s economic strengths and opportunities through publications and personal meetings with business and community leaders.



Office of the Secretary

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Maryland has the
second
highest median
household income
in the nation
(\$50,016),
29% above
the national average.



The Office of the Secretary directs, supervises and coordinates the activities of the Department and maintains working relationships with local, state and federal agencies, county and municipal governments, businesses and organizations.

Office of the Attorney General

This office provides legal counsel and advice to the Secretary in negotiations, administrative proceedings and litigation, and assists Department staff in drafting financial transaction documents, legislation and regulations.

Office of Communications

The Department's comprehensive public relations program is planned and implemented by this office, using proactive media relations and the preparation of news releases, publications, speeches and special events.

Office of Economic Policy and Legislation

This office is responsible for the development and enactment of the Department's legislative agenda and economic policy initiatives. The Office of Economic Policy and Legislation also acts as liaison between the Department, the Governor's Legislative Office and members of the Maryland General Assembly, and advises the Secretary on the impact of state and federal legislative and regulatory initiatives that affect the Maryland economy.

Office of the State Technology Coordinator

Working with universities, federal laboratories, technology councils and non-profit research organizations, the State Technology Coordinator works to expand the growth and competitiveness of Maryland's high-tech companies. FY 99 activities focused on nurturing growth in key technology niche sectors such as information security, computer game software, and telemedicine; identifying and developing unique opportunities for Maryland technology companies such as the commercial satellite launch opportunities at NASA's Wallops Island facility; support for the Maryland Technology Alliance, the Maryland Science, Engineering, and Technology Development Corporation and new technology-focused organizations active in the state; production of the 1999 Maryland Technology and Innovation Index; and workshops on how to attract and retain Internet-based companies.

Governor's Office of Business Advocacy

The Governor's Office of Business Advocacy (GOBA) exists to help Maryland businesses navigate the processes and regulations of local, state and federal governments. Reporting directly to the Secretary, GOBA provides personalized



attention to business clients, acting as liaison, information provider, ombudsman, and problem solver to meet and resolve business concerns quickly and efficiently. GOBA also is active in small business development initiatives and collaborates with other state departments and agencies on matters that affect businesses and the environment, workplace safety and health, taxation, transportation, permitting and licensing and federal issues. Companies in Maryland's manufacturing, services, real estate, transportation and distribution industries have been assisted by GOBA.

Telling Maryland's story throughout the world of business, trade and travel is at the heart of our mission at the Department of Business and economic Development.

Richard C. Mike Lewin



GOBA participates in the work of the following boards and commissions:

- Governor's Task Force on Maryland Crab Meat
- Chesapeake Bay Critical Area Commission
- Small and Minority Business Focus Group
- Governor's Task Force on Increasing African-American Entrepreneurship in Baltimore City
- The Working Group to Promote Family-Friendly Workplaces
- Maryland Emergency Management Agency
- Governor's Interagency Council for the Non-Profit Sector

Division of Marketing*

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Maryland ranks first in the nation in doctorates in biological sciences. The state ranks second overall in doctoral scientists, including second place rankings in computer sciences and health sciences.



The Division attracts new business to Maryland and supports the expansion of existing businesses. To achieve these goals, we work to increase awareness of Maryland's many business advantages among business location decision-makers and consultants. We provide site selection help to domestic and international companies and assist businesses in increasing their exports in the world market. We provide demographic, economic and market data to help companies expand their markets. Within the Division, three primary units are organized to meet these responsibilities: the Office of Business Development, the Office of International Business and the Office of Business and Economic Research.

During FY 99, the Division worked on 140 business projects that will generate \$1.2 billion in new capital investment.

Business Development

This office identifies and develops relationships with key national and international organizations in economic development, including the National Association of Corporate Real Estate Executives (NACORE), the International Development Research Council (IDRC), the National Association of Industrial and Office Properties (NAIOP), the Biotechnology Industry Organization (BIO) and the Institute of Food Technology & Food Expo.

National Marketing Unit

This unit is responsible for advertising and promotion with a mission of delivering consistent positive messages about Maryland in trade and general business magazines, industry sector publications, broadcast advertising, airport displays and at trade shows and business networking forums. Our communication strategy generates leads from potential employers interested in locating in Maryland, which are then tracked and managed by the Marketing Unit.

Business Location Group

This group provides companies that are considering expansion into or within Maryland with information about state and regional business climates and resources, including available sites that meet a company's requirements. Group representatives create and deliver customized presentations and help interested companies identify state incentive programs in financing and workforce training that can benefit expanding firms.

* Name changed to the Division of Business Development in FY2000.

During FY 99, the Division worked on 140 business projects that will generate \$1.2 billion in new capital investment.

International Business

This office helps increase the participation of Maryland companies in the world market and raises the profile of Maryland as a business location for foreign-owned companies. We offer export assistance to small and mid-sized Maryland firms with internationally competitive products and services. Trade specialists provide export transaction counseling, conduct market research and assist clients with trade shows and missions in target markets and industries. Backing up this assistance is our network of foreign offices and representatives in nine strategic markets around the globe.

Foreign Investment representatives market Maryland as the premier location for companies headquartered abroad and assist foreign firms already in Maryland with their expansion plans. The Foreign Investment Group offers site selection assistance and expertise on the advantages of a Maryland location to international companies.

The Office of Business and Economic Research

Objective, timely, market-driven analyses and customer support are generated by this office for business development professionals working in all units of the Division and the Department. It provides in-depth reports on matters affecting Maryland commerce, including taxes and public sector expenditures, regulatory issues and the economic impact of legislation. This office administers Maryland's Enterprise Zone program and job creation tax credits.

FY 99 HIGHLIGHTS

Office of Business Development

- Attended nine trade shows and exhibitions that, together with previous shows, generated 315 prospect leads. Trade shows were selected based on industry sectors targeted for development and included three in

the field of biotechnology, two in information technology, two in manufacturing, one in transportation/distribution and one in electronics.

- Produced and placed 56 advertising insertions in 16 publications targeting business development, trade, minority enterprise and regional business. This advertising generated 623 leads, a 48 percent increase over FY 98. Continued to concentrate these communications in business periodicals that generate the most leads: Business Facilities, Expansion Management, Global Sites & Logistics and World Trade magazines. Outlets to be added in FY 2000 include Site Selection, Forbes and Aviation Weekly magazines. Targeted marketing to new areas and sectors included advertising in Crain's New York Business and UPSIDE magazines.
- In partnership with local economic developers and regional allies, advertised in regional publications including The Daily Record and Tech Gazette.



Office of International Business

- Maryland-based trade specialists teamed with a network of foreign trade and business representatives with offices in Argentina, Brazil, Chile, China, Israel,

Japan, Mexico, The Netherlands and South Africa, assisted 127 companies, resulting in 143 validated export sales totaling \$75.6 million.

- Twenty-four new foreign-owned businesses established Maryland facilities as a result of the Office of International Business' efforts.
- In FY 99, the Maryland Trade Assistance Program, which offsets companies' costs of participating in the global marketplace through matching grants, leveraged \$100,000 to assist 37 exporters in realizing \$3.7 million in sales.
- Published WORLDVIEW, a bimonthly newsletter, and distributed it to more than 5,000 international business executives.



Office of Business and Economic Research

- Provided business prospect support through Dun & Bradstreet report runs, applications of the Resource Allocation Model and documentation and research for Enterprise Zone and Job Creation Tax Credit applicants.
- Published Maryland: The Right Location for Your Business, Maryland Incentives and an updated edition of Brief Economic Facts for the State and all 24 local jurisdictions to assist with business prospect support. Published The Economic Pulse for the entire Department with updates of key economic indicators.
- Processed and certified 36 requests for Job Creation Tax Credits. These firms are expected to create 8,672 new jobs in Maryland.
- Completed six economic impact studies on the Baltimore Ravens, the Hippodrome Theater, Maryland Small Business Development Financing Authority, military installations, forestry and call centers in Maryland.
- Approved three expansions of existing enterprise zones in Baltimore City and Worcester County; renewed two existing enterprise zones for Garrett and Dorchester counties; and designated two new zones in Prince George's and Allegany counties.

Division of Financing

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With only
7.2 percent
of the state's population
living at or below the
poverty level,
Maryland enjoys
the nation's
lowest
poverty rate.



The Division extends assistance to businesses through programs that are consistent with the Department's strategic objectives. That assistance includes direct lending, bank loan guarantees, bond issuance, linked deposits, loan guarantees and venture capital investments. Our chief objectives are to underwrite credit risks; negotiate, structure and close loans and incentives; and manage the accounts after closing. Resources are allocated to meet the Department's strategic goals in the areas of job retention and job creation (particularly in high-risk areas), with a focus on high-quality positions and family-supporting wages with benefits. The Department also takes into consideration the level of capital investment, improvement in local employment levels, the return on the state's investment and the strengthening of key industry sectors. Our customers include businesses in all parts of Maryland, businesses interested in locating in Maryland, local economic development offices in the state's 23 counties and Baltimore City and the financial institutions serving Maryland-based businesses.

FINANCING PROGRAMS

Maryland Industrial Land Act

Under the Maryland Industrial Land Act (MILA), the Division supports local economic development by arranging low-interest, long-term financing to local jurisdictions and businesses sponsored by the local jurisdiction. The MILA revolving loan fund may be used to acquire land, develop industrial parks, construct or rehabilitate commercial buildings and create or enhance infrastructure supporting business developments. The MILA program also can provide grants to local revolving loan funds – a resource to small businesses.

Maryland Industrial and Commercial Redevelopment Fund

The Maryland Industrial and Commercial Redevelopment Fund (MICRF) supports local economic development through low-interest, long-term financing of high-priority development projects. The MICRF revolving loan fund may be used to acquire and improve land or real property and fixed assets. Financing assistance may be made directly to a local jurisdiction or businesses sponsored by the local jurisdiction.

Economic Development Opportunities Program Fund (Sunny Day Fund)

An economic tool for extraordinary projects, the Sunny Day Fund was created to enable Maryland to respond to proposals in need of financial backing beyond the capabilities of existing state and local financing programs. Financing from the Sunny Day Fund can be used to help retain and expand existing businesses and to establish or attract new businesses.

Community Development Block Grant Economic Development Program

The Community Development Block Grant-Economic Development Program (CDBG-ED), began as a project of the U. S. Department of Housing and Urban

Development to fund housing rehabilitation and economic revitalization. Maryland established its own program in 1987 and today the Department co-administers it with the Maryland Department of Housing and Community Development. CDBG-ED funds provided by the Department may be used for loans or for conditional grants to eligible local governments for job creation.

Maryland Small Business Development Financing Authority (MSBDFA)

The Maryland Small Business Development Financing Authority provides loans and loan guarantees to businesses owned by socially or economically disadvantaged persons. The programs are generally the first level of debt assistance obtained by small firms that do not qualify for bank financing as they are in the early phase of operations, do not have a track record of performance or lack adequate collateral to secure a loan. The program provides working capital loans to businesses awarded contracts with local, state and federal government agencies and partial guarantees for long-term working capital and equipment loans by banks and other commercial lending institutions. MSBDFA helps small businesses obtain bid, performance or payment bonds necessary to perform on contracts where the majority of funds are provided by a government agency or public utility. The program also provides funding for franchise business acquisition and technology based businesses.

The MSBDFA program is managed by MSBDFA Management Group, Inc. a private contractor that reviews and evaluates applications, and presents proposals to MSBDFA for approval.

Day Care Funding Programs

Day Care funding programs provide guaranties and loans to assist the development and expansion of day care facilities. The funding may be used for land and building acquisition, construction, renovations, business acquisition, equipment and working capital, as well as inventory, supplies and educational materials, furniture and other items required by federal regulations.

Maryland Seafood and Aquaculture Program

This program was established to provide below-market,

fixed rate loans to eligible individuals or businesses for the expansion, innovation and modernization of the Maryland aquaculture industry.

Maryland Industrial Development Financing Authority (MIDFA)

This program provides insurance support for loans by financial institutions to manufacturing, industrial and technology businesses located in or moving to Maryland. MIDFA participates in issuance and/or insurance of taxable and tax-exempt economic revenue bonds for fixed assets and working capital. The fund also insures transactions made by conventional and asset-based financial institutions for working capital, fixed assets, letters of credit, leasing and other related activities.

Investment Financing Group Programs

The Challenge Investment Program and the Enterprise Investment Fund provide funding for technology driven companies, either as start-up or second stage funding.

NEW PROGRAMS

Maryland Economic Development Assistance Fund (MEDAF)

The Maryland Economic Development Assistance Fund is a new program approved by the General Assembly during the 1999 legislative session. MEDAF is a non-lapsing, revolving loan fund to provide below-market, long-term, fixed-rate financing to businesses in specific growth industry sectors in priority funding areas. MEDAF assistance can take the form of loans (not grants) used for acquisition of buildings, land, machinery and equipment; leasehold improvements; leases; infrastructure costs or working capital. Eligible borrowers are businesses in select industry sectors and the Maryland Economic Development Corporation (MEDCO). The program went into effect July 1, 1999.

Smart Growth Economic Development Infrastructure Fund (One Maryland)

A new program approved by the General Assembly in 1999, One Maryland provides assistance to local jurisdictions for infrastructure and real estate projects in qualified distressed areas. Eligible jurisdictions in FY 2000 are

the counties of Allegany, Caroline, Dorchester, Garrett, Somerset and Worcester and Baltimore City. Assistance will be provided in the form of loans, grants or investments to these jurisdictions and/or the Maryland Economic Development Corporation (MEDCO) for infrastructure development, real estate acquisition, construction, renovation, demolition and related costs of improvements to business sites. The program went into effect July 1, 1999.

FY 99 HIGHLIGHTS

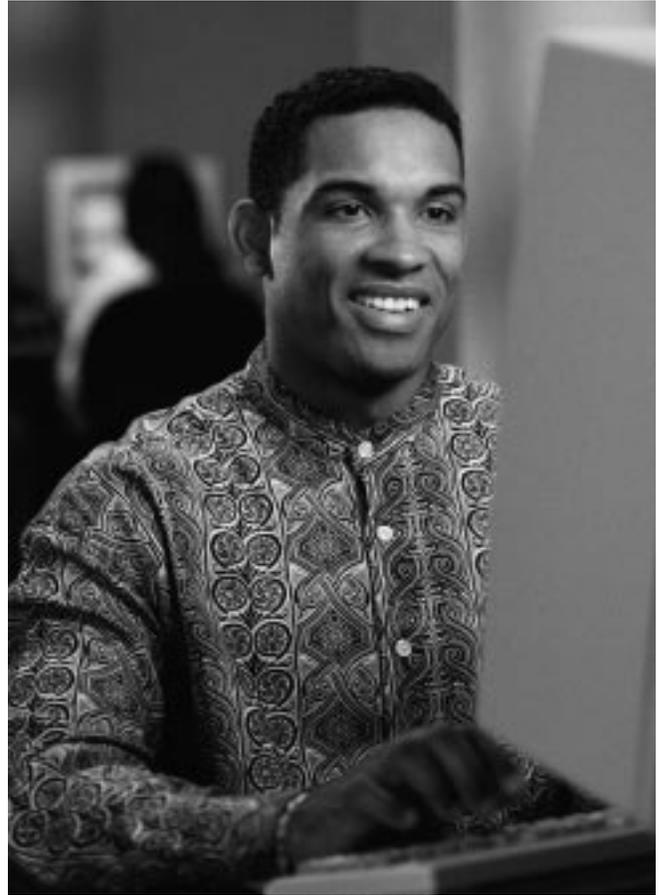
- During FY 99, MILA funded eight new deals with total disbursements of \$5,440,525. Of that total, \$620,000 represents grants disbursed to three jurisdictions to support local revolving loan funds. As of June 30, 1999, two of the remaining loans had undisbursed funds totaling \$1,915,000. Of the eight deals funded, three were committed to in FY 99 and five originated in prior periods. The MILA program has outstanding loans totaling \$52,766,387 extended to 78 projects.
- Under the MICRF program, a total of 23 new transactions in 10 political subdivisions were approved aggregating \$13,542,140. The MICRF program has \$46,691,742 in total obligations to 68 businesses.
- As of June 30, 1999, the Sunny Day portfolio consisted of 46 loans and conditional loans with total principal outstanding of \$53,493,162. Another 13 transactions have been approved by the Legislative Policy Committee and are pending closure.
- As of June 30, 1999, CDBG-ED funds in the amount of \$1,042,575 were used to support two economic development projects. Since FY 88, DBED has provided CDBG-ED financing totaling approximately \$30 million to approximately 95 economic development projects in Maryland.
- During FY 99, under the Maryland Small Business Development Financing Authority's (MSBDFA) contracting financing program, 14 applications were approved

The One Maryland program provides assistance to local jurisdictions for infrastructure and real estate projects in qualified distressed areas.

for financing totaling \$2.2 million. Seven of these loans closed for a total of \$710,000, with another three for \$800,000 pending closing at the end of the fiscal year. The applicants withdrew four requests. Total exposure for the program at the end of FY 99 was \$1.9 million.

- The MSBDFA Loan Term Guaranty Programs guaranteed 11 loans for \$2.8 million, with exposure to MSBDFA of \$1.8 million. Fifteen applications were approved for more than \$3.8 million, supported by program assistance of \$2.5 million. At the end of the fiscal year, two loans for \$625,000 were pending closing with guarantees of \$350,000 from MSBDFA. Total exposure for the program at the end of the fiscal year was \$2.35 million.
- During FY 99, the MSBDFA Surety Bond Program made six bonding commitments, obligating \$2.6 million in program funds. Most of the commitments were made in the form of bonding lines of credit that clients can use for several contracts at the same time. Two of the transactions were for the guaranty of bonding lines to be provided by commercial sureties.
- The MSBDFA Equity Participation Programs financed two transactions during FY 99, both involving technology firms, for a total of \$700,000. Four applications were approved in all, totaling \$1.35 million; the other two applicants withdrew their requests.
- In FY 99 the Day Care program closed three loans with \$303,075 in insurance and four direct loans totaling \$138,520. The Day Care programs support 61 businesses with \$4,479,413 of insurance on loans and \$3,434,463 in direct loans.

- Maryland Seafood and Aquaculture funded one loan in the amount of \$250,000. The fund currently has loans to five businesses totaling \$911,507.
- MIDFA participated in 15 transactions providing \$57,225,000 in financing with insurance totaling \$15,665,000. As of the close of FY 99, six transactions have been approved and are pending settlement in the amount of \$29,190,000, insured for \$8,725,000. The MIDFA program supports 91 transactions with total insurance of \$98,008,956 in force.
- Challenge closed nine investments totaling \$450,000 and 12 milestone investments totaling another \$300,000.
- Enterprise Program closed six transactions totaling \$2,200,000.
- The Challenge and Enterprise programs have provided support to 86 businesses since FY 94. The investments have the ability to generate extraordinary gains. Based on initial investments of \$12.5 million, they have a current market value of \$45 million.



Division of Regional Development

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Maryland ranks first in the nation in the percentage of professional and technical workers (24.1 percent) in the workforce.



The mission of the Division of Regional Development is to encourage the expansion and retention of resident Maryland companies and support new business development. In addition, its business development projects strengthen Maryland communities by building regional partnerships to enhance the unique assets of each area. Such projects focus on local strategic planning and the continuous improvement of regional infrastructure, including transportation systems and utilities. DRD strengthens the state's workforce through a variety of training programs designed to upgrade the skills of existing employees as well as through initiatives that partner K-through-college education programs with Maryland's business community to ensure that curricula are based on industry employment needs. The Division also works to improve Maryland's regulatory climate by streamlining regulations and processes to expedite permitting and licensing. Benefiting from the high concentration of military and federal facilities in the state, DRD participates in alliances to ensure economic viability of existing facilities and develops partnerships for the commercialization of new products and services.

DRD builds relationships through face-to-face meetings and focuses on economic development region-by-region to achieve a thorough understanding of the issues and concerns affecting local businesses and jurisdictions. To achieve this goal, DRD maintains a regional presence and regional networks in the Greater Baltimore area, the Eastern Shore, Southern Maryland, Suburban Maryland and Western Maryland.

In-State Business Services

DRD provides technical assistance services to new and existing Maryland businesses. Seamless delivery of business development services is managed through DRD's five regional offices. DRD's regional staff offers direct services, coordinates multi-agency projects, provides technical assistance and is a source of information and referrals. Regional staff also links companies to cost-effective public and private sector resources to address strategic planning, manufacturing modernization, technology development and commercialization and other needs. DRD assists businesses by expediting permitting processes, recruiting and training workers, identifying local markets and suppliers, facilitating transportation and utility infrastructure development and offering an overview of Maryland's vast network of business services.

Support for Existing Businesses

Business retention efforts are targeted to companies with growth potential. DRD helps companies solidify increases in sales, employment and productivity by enhancing their market position and profitability. DRD benchmarks the performance of these activities through the attainment of measurable business objectives. For example, the Partnership for Workforce Quality (PWQ) reimburses companies for 50 percent of their costs of customized job-specific

training programs that improve worker productivity, upgrade workers' skills for new technologies and production processes and promote employment stability.

Business Expansion

The Division assists growing and expanding companies and industries to raise their level of performance to global standards of excellence. The PWQ-sponsored consortium programs offer a comprehensive array of training and technical services to Maryland companies pursuing world-class manufacturing standing, software engineering excellence and ISO compliance.

Regional Infrastructure Development

DRD works to build partnerships between government agencies, the business community and education through regional economic development projects and initiatives. The Division consults with local governments on long-term economic development projects to stimulate revitalization throughout the state. Projects include collaboration on comprehensive economic development plans, strategic development plans for at-risk areas and structured financing packages for qualifying Maryland companies.

Regulatory Affairs and Analysis

DRD spearheads state-level regulatory reform in order to create a more business-friendly regulatory climate throughout Maryland by advocating streamlining of regulatory processes and by identifying and working with all levels of government to eliminate duplicative, excessive and cumbersome regulations. DRD coordinates with other government agencies to reduce the number of permits and regulations needed to do business in the state and improves policy initiatives and communication between government and the business community.

In September 1998, DRD launched BLIS, Maryland's Business Licensing Information System, to provide easy on-line access to permit and licensing information.

DRD also participates in the implementation of Maryland's Brownfields Revitalization Incentive Program (BRIP) and Smart Growth legislation.

Workforce Development

DRD advances and promotes the technical proficiency of Maryland's workforce through cooperative work with the state's education and training community. Partnerships have been formed with the Maryland State Department of Education, the Maryland Higher Education Commission, the Maryland Department of Labor, Licensing and Regulation, the Governor's Work Force Investment Board and members of Maryland's business community. Collaborative efforts are aimed at improving workforce development policies and programs to increase the knowledge base and raise the skill levels of students and those already in the workforce.

Military and Federal Facilities

Maryland's economy benefits enormously from a large concentration of federal facilities and laboratories and military bases and installations. Maryland ranks fifth in the nation in Department of Defense spending, according to the Federal government. DRD works to protect this valuable resource by monitoring state and federal actions with the potential to affect the size and stability of these facilities. It also participates in local military alliances and redevelopment organizations and helps generate legislative and community support for federal facilities. DRD also assists local communities with surplus government properties and closed federal facilities to make these sites more viable and attractive for reuse. In addition, DRD seeks to enhance relationships between Maryland businesses and federal laboratories to develop technology commercialization and partnerships.

FY 99 HIGHLIGHTS

- The Division of Regional Development assisted 1,016 businesses in FY 99, not including its on-line permitting and licensing services, a 35 percent increase over the number of companies served in FY 98. Of these companies, 694 were Maryland manufacturers spanning the traditional and high-tech industry sectors.
- The Maryland Industrial Training Program (MITP) assisted 55 new and existing Maryland companies and supported the creation of 20,072 jobs in FY99.

- The Division provided \$3.4 million to support economic development projects from Western Maryland to the Eastern Shore, the Patuxent River Partnership, the Tri-County Council of Western Maryland, Upper Shore Economic Development Partnership, Delmarva Advisory Council, World Trade Center Institute and the Tri-County Council of Southern Maryland, and technology councils in the Suburban Maryland and Greater Baltimore. The resulting 33 economic development projects strengthened the infrastructure of Maryland communities and better positioned them to take advantage of business opportunities.
- The Division received the U.S. Small Business Administration's Visions 2000 Award in FY 99 for its Partnership for Workforce Quality Program and Business Licensing Information System.
- PWQ served 323 small and mid-size manufacturing and technology companies through training grants and technical assistance to upgrade worker skills for new technologies, production processes and management strategies.
- Assisted 55 Maryland World Class Manufacturing Consortium member companies through resources including PWQ training funds and technical assistance. On average, the Consortium helped member companies reduce cycle time from five weeks to two days and achieve an on-time delivery rate of 95 percent.
- Served 48 Maryland ISO Consortium members through PWQ training funds and technical assistance. This brought to more than 300 the number of organizations participating in the program.
- Provided marketing assistance to more than 200 Maryland businesses through the Maryland with Pride program, and awarded 22 Strategic Assistance Fund grants to help companies in transition with market diversification.
- Awarded \$750,000 in assistance through the Maryland Economic Adjustment Fund (MEAF) to seven businesses to assist with market diversification, and provided funding to the World Trade Center Institute to expand Maryland companies' export business.
- Helped fund strategic planning by the Western Maryland Economic Development Task Force for the Allegany County Board of Commissioners. The Task Force developed a comprehensive long-term economic development plan that is being implemented in Allegany and Garrett counties.

The Division of Regional Development assisted 1,016 businesses in FY 99, a 35 percent increase over the previous year.

- Helped revitalize and support available industrial sites for new uses, including the former Esskay plant in Baltimore City, the Northern and Southern Industrial Parks in Garrett County and the PPG site in Allegany County.
- Applied Smart Growth guidance to ensure that economic development projects occurred in designated Priority Funding Areas throughout the State.
- Began an analysis of regulatory reform with the goal of streamlining regulatory requirements.
- Launched the Business License and Information System, BLIS, which provided on-line licensing and permitting information and assistance to more than

70,000 visitors to the website during its first 10 months of operation. BLIS assisted users around the globe, including customers from Australia, Canada, Germany, Japan, India, Taiwan and Singapore as well as the United States.

- Provided management oversight for the State's 16 Advanced Technology Centers, in collaboration with the Maryland Higher Education Commission. These centers provided customized training to 674 businesses in FY 99.
- Provided oversight, with the Maryland Higher Education Commission, for the Maryland Applied Information Initiative that is designed to double the number of technology graduates and enrollees at designated universities throughout Maryland.
- Collaborated with the Maryland State Department of Education on Maryland's Career Connections program. Career Connections provides regional initiatives through 12 local labor market teams to develop skills for success for students K-through-12. It also designs and implements employer-validated, skills-based curricula in State education and training programs.
- Provided financial support to organizations created to facilitate local interaction with federal facilities, including the Patuxent Partnership Board, the Southern Maryland Naval Alliance and the Army Alliance in Aberdeen.
- Assisted with reutilization of White Oak in Montgomery County and strategic planning efforts for the reuse of Bainbridge Naval Station in Cecil County.
- DRD assisted Southern Maryland in promoting the Patuxent Naval Air Station in St. Mary's County, which is experiencing tremendous growth and is in the process of bringing 12,500 new jobs to the region.



Division of Tourism, Film & the Arts

MARYLAND business@work

Over
28 million
visitors were drawn to
Maryland
because of the
state's outstanding
cultural and recreational
amenities.



Maryland's drawing power as a great place to visit, live and work depends in no small part on our State's outstanding and diverse cultural and recreation options. Not only do they contribute to the quality of life for Marylanders, vacationing families and business travelers; they also employ tens of thousands of residents in jobs that show the world Maryland at our best.

The Division of Tourism, Film and the Arts promotes Maryland as a great state in which to tour and travel as well as to hold meetings and conventions. It also promotes Maryland as an ideal venue for the production of feature film, television programs, videos and commercials. Maryland's art institutions and artist community are strengthened through careful investment of public funds and through other programs designed to make art in Maryland more accessible to the public at large. All of these activities result in the overall promotion of Maryland as a desirable state in which to visit, live and do business.

The Division includes three main sections: the Maryland Office of Tourism Development, the Maryland Film Office and the Maryland State Arts Council.

Maryland Office of Tourism Development

The Office of Tourism Development's mission is to maximize promotion of Maryland's attractions, accommodations and other visitor services; to provide resident and non-resident visitors with information and services to ensure a positive trip experience; and to generally position Maryland as a competitive destination worldwide. Among other benefits, this will result in increased economic activity, including an increased generation of state and local tax revenue.

Maryland Film Office

Maryland has a well-deserved reputation as an excellent location for film production with outstanding film locations, a skilled technical and creative workforce and a supportive business community. The primary goal of the Maryland Film Office is to maximize promotion of Maryland's assets to film and television production companies. To ensure a positive business and creative experience, the Office also provides location scouting, pre-production research, serves as a government and community liaison and provides full service throughout film production.

The Maryland State Arts Council

In Maryland, the arts play an important role in the excellent quality of life we offer our citizens. Classical, contemporary, national and local - Maryland's arts and cultural attractions are as diverse and enticing as the state itself. The Maryland State Arts Council was established in 1967 to support artists and arts organizations in their pursuit of artistic excellence, to ensure the accessibility of the arts to all citizens and to promote statewide awareness for arts resources and opportunities. The Arts Council awards grants to not-for-profit



organizations and individual artists, provides technical and advisory assistance to individuals and groups and administers the State's Artists-in-Education program.

Office of Tourism Development

- Maryland welcomed more than 28 million visitors, including 19.2 million overnight/destination visitors, in 1998, an increase of 1 million visitors over 1997 totals.*
- The economic impact of visitors totaled \$6.5 billion in traveler spending, 94,100 jobs and \$516 million in state and local tax revenues in 1997, the latest year for which figures are available.
- In cooperation with the Department's workforce training efforts, the Office is developing a model Tourism/Service Industry workforce training program.
- The Maryland Tourism Development Board commissioned a group to conduct a strategic planning process for Maryland's tourism industry for the years 2001 and beyond.
- The Office responded to 208,729 inquiries at a cost per lead of \$18.71.
- Placed national advertising on cable networks including BET, ESPN2, CNN/HLN, Nick at Nite, The Travel Channel, The Weather Channel, Lifetime and History Channel.

*Most recent figures available from Travelscope, a national mail survey of 20,000 US households per month.

- Ensured that the Maryland travel website, **www.mdifun.org**, is featured prominently in all advertising. The website got 2.3 million hits in FY 99, an increase of 73 percent over the previous year's traffic. Two-thirds of the hits came during our prime advertising season.
- Placed print advertising in Better Homes and Gardens, National Geographic, Southern Living, Audubon and other national magazines.
- Generated more than \$9.25 million in travel press coverage in FY 99, despite having no major press events as in past years. The Office hosted 35 press trips for more than 60 travel journalists representing at least 60 media outlets.
- Brought travel exhibit booths to 1.25 million attendees at 12 consumer travel shows, including Snowbird Extravaganza and the Congressional Black Caucus show, making direct contact with 125,000 people at these two shows alone.

Two of 1999's top-grossing summer movies, The Blair Witch Project and Runaway Bride, were filmed in Maryland.

- Welcomed and assisted almost 2 million people at the state's network of visitor centers. As part of the Host Hospitality Program, passengers on more than 3,000 buses were greeted and given information about Maryland events and attractions.
- Eighteen of Maryland's Welcome Center staff were graduated from the national certification training program for travel counselors, a program endorsed by the Travel Industry Association of America that has certified more counselors from Maryland than from any other state.

- Recognizing the importance of historical, cultural and the outdoor recreation markets, the Office focused its product development initiatives on the Civil War, the Star Spangled Banner/War of 1812, the National Road, nature tourism and multicultural tourism.

Maryland Film Office Highlights

- Two of 1999's top-grossing summer movies, The Blair Witch Project and Runaway Bride, were filmed in Maryland.
- Maryland hosted 329 filming days in FY 99, resulting in an economic impact of \$76.2 million. In spite of a six-month industry slowdown which saw production in Hollywood fall by 27 percent, the dollar impact on Maryland fell only 1 percent from its record peak of FY 98.
- Responded to 79 major client inquiries for location photographs, a 5.6 percent increase over last year.
- Supported 31 location scouts, a 14.8 percent increase over last year.
- The first annual Maryland Film Festival, launched with seed funds from the Maryland Film Office, was a huge success, garnering 8,000 admissions over four days and outstanding reviews.
- The Maryland Film Office was a sponsor of five national independent film festivals and entertained more than 400 filmmakers at the Sundance and the American Film Institute festivals.
- The Office sponsored booths at three trade shows where staff met with more than 600 people in the film industry.
- In Los Angeles, the Office presented two events, a "Preakness in Hollywood" day at the races and a day at an Orioles v. Angels baseball game, drawing a total of 450 guests.
- Our new, improved website, www.marylandfilm.org, was launched.
- To enhance the Film Office's database and to digitize our photo library, making it more accessible, the Office created the position of visual communications manager.

Maryland State Arts Council

- The Maryland State Arts Council awarded \$6.18 million in general operating, project and incentive grants to 400 Maryland organizations, leveraging more than \$50 million in matching funds from other sources.
- The arts industry in Maryland contributes over \$700 million annually to the state's economy, providing over 20,000 jobs, paying \$30 million in state and local taxes and generating \$70 million in non-state matching funds.
- Mini-grants were made to 106 newly formed arts groups that did not qualify for traditional forms of general operating support.
- Individual grants were made to 99 artists in music, dance, literature, painting, sculpture and other artistic media.
- Local arts councils in 24 jurisdictions received \$1.34 million for making grants to local organizations, which leveraged \$4.6 million in non-state funds.
- Art in the schools was supported with 800 matching grants to artists who performed and taught in 700 schools across Maryland.
- Nearly 7,000 performances and arts workshops were presented for a total of 175,000 school children.
- Began the Multi-Cultural Outreach Program to identify, encourage, assist and support projects by minority community artists and organizations and to promote arts awareness within these communities.
- To help improve arts programming and outreach to underserved populations, the Council administered a program for local arts councils through which up to \$4,000 of their state funds were matched by federal funds.

Division of Administration

MARYLAND
business@work

Maryland is one of the **top 10** states in quality of child care as reported in Working Mother magazine's annual report card on child care.



The Division of Administration and Information Technology provides administrative and support services for the Department in the areas of human resources management, general services, budget, finance and information services.

Office of Human Resources Management

Human Resources Management staff develops and manages all personnel and staff development programs to ensure a productive workforce for the Department. Activities include recruitment, employer/employee relations and benefits, and personnel evaluations.

General Services Office

The General Services staff provides logistical support for the Department including facilities, telecommunications, equipment, maintenance and supplies. The Contracts and Procurement Unit reviews and approves all Department contracts and purchases. The Office prepares specifications, administers the bidding processes, reviews contract documents and purchase orders for awards, and processes invoices and reports.

Budget and Finance Office

The Budget and Finance staff provides departmental and program budget and performance measurement support. The Office reviews, monitors and develops all budget activities and provides central general accounting services for the Department.

Office of Information Services

Information Services staff provides systems development, data processing and microcomputer support and services.

FY 99 HIGHLIGHTS

- Developed a home page, www.marylandfilm.org, for the Maryland Film Office.
- Provided technical assistance for the enhancement of BLIS, the Department's Business Licensing Information System.
- Implemented a deferred compensation match program.
- Updated the employee handbook.
- Implemented online procurement using FMIS ADPICS for the entire Department.

The Division implemented a department-wide wellness program for employees.

- Developed IntraBiz, the departmental Intranet system.
- Established departmental MFR/CQI Steering Committee.
- Developed the Department's mission, vision, and goals statements.
- Installed FMIS ad hoc reporting module.
- Implemented a Department-wide wellness program for employees.
- Implemented the FMIS fixed asset accounting system.
- Continued efforts to ensure that all mission-critical systems are Y2K compliant.



- Provided technical assistance to **www.mdbusiness.state.md.us**, the Department's home page.
- Upgraded the local and wide area networks used by the Department.

Fiscal Year 1999 Budget

Office of the Secretary

Office of the Secretary	\$897,015
Communications Office	\$510,917
Legislative Liaison	\$217,438
Internal Audits	\$171,136
State Technology Coordinator	\$353,308
MD Economic Development Commission	\$25,000
Assistant Attorney General	\$1,104,921

Total **\$3,279,735**

Division of Administration

Office of the Assistant Secretary	\$ 2,063,538
Office of Information Services	\$ 668,134

Total **\$2,731,672**

Division of Marketing

Office of the Assistant Secretary	\$ 1,603,537
Office of Business and Economic Research	\$ 836,791
Office of Business Services	\$ 349,794
Foreign Investment Group	\$ 285,898
Office of Marketing & Sales - International Business	\$ 1,584,758
Foreign Offices	\$ 1,013,308
Office of Industry Sector Development	\$ 198,981
Business Location Assistance	\$ 538,143
Office of National Marketing	\$ 390,230
Office of Advertising & Promotion	\$ 669,949

Total **\$ 7,471,389**

Division of Financing Programs

Operating

Assistant Secretary	\$ 1,048,975
MD Industrial Financing Authority (MIDFA)	\$ 792,712
MD Small Business Development Financing Authority (MSBDFA)	\$ 1,123,015
Day Care Facilities Administration	\$ 212,709
Community Financing Group Administration	\$ 564,965
MD Enterprise Investment Fund and Challenge Programs	\$ 316,391

Operating Total **\$ 4,058,767**

Capital	
MSBDFA	\$ 5,749,951
Day Care Facilities Loan Guaranty Fund	\$ 29,455
MD Industrial and Commercial Redevelopment Fund	\$ 13,264,618
MD Industrial Land Act	\$ 4,000,000
Animal Waste Technology Fund	\$ 1,000,000
MIDFA Bond Insurance Fund	\$ 2,750,000
MD Seafood Aquaculture Loan Fund	\$ 100,000
MD Enterprise Investment Fund	\$ 2,991,999
Challenge Investment	\$ 875,000
Defense Adjustment Revolving Loan Fund	\$ 1,030,000
Capital Total	\$31,791,023
Operating & Capital Total	\$35,849,790

Division of Tourism, Film and the Arts

Assistant Secretary and Administration	\$ 873,507
Office of Tourism Development	\$ 5,996,682
MD Tourism Development Board	\$ 4,290,861
MD Film Office	\$ 666,323
MD State Arts Council	\$ 9,397,976
Total	\$21,225,349

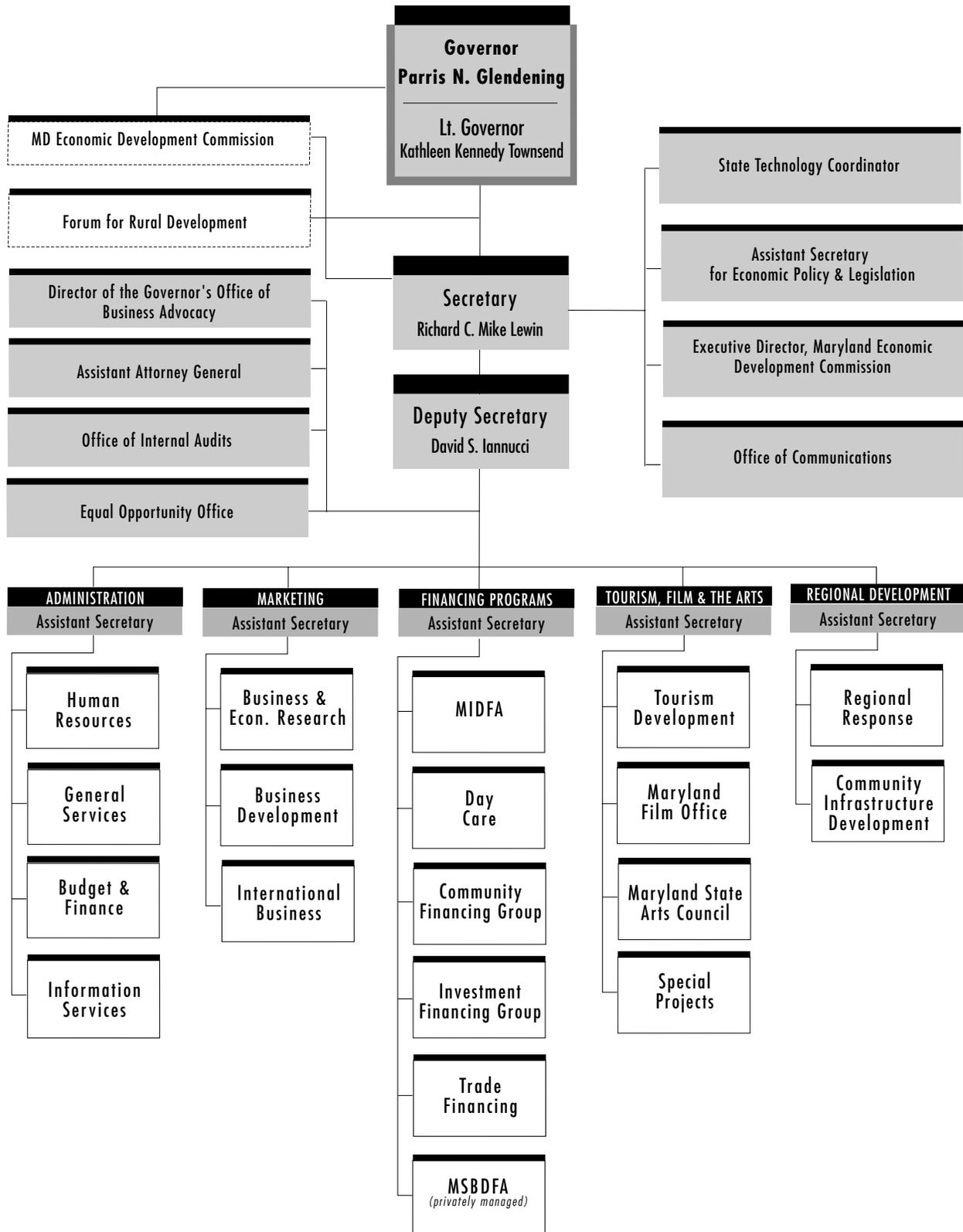
Division of Regional Development

Assistant Secretary	\$ 1,456,415
Office of In-State Business Services	\$ 1,941,827
Office of Grants Administration	\$ 7,684,939
Office of Military Affairs and Federal Facilities	\$ 1,521,013
Development Credit Fund	\$ 250,000
Council for Economic and Business Opportunity	\$ 212,676
Office of Regulatory Affairs & Analysis	\$ 284,425
Brownfields Revitalization Incentive Program - Operating	\$ 67,609
Partnership for Workforce Quality	\$ 4,175,342
Brownfields Revitalization Incentive Program - Capital	\$ 500,000
Total	\$18,094,246

DEPARTMENT TOTAL	\$88,652,181
SUNNY DAY	\$28,576,000
DEPARTMENT & SUNNY DAY	\$117,228181

Organization Chart

DEPARTMENT OF BUSINESS & ECONOMIC DEVELOPMENT



Telephone Directory

Office of the Secretary 410-767-6300

Attorney General's Office
410-767-6446

Equal Opportunity Office
410-767-6464

Maryland Economic
Development Commission
410-767-6309

Legislative Office
Baltimore (May - December)
410-767-6312

Annapolis (December - May)
410-260-6307

Communications
410-767-6319

Internal Audits
410-767-2286

State Technology Coordinator
410-767-0167

Business Advocacy
410-767-6492

Division of Marketing 410-767-6870

1-800-811-0051

Business Development
410-767-6658

Business & Economic
Research
410-767-6398

International Business
410-767-0684

Division of Financing Programs 410-767-2201

Community Financing Group
410-767-6354

Day Care
410-767-6356

Maryland Industrial Development
Financing Authority (MIDFA)
410-767-6376

Maryland Small Business
Development Financing Authority
(MSBDFDA)
410-333-4270
(privately managed)

Investment Financing Group
410-767-6358

Trade Financing
410-767-6382

Division of Tourism, Film and the Arts 410-767-6266

Maryland Film Office
410-767-6340

Maryland State Arts Council
410-767-6551

Tourism Development
410-767-6299

Special Projects
410-767-4712

Division of Regional Development 410-767-0095

Regional Response
410-767-0093

Community Infrastructure
Development
410-767-6390

Technology Support
410-767-6529

Regulatory Policy
410-767-6488

Program Policy & Evaluation
410-767-6470

Finance & Administration
410-767-0266

Division of Administration and Information Technology 410-767-2031

Budget & Finance
410-767-2360

Contracts & Procurement
410-767-2345

General Services
410-767-2202

Human Resources
410-767-2245

Information Services
410-767-3391



Parris N. Glendening, Governor

Kathleen Kennedy Townsend, Lt. Governor

Richard C. Mike Lewin, Secretary of Business and Economic Development

David S. Iannucci, Deputy Secretary of Business and Economic Development

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