



2015

January 1 - December 31

ACTIVITY REPORT



Maryland
DEPARTMENT OF COMMERCE



MARYLAND
OPEN
for **Business**



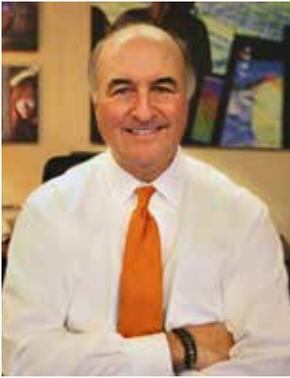
2015 Table of Contents

Message from the Secretary	2
2015 at a Glance	3
Major Job Announcements	4
Top 10 Accomplishments	6
Working with Businesses	8
Tourism, Film and the Arts	10
New Organization Chart	12
Looking Forward	13



Message from the Secretary

Dear Friends and Partners,



What an exciting year it has been at the Department of Commerce. As we look ahead to all that we have planned for 2016, we want to also look back and reflect on the transformative year we've had and all that we have accomplished under the leadership of Governor Larry Hogan. Maryland is truly "Open for Business."

One of the most obvious milestones for the Department this past year was, of course, the Department itself. The Department of Commerce, Maryland's primary economic development agency, was officially launched October 1. We have a renewed focus and mission – making sure Maryland businesses stay here, supporting them as they grow, and attracting the best of the rest from around the world to join us in our great state.

We are in the midst of a change in culture in the Department. Improving customer service is priority #1. We are expanding our business development teams to ensure we interact with businesses in every region of Maryland, and adding staff focused on our core industry strengths like life sciences, cybersecurity, aerospace and defense, and manufacturing. We understand better than ever the need to connect the dots between economic development and higher education, so we added an industry expert to our team who will work specifically with our world-class colleges and universities.

Working together with our local partners, Commerce did great work this past year. In 2015, Maryland's economy added nearly 55,000 new jobs. We welcomed new companies to Maryland, like Pinnacle Foods in Washington County and Woodgrain Millwork in Baltimore City. We helped over 100 existing Maryland companies expand and add jobs. And, we worked hard to retain a 125-year-old Maryland tradition—in April, global spice giant McCormick announced plans to move 800 employees to a new headquarters in Baltimore County.

We are also continuing to expand our global footprint. In May, Commerce joined Governor Hogan on a 10-day economic development mission to China, Japan and South Korea. We also led a trade mission to the Paris Air Show, where Lt. Governor Boyd Rutherford met with many of the world's top aerospace companies. And we continue to invest in Maryland's great art, cultural, and tourist attractions. Marylanders are well aware of the vibrant history and rich heritage of their state. Commerce shares it with the world.

Thank you to everyone who made 2015 such a success. We look forward to an even better 2016. Best is the new standard here. We cannot meet it without your help.

Sincerely

A handwritten signature in blue ink that reads "R. Michael Gill". The signature is fluid and cursive, written in a professional but personal style.

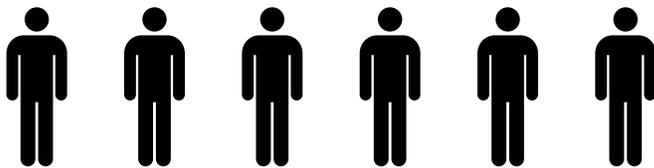
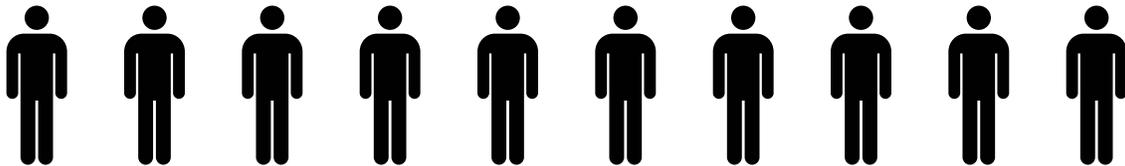
R. Michael Gill
Secretary of Commerce



Commerce Impact



Every job directly supported by Commerce financial assistance supports an additional 1.6 jobs



Every \$1 Commerce invests in a business supports more than \$56 in economic activity

2015 at a Glance

11,614 Jobs directly attributable to Commerce activities

(7,453 created | 4,161 retained)

145 new and expanding businesses

40 companies awarded ExportMD Grants

\$103M in export sales

(direct assistance from Commerce)

407 small, women-owned and minority enterprises were helped

(Small Business Assistance)

500 direct visits with Maryland companies

(Regional Sales Team)



Major Job Announcements



Manufacturing Double Header

Pinnacle Foods Inc., a leading producer, marketer and distributor of iconic brands like Birds Eye®, Duncan Hines® and Wish-Bone® products in the U.S., has announced plans to locate a manufacturing facility in Hagerstown. The Fortune 1000 company initially plans to create up to 125 full-time jobs in Hagerstown by December 2018. To assist with initial project costs, Commerce has approved a \$312,500 conditional loan through the Maryland Economic Development Assistance Authority and Fund (MEDAAF).

Tempur Sealy International is leasing a newly-constructed 615,000 square-foot facility in Hagerstown to expand its manufacturing and distribution operations in Washington County. As a result, the company will retain its current 112 employees and plans to create 120 new jobs. To assist with the expansion, the state is providing a \$400,000 conditional loan through MEDAAF.

Cyber Continues To Grow In The Corridor

IT and cybersecurity solutions company **VariQ Corporation** is expanding its presence in Montgomery County with the addition of more than 250 new jobs. The company plans to relocate its existing headquarters in the county by moving to a larger, 26,000 square-foot space in Rockville. Commerce has approved a \$280,000 conditional loan through its MEDAAF fund. In 2015, the company was awarded the Montgomery County Cybersecurity Company of the Year award by MCDED.

Solar Shines Brighter In Maryland

Direct Energy Solar®, a leading residential solar power provider and one of the fastest-growing companies in the country is expanding its Howard County headquarters and will add 240 new jobs over the next three years—bringing the total to 315 employees. Commerce is providing a \$500,000 conditional loan through MEDAAF.

Baltimore Based Bio Company Expands

Emergent BioSolutions, a global specialty biopharmaceutical company, is expanding its Baltimore manufacturing facility on Lombard Street. The expansion is slated to potentially double the company's 58,000 square-foot space and is expected to add 158 new jobs over the next four years. Emergent is one of the companies tapped by the Biomedical Advanced Research and Development Authority to investigate producing ZMapp, an experimental drug for Ebola. The company also manufactures BioThrax® (Anthrax Vaccine Adsorbed), the only FDA-licensed vaccine for the prevention of anthrax disease.





Tenable Network Security, in Howard County, is expanding operations with plans to add hundreds of new full-time positions—to its current roster of 230 workers—over the next five years. To assist the growing cybersecurity company, Commerce is providing a \$1 million conditional loan through MEDAAF.

“Tenable is proud to call Maryland home; the Baltimore/DC area is an ideal location to hire the talented people we need to grow and remain competitive.”

Ron Gula, CEO, Tenable Network Security.

Top 10 Accomplishments



No. 1

New Name, Renewed Mission

In October, the agency transitioned to the Maryland Department of Commerce, with Mike Gill named the state's first Secretary of Commerce. More than just a name change, Commerce restructured to increase its focus on customer service and expand its business development team to better serve all geographic regions of the state and strategic industries driving economic growth. Staff was added to make connections between the education and business communities. Additionally, the new structure includes a Commerce Subcabinet, with the department leading a coordinated effort among seven state agencies that interact the most with business - whether permitting, regulatory or resource-related.

2

Open for Business

Building upon Governor Hogan's focus on making the state more business-friendly, Commerce launched a new integrated campaign—"Open for Business"—with video, print and digital ad placements reaching 25.7M advertising impressions and securing \$3.1M in earned media value through marketing and public relations efforts.

3

Bringing Strategic Focus to Economic Development

As the advisory body for business issues in the state, the Maryland Economic Development Commission was revitalized and expanded by more than a dozen new members in 2015, with Anirban Basu being named the chairman.

4

Fostering Job Creation in Maryland

Maryland saw more than 140 new and expanding companies create jobs around the state. Pinnacle Foods in Washington County and Woodgrain Millwork in Baltimore City; Tenable Network Security in Howard County and VariQ in Montgomery County; FlexEI LLC in Prince George's County and FR Conversions in Carroll County all helped create more than 7,000 new jobs.

5

Keeping a Maryland Tradition in the State

Making sure existing businesses can continue to thrive in the state is vitally important. In May, Maryland-based spice giant McCormick announced a new headquarters location in Baltimore County and the retention of 800 jobs. The company has a 125-year history in the state.



6

Increasing Maryland's Global Footprint

Commerce coordinated Governor Hogan's 10-day economic development mission to Asia (Korea, China and Japan) which resulted in more than \$700 million in deals for Maryland companies. The Paris Air Show, which Lt. Governor Boyd Rutherford attended, included meetings with many of the world's top aerospace companies and announcements of three deals for Maryland companies.

7

Award-Winning Tourism Tools

The Maryland Office of Tourism launched the new visitmaryland.org to more fully engage travelers and residents alike. The user-friendly, intuitive site lets users interact with the site at home or on the road. The new site received a 2015 WebAward for Outstanding Website, and the state's official travel guide, Destination Maryland 2015 won a Gold Addy Award for the feature "20 Ways to Enjoy Maryland" photo essay.

8

Engaging Our Customers and Allies

Along with increased focus on customer service culture, Commerce engaged local partners and businesses to get feedback on what it takes to be successful and how the state can better assist its customers – businesses across the state. This included Secretary Gill, who embarked on a listening tour across Maryland to learn more about the unique assets and challenges of each jurisdiction.

9

Building on Success in Key Industries

Commerce continued its focus on sectors strategically important to the state's economy. In biohealth, the agency coordinated Maryland's largest presence at BIO International in the history of the conference, with more than 140 Maryland companies and organizations in attendance, including 29 exhibitors in the BioMaryInd Pavilion. For cybersecurity, Commerce led a delegation to RSA, the nation's premier information security conference. There the state hosted the Cyber Investment Breakfast, Cyber Showcase Lunch and Women in Cyber Social to connect companies with investors, highlight Maryland's cyber assets and engage women in cyber careers.

10

Celebrating Maryland's Military Heritage

A new report on the economic impact of Maryland's military installations estimated that \$57.4 billion came from the state's 15 installations in FY 2012, up nearly 46% from the last study in 2008. The study also revealed that 146,000 military-related jobs were added to Maryland's economy over a four-year period, and 17% of Maryland's total output can be attributed to the military installations.



Working with Business



One-On-One Small Business Assistance

Small Business Resources (SBR) directly assisted 407 small, minority and women-owned businesses with licensing, registration, financing and small business resource inquiries. SBR, in partnership with other sister state agencies, and our federal and local small business partners, also participated in 46 outreach events throughout the state to educate and inform small businesses about the various programs that are available to help them grow their businesses.

Commerce Supports Emerging Life Sciences Companies

Five growing life sciences companies and one medical institution received up to \$200,000 each to accelerate the commercialization of a wide range of treatments and technologies.

- Brain Biosciences (Rockville) – Compact portable PET scanner for evaluation of Alzheimer’s or other neurodegenerative disorders.
- GraftWorx LLC (Bel Air) – “Smart” graft that automatically alerts clinicians of critical events before they occur.
- PLC Associates (Baltimore) – Device which integrates optical, mechanical and radiation quality assurance parameters for radiation therapy equipment.
- Mindoula Health (Silver Spring) – Telehealth platform enabling virtual and in-person 24/7 care.
- Vixiar Medical Inc. (Annapolis) – Noninvasive device to monitor congestive heart failure.
- Dr. Quinones-Hinojosa and Dr. Jordan Green, Johns Hopkins School of Medicine (Baltimore) - Biodegradable nanoparticle therapy for treatment of brain cancer.

Diversifying the Defense Industry in Maryland

The Office of Military Affairs implemented a \$2.6M federal grant from the Department of Defense Office of Economic Adjustment to assist in the diversification of Maryland’s defense industry. Grant activities include a statewide mapping of the defense supply chain, a SWOT analysis of defense communities, an industry cluster analysis and a technology commercialization pilot program for Southern Maryland, the state’s most defense-dependent region.

Expanding Maryland’s International Impact

Commerce was awarded a \$518,413 State Trade and Export Promotion (STEP) grant from the U.S. Small Business Administration to help fund the ExportMD program. This is the third year the state has received a STEP grant, having previously received the award in FY 2012 and FY 2013.

Accelerating Second-Stage Growth Companies

Six Maryland companies have been selected to participate in the Advance Maryland program, an initiative that accelerates expansion of second-stage growth companies. Run by the Maryland Department of Commerce and the Economic Alliance of Greater Baltimore (EAGB), the program offers critical, customized strategic information at no cost to selected companies to help them identify business opportunities and grow. The program is being administered in partnership with the Edward Lowe Foundation’s National Center for Economic Gardening.





Regional Growth and Retention Team Puts Customer Service to Work

In 2015, the Department's Regional Growth and Retention team had 500 one-on-one visits with Maryland companies, touching all 24 jurisdictions in the state. Putting customer service in full gear, the team works to help companies expand their markets, workforce or physical locations. The team provides information on Commerce programs and services, workforce and technical resources, guidance on other state and federal resources, identifies sources of funding and facilitates customer/supplier connections and networking. Pictured, Secretary Gill and Regional Director Heather Gramm visit Cumberland as part of a **statewide Fall Listening Tour.**



Glen Echo's Adventure Theatre; Musical Theater Center's production of "The Wonderful Wizard of Oz."

Tourism, Film and the Arts

Award-Winning Recognition of Cultural Districts

Harnessing the power of creative placemaking, Maryland designated two more Arts & Entertainment Districts, Chestertown in Kent County and Grantsville in Garrett County. There are now a total of 24 designated A & E districts in Maryland. In recognition of Maryland's leadership in developing cultural districts, in the spring of 2015, MSAC received the National Planning Achievement Award for Economic Planning & Development from the American Planning Association.

Film Wraps and Rolls

The critically acclaimed, award winning series House of Cards filmed its fourth season in Maryland in 2015. The previous three seasons had an average economic impact of \$112 million, while hiring an average 1,980 Marylanders and utilizing 2,300 Maryland businesses per season. The Maryland Film Office also continued to support film festivals around the state, including the Maryland Film Festival, Frederick Film Festival, Chesapeake Film Festival and AFI Docs Film Festival, which engages the creative community, stimulates cultural tourism and economic development.

Gone Fishin' & Huntin'

The Office of Tourism Development worked collaboratively to launch the Fish and Hunt Maryland

website, a product of The Sportsmen & Women's Marketing Initiative, a private/public partnership comprised of avid outdoor enthusiasts, state legislators, tourism industry members, charter boat captains and outfitters. The purpose of the coalition was to incubate the promotion of fishing, hunting and shooting sports to increase the economic impact of tourism in Maryland.

Newly Launched Maryland Artist Marketplace

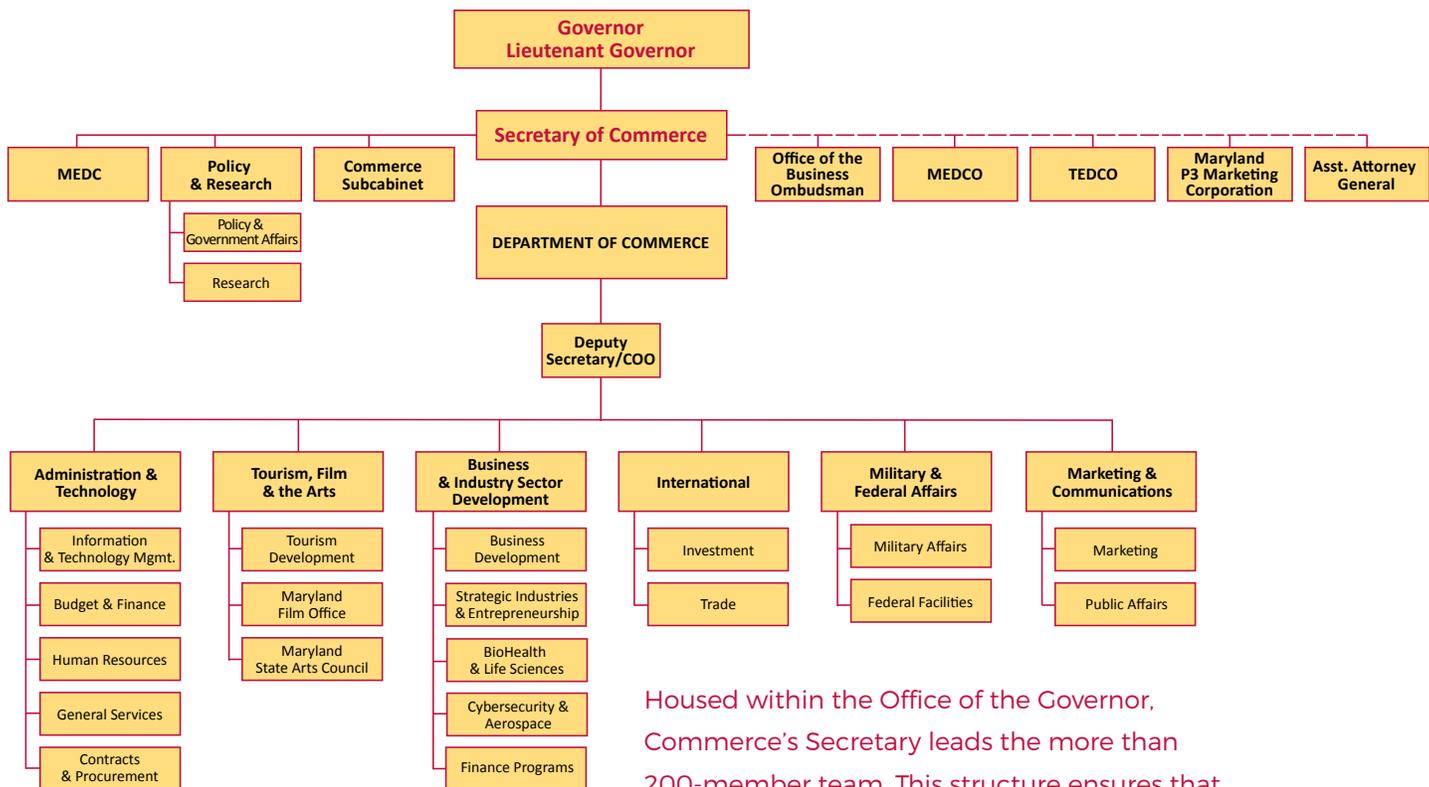
Maryland artists are at the heart of the creative sector. To assist artists in realizing their economic potential MSAC has launched the Maryland Artist Marketplace that directs buyers and gift-givers to Maryland artists' online selling sites. The Arts Council and its partners will promote the site as a hub for Maryland-made art—including books, music and visual art—that is available for purchase online. The Marketplace can be found on msac.org.

Promoting Maryland's Cultural Heritage

The Office of Tourism Development received the Robert G. Stanton Award, which recognizes sustained and innovative achievements in promoting racial or ethnic diversity in the management of North America's natural, historic and cultural heritage, for its work in developing interpretation and enhancing the visitor experience at the Harriet Tubman Underground Railroad National Historical Park.



2015 New Organization



Housed within the Office of the Governor, Commerce's Secretary leads the more than 200-member team. This structure ensures that business climate and economic development policy receive increased attention and allows the Secretary to work across state agency lines to resolve business climate issues.



Looking Forward



The Maryland Economic Development Commission developed a **Strategic Plan for Accelerating Economic Development in Maryland**, a roadmap for the Department of Commerce. To advance Maryland's economic competitiveness, the Commission recommended that Commerce focus on the following goals:

Goal 1 Achieve Operational Excellence through the adoption of customer service standards, training, orientations, and performance reviews.

Goal 2 Foster a Competitive Business Environment by assessing the impacts of taxes and the effectiveness of financing programs and tax credits.

Goal 3 Advance Innovation and Entrepreneurship by tapping into education and innovation communities through workforce development initiatives and embracing a culture of commercialization.

Goal 4 Expand Targeted Growth Clusters and Industries by means of collaboration, ambassador programs, workforce development initiatives, partnerships, and industry advisory boards.

- Advanced manufacturing
- Energy distribution and export

- Cybersecurity
- Health and medical research
- Agribusiness
- Military and civilian contracting
- Aerospace
- Professional/financial services

Goal 5 Create One Maryland and Enhance Community Development by increasing touchpoints by Commerce staff in the local jurisdictions and engaging underserved populations and businesses of all sizes.

Goal 6 Improve Brand and Attract Talent by leveraging the Maryland Public-Private Partnership (P3) Marketing Corporation and the state's major economic drivers and regional organizations.





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Larry Hogan, Governor | Boyd Rutherford, Lt. Governor | Mike Gill, Secretary

Maryland Department of Commerce

FY15 Financial Overview

FY15 Actual Expenditures

Office of the Secretary (including Attorney General)	\$ 2,858,929
Office of Policy and Research	1,632,176
Biotech Tax Credit	11,679,435
Cybersecurity Tax Credit	620,625
Division of International Trade and Investment	2,767,267
Division of Marketing & Communications	2,664,479
Division of Administration & Technology	4,840,158
Venture Fund	
Operations	1,201,743
Investments	36,965,078
Division of Military & Federal Affairs	2,030,274
Business & Industry Sector Development	
Operations	15,895,345
Financing & Training	43,845,342
Tourism, Film & the Arts	
Administration	801,348
Tourism Development	14,267,281
Maryland State Arts Council	16,289,887
Grants from the Preservation of Cultural Arts Fund	1,250,000
Film Production Grants	7,500,000
DBED Total	\$166,684,307

FY15 Contract Awards and Procurement Activity

Contract Awards - Minority Business Enterprises (MBE)*	
Total value of contracts awarded to MBEs	\$179,935
Total value of all contracts awarded	\$2,054,329
MBE awards as percent of all contract awards	8.76%
Procurement Activity - Small Business Reserve (SBR) Program**	
Total procurement payments to SBR contractors	\$4,575,329
Total procurement payments	\$6,927,831
Payments to SBR contractors as percent of all payments	66.04%

Note: All procurement expenditures that are exempt from State reporting requirements are excluded from the above totals. In addition, all award totals are preliminary results at time of this report prior to final State approval.

*Includes Women Business Enterprises (WBE)

**Preliminary results

FY 2015 Tax Credit Program Data

- Biotechnology Investor Incentive**
 - 24 QMBCs** assisted
 - 157 investor applications approved
 - \$11.7 million in tax credits issued
 - \$24 million leveraged
- Cybersecurity Investment Incentive**
 - 2 QMBCs** assisted
 - 5 investor applications approved
 - \$620,625 in tax credits issued
 - \$3.6 million leveraged
- One Maryland**
 - 2 Certificates of Eligibility issued
 - \$4.2 million in project/startup costs
 - 92 jobs created
 - \$7.9 million payroll
- Research & Development (TY*2013)**
 - 200 businesses certified
 - \$1.15 billion in R&D expenses
 - \$9 million in credits awarded
- Job Creation**
 - 13 Certificates of Eligibility issued to 9 businesses
 - 511 jobs created
 - \$35.4 million payroll
- Enterprise Zone Program**
 - 28 Enterprise Zones
 - 785 businesses to receive property tax credits in FY15
 - \$28.9 million in business property tax credits awarded
 - \$194,167 income tax credits awarded in TY*2012
- Employer Security Clearance (TY*2013)**
 - 40 businesses certified
 - \$3.42 million in employer security clearance costs
 - \$2 million in credit awarded
- Wineries and Vineyards (TY*2013)**
 - 31 wineries and vineyards certified
 - \$2.74 million in wineries and vineyards capital expenditures
 - \$500,000 in credit awarded

*Tax Year

**Qualified Maryland Biotechnology Companies

For complete program reports, visit commerce.maryland.gov

Financial Assistance Projects Approved FY15

Seven finance programs facilitated 94 projects, retained 9,708 jobs, created 5,104 jobs and leveraged \$1.3 billion in private capital investment.

	Projects	Loan/Grant Amount	Loan Guarantee Amount	Jobs Retained	Jobs Created	Total Project Costs
MEDAAF	40	\$22,200,250	\$0	8,802	4,413	\$1,287,992,500
MIDFA	7	\$33,131,406 *	\$6,351,985	100	40	\$27,601,857
MSBDFA	37	\$14,187,450 *	\$876,000	765	479	\$15,942,950
MPVSBLP	7	\$264,000	\$0	39	57	\$338,700
MEAF	1	\$100,000	\$0	2	3	\$155,500
CDBG	2	\$1,400,000	\$0	-	112	\$3,104,253

*Includes bond issuances and private sector loans

MEDAAF - Maryland Economic Development Assistance Authority and Fund

MIDFA - Maryland Industrial Development Financing Authority

MSBDFA - Maryland Small Business Development Financing Authority

MPVSBLP - Military Personnel and Veteran-owned Small Business Loan Program

MEAF - Maryland Economic Adjustment Fund

CDBG - Community Development Block Grant

Additional Finance Programs:

Maryland State Arts Council Grants FY15

- Grants to organizations \$10,524,044
- Community Arts Development Program \$ 2,432,686
- Arts in Education Program \$687,327
- Individual Artist Awards Program \$233,000
- Maryland Traditions Program \$277,298