

January 6, 2022

The Honorable Bill Ferguson  
President, Maryland Senate  
H-107, State House  
100 State Circle  
Annapolis, MD 21401-1991

The Honorable Adrienne Jones  
Speaker, Maryland House of Delegates  
H-101, State House  
100 State Circle  
Annapolis, Maryland 21401-1991

**RE: The Task Force on the Economic Future of Western Maryland – Final Report**

Dear President Ferguson and Speaker Jones:

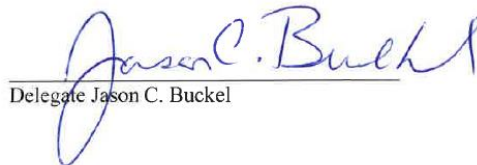
Pursuant to Chapter 207, Laws of 2020 and Chapter 414, Laws of 2021, we are pleased to submit the Task Force on the Economic Future of Western Maryland's final report covering the economic conditions in the region and recommendations regarding ways to improve different aspects of the region's economy.

We look forward to your review of this report and will be available to furnish any additional information that is needed. If we or other task force members can be of further assistance, or if you have any questions regarding the report, please contact us.

Sincerely,



Senator George Edwards  
Co-Chair  
Task Force on the Economic Future of  
Western Maryland

  
Delegate Jason C. Buckel

Delegate Jason Buckel  
Co-Chair  
Task Force on the Economic Future of  
Western Maryland

cc: Members, Task Force on the Economic Future of Western Maryland

Enclosure

## Task Force on the Economic Future of Western Maryland – Final Report

The Honorable Bill Ferguson  
The Honorable Adrienne Jones  
January 6, 2022  
Page 2

bcc:

- Sarah Albert, Maryland General Assembly Library (5)
- Sally Robb – Senate President’s Office
- Allison Mayer, Deputy Chief of Staff, Governor’s Office
- Emily Haskell – DLS Budget Analyst
- Jake Whitaker – Gov Legislative Officer
- Alexandra Hughes – Speakers Office
- Ligia Aceves – DBM budget analyst
- Erika Schissler
- George Butler
- Kelly M. Schulz, Secretary
- Kyle McColgan
- Heather Gramm
- Andy Fish
- Craig Svoboda
- Signe Pringle
- Tom Riford
- Karen Glenn Hood
- Andrew Sargent
- Jen LaHatte

## **Task Force on the Economic Future of Western Maryland – Final Report**

### **MEMORANDUM**

**TO:** The Honorable Larry Hogan  
Governor

**FROM:** Senator George Edwards  
Co-Chair

Delegate Jason Buckel  
Co-Chair

**THRU:** Allison Mayer  
Deputy Chief of Staff, Governor's Office

**DATE:** January 6, 2022

**SUBJECT:** The Task Force on the Economic Future of Western Maryland – Interim Report

Pursuant to Chapter 207, Laws of 2020 and Chapter 414, Laws of 2021, we are pleased to submit the Task Force on the Economic Future of Western Maryland's final report covering the economic conditions in the region and recommendations regarding ways to improve different aspects of the region's economy.

We look forward to your review of this report and will be available to furnish any additional information that is needed. If we or other task force members can be of further assistance, or if you have any questions regarding the report, please contact us.

Attachment



# **TASK FORCE ON THE ECONOMIC FUTURE OF WESTERN MARYLAND**

## ***FINAL REPORT***

**Pursuant to Chapter 207, Laws of 2020**

**Respectfully submitted to the General Assembly of Maryland by**

Senator George Edwards, Co-chair  
Delegate Jason Buckel, Co-chair  
Task Force on the Economic Future of Western Maryland

January 2022



**OPEN *for* Business**



**Task Force on the Economic Future of Western Maryland  
Final Report**

**Membership Roster**

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**Senator George Edwards, Co-Chair  
Delegate Jason Buckel, Co-Chair**

**TEDCO**

Jody Sprinkle, Director, Government Relations (*Member until July 28, 2021*)  
Jack Schammel, Assistant Director of Entrepreneur and Ecosystem Empowerment (*Member from July 28, 2021 – Present*)

**Maryland Association of Counties (MACO)**

Cort Meinelschmidt, Washington County Commissioner (*Member through January, 2021*)  
Jeff Cline, Washington County Commissioner (*Member from July 2021 – Present*)

**Maryland Municipal League (MML)**

Shelley McIntire, Hagerstown City Council Member

**Frostburg State University**

Al Delia, Vice President for Economic and Regional Engagement

**Tri-County Council for Western Maryland**

Jake Shade, Allegany County Commissioner and TCCWM Board Member

**Allegany County Chamber of Commerce**

Stu Czapski, Executive Director (*Member until January 29, 2021*)  
Juli McCoy, Executive Director (*Member from January 29, 2021 – Present*)

**Garrett County Chamber of Commerce**

Nicole Christian, President and CEO (*Member through January, 2021*)  
Jim Hinebaugh (*Member from July 2021 – Present*)

**Washington County Chamber of Commerce**

Paul Frey, President and CEO

**Maryland Department of Commerce**

Andrew Sargent, Senior Business Development Representative, Western MD

**Staff**

Michael Siers, Economist, Maryland Department of Commerce



# **Task Force on the Economic Future of Western Maryland Final Report**



# Task Force on the Economic Future of Western Maryland Final Report

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## Task Force on the Economic Future of Western Maryland Final Report

### 1.0 Executive Summary

The Task Force on the Economic Future of Western Maryland was formed through Chapter 207 of the 2020 Maryland laws (originally submitted as HB 436).<sup>1</sup> The task force has two primary objectives:

1. To study the current economic conditions in Western Maryland and
2. Make recommendations regarding potential methods for improving the region's economy.

Western Maryland's economy currently sits at a crossroads. The region has seen decreasing population and economic dynamism. However, private employment in the region is still increasing and the region has concentrations in a number of key industries that can serve as a strong foundation to grow the region's economy in the future.

Task force members developed and approved a total of eight recommendations for inclusion in the final report. Seven of these recommendations would require legislation during the 2022 legislative session. These are listed below and are discussed in greater detail in Section 5 of this report:

- 1) Create the Western Maryland Economic Future Investment Fund (WMEFIF).**
  - a. The task force recommends that legislation be introduced to create the WMEFIF, a five-year pilot program designed to increase investment and economic activity in the region. The WMEFIF would be funded at \$20 million each year and funds would go towards critical infrastructure and business development projects with matching funds from local entities. The WMEFIF would be overseen by a board comprised of representatives from the region and the Maryland Department of Commerce.
- 2) Programs to Increase the Supply of Middle-Income/Market-Rate Housing Availability.**
  - a. To help entice new residents and stem further population loss in the region, the task force recommends legislation be introduced to help tackle the increasingly high cost of housing in the region. Topics for legislation on the topic include:
    - i. Reviewing and reducing regulatory hurdles in the region that increase the cost of housing relative to nearby areas.
    - ii. Property tax credits for homeowners in the region to offset the cost associated with regulations concerning sprinkler installations, septic tanks, and last-mile broadband installation.
    - iii. Tax credits and incentives for developers of middle-income/market-rate housing to reduce the cost of construction and incentivize new development in Maryland rather than nearby jurisdictions.
- 3) Revise matching requirements for smaller institutions for the Maryland E-Innovation Initiative Fund (MEIF).**

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<sup>1</sup> The text of the statute establishing the task force is in Appendix A and is also located at: [http://mgaleg.maryland.gov/2020RS/Chapters\\_noln/CH\\_207\\_hb0436t.pdf](http://mgaleg.maryland.gov/2020RS/Chapters_noln/CH_207_hb0436t.pdf)





## Task Force on the Economic Future of Western Maryland Final Report

- a. The task force recommends that legislation be introduced so that institutions with an annual unrestricted current funds budget of less than \$250 million only need to obtain a qualifying donation, pledge, or combination of donations and pledges of \$200,000 instead of the current level of \$500,000.
- 4) Allocate Additional Funding to Maintain State-Owned Lakes.**
  - a. The State of Maryland owns 16 lakes, many of which are located in Western Maryland. These lakes are economic engines for the surrounding areas. The Task Force on the Economic Future of Western Maryland recommends that the Governor add an additional line item of \$3 million per year to the Maryland Department of Natural Resources' budget in order to maintain state-owned lakes.
- 5) Support enactment of the Maryland Technology Infrastructure Pilot Program**
  - a. The Task Force on the Economic Future of Western Maryland recommends that legislation be passed to establish a pilot program within TEDCO to:
    - i. support the region's innovation economy by incentivizing the development of advanced industry infrastructure and
    - ii. support the growth, attraction, and retention of early-stage innovation-based businesses in Western Maryland.
- 6) Provide funding for TEDCO's Rural Business Innovation Initiative (RBII)**
  - a. The Task Force on the Economic Future of Western Maryland recommends that the Governor include an appropriation of \$500,000 to fund the RBII, and that this funding be used to supplement, not supplant existing TEDCO funding.
- 7) Redefine the meaning of Qualifying Biomass and a Thermal Biomass System**
  - a. Pending the outcome of a summer study on the topic, the Task Force on the Economic Future of Western Maryland supports efforts to amend that Maryland's Renewable Portfolio Standard (RPS) so that:
    - i. The definition of 'qualifying biomass' is updated to include wood products, including mill residues, silvicultural products, and natural wood wastes.
    - ii. The definition of a 'thermal biomass system' be updated to include qualifying biomass.

The Task Force on the Economic Future of Western Maryland also voted on and approved one recommendation that would not have associated legislation introduced during the 2022 legislative session. This recommendation is summarized below and described in more detail in Section 5 of this report.

### **1) Identify Ways to Enhance Recreation Opportunities and State-Owned Parks in Western Maryland**

- a. The Task Force on the Economic Future of Western Maryland understands that a shortage of personnel and funding limits the amenities that can be offered, reducing the quality of visitors' experiences. To this end, the Task Force on the Economic Future of Western Maryland urges the Maryland Department of



## **Task Force on the Economic Future of Western Maryland Final Report**

Natural Resources, other state agencies as appropriate, and relevant stakeholders to explore all possible options to enhance recreation opportunities and state-owned parks in Western Maryland. Options the task force recommends that state agencies consider include:

- i. Identify opportunities for new trails and rock climbing opportunities in Western Maryland.
- ii. Identify ways for public-private partnerships (P3s) to enhance the offerings within state parks.



## Task Force on the Economic Future of Western Maryland Final Report

### 2.0 Introduction

The Task Force on the Economic Future of Western Maryland was formed through Chapter 207 of the 2020 Maryland laws (originally submitted as HB 436).<sup>2</sup> The task force has two primary objectives:

1. To study the current economic conditions in Western Maryland and
2. Make recommendations regarding potential methods for improving the region's economy.

While recommendations are not prescribed in the statute establishing the task force, suggested areas of focus include:

1. Opportunities to expand economic activity in technology-based industry,
2. Opportunities to strengthen tourism-related businesses in the region, and
3. Strategies to overcome barriers to the creation and expansion of new small businesses in the region.

The task force contains eleven members drawn from a number of key stakeholder groups in the region. The task force met twelve times to discuss the economic conditions in Western Maryland, the ongoing efforts of state agencies and other organizations in the region, and recommendations as contained in this final report. The task force met on:

- September 23, 2020;
- October 26, 2020;
- November 16, 2020;
- December 14, 2020;
- December 22, 2020;
- January 7, 2021;
- January 20, 2021;
- July 29, 2021;
- September 2, 2021;
- October 6, 2021;
- November 12, 2021; and
- December 2, 2021.

All meetings were open to the public and members of the public had the opportunity to comment at the end of each meeting. During the meetings, task force members heard from representatives of state agencies, including the Maryland Department of Commerce, the Maryland Department of Natural Resources, the Department of Housing and Community Development, and the Maryland Department of Transportation. In the fall and winter of 2020, task force members finalized recommendations for the interim report. Several of these legislation introduced during the 2021 legislative session. After the conclusion of the 2021

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<sup>2</sup> The text of the statute establishing the task force is in Appendix A and is also located at: [http://mgaleg.maryland.gov/2020RS/Chapters\\_noln/CH\\_207\\_hb0436t.pdf](http://mgaleg.maryland.gov/2020RS/Chapters_noln/CH_207_hb0436t.pdf)



## **Task Force on the Economic Future of Western Maryland Final Report**

legislative session, task force members reconvened, heard from additional regional stakeholders, and finalized a list of eight recommendations to improve economic vitality in the region. These recommendations are discussed in detail in Section 5 of this report.

The remainder of this report is set up as follows:

- Section 3 presents data on Western Maryland’s economy prior to COVID-19,
- Section 4 presents data on how Western Maryland’s economy has fared during the pandemic and subsequent recovery,
- Section 5 contains initial recommendations voted on and approved by the task force,
- Section 6 concludes the interim report
- Appendix A contains the full text of the statute establishing the task force,
- Appendix B records recommendations from the task force’s interim report not advanced in the final report, and

### **3.0 Economic and Demographic Overview of Western Maryland Before COVID-19**

During the initial meetings of the task force on September 23 and October 16, 2020, the task force discussed economic and demographic data pertaining to Western Maryland. Despite Maryland’s small size, each region of the state is unique, and Western Maryland is no exception. Western Maryland’s economy has traditionally relied on different industries than the state as a whole, and it has experienced different trends in its population, workforce, and business climate. Therefore, relying on a one-size-fits-all approach to the region will likely not lead to desirable economic outcomes.

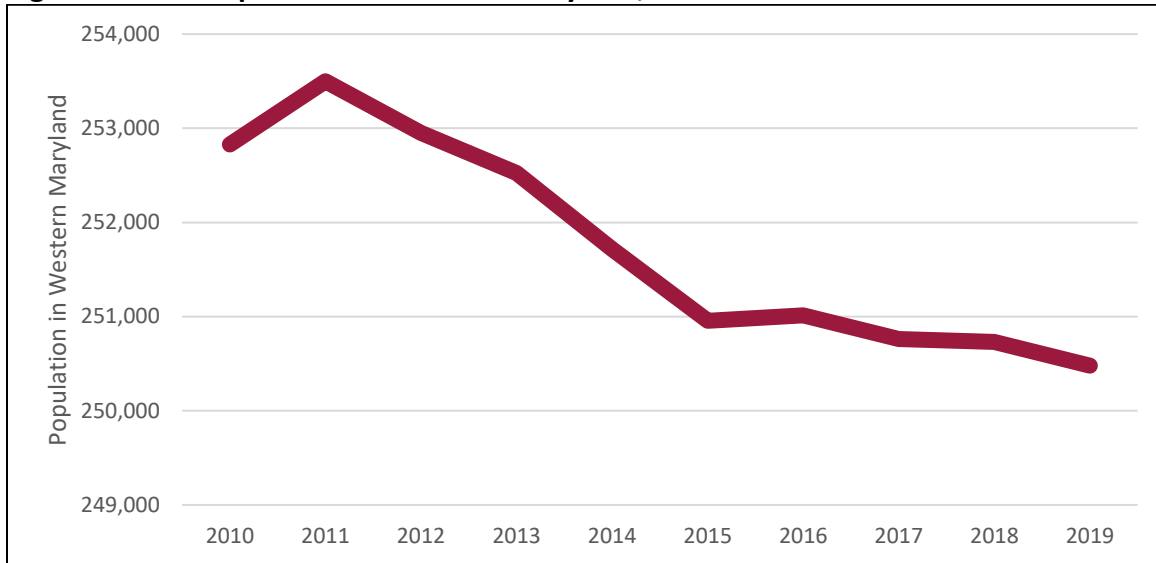
#### **3.1 Western Maryland’s Population**

Western Maryland’s population has slowly but steadily declined over the past ten years. As shown in Figure 1, the region’s population in 2010 was nearly 253,000. However, by 2019, the region’s population stood at 250,479, a loss of 2,348 residents.



## Task Force on the Economic Future of Western Maryland Final Report

**Figure 1: Total Population in Western Maryland, 2010 - 2019**



Source: US Census

Although Western Maryland’s population decrease has been slight (total population has declined by 0.9 percent between 2010 and 2019), the region is trending in the opposite direction of the state which grew by 4.4 percent during the past decade. As Figure 2 illustrates, the three counties in Western Maryland have experienced different growth rates.

**Figure 2: Population Change in Western Maryland by County, 2010 – 2019**

Area	Change in Population 2010 - 2019	Percent Change in Population 2010 - 2019
Allegany County	-4,549	-6.1%
Garrett County	-1,127	-3.7%
Washington County	3,328	2.3%
Western Maryland	-2,348	-0.9%
Maryland	257,035	4.4%

Source: US Census

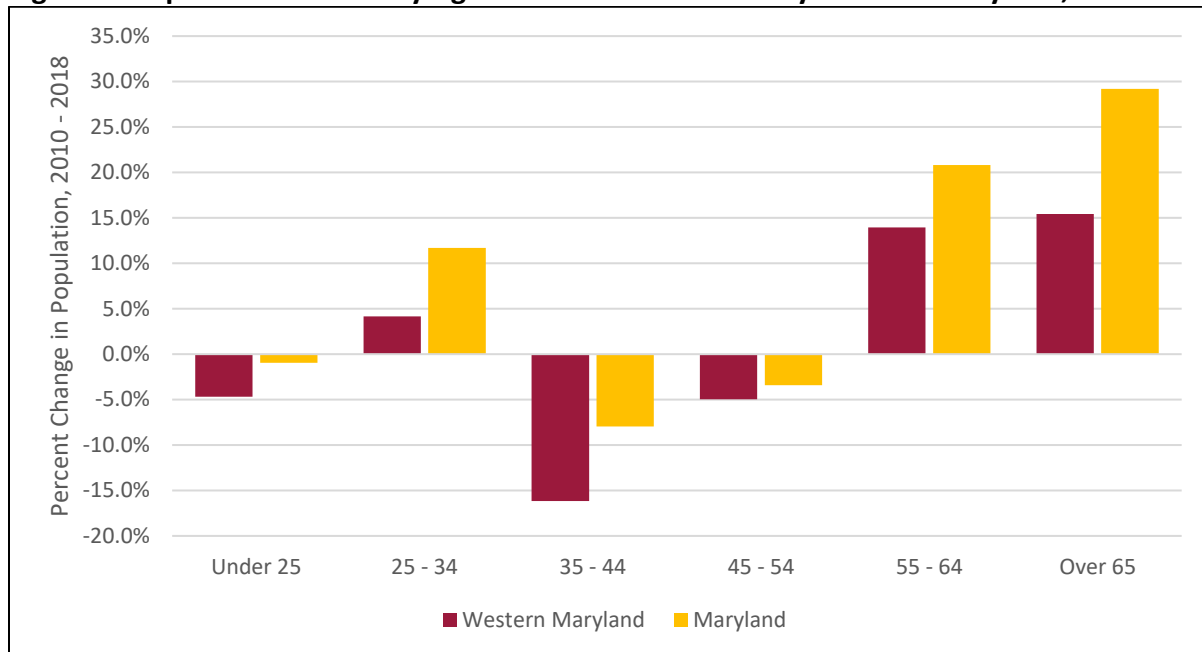
Despite the region’s overall growth being negative, Washington County added over 3,000 residents during the past decade for a growth rate of 2.3 percent. While positive, this growth rate is nearly half of the state’s rate during the same time period. In contrast, Garrett County and Allegany counties had negative growth, with Allegany County losing over 4,500 residents, a growth rate of negative 6.1 percent.

Additionally, Western Maryland’s population growth lags the state for every broad age cohort, as shown in Figure 3 below.



## Task Force on the Economic Future of Western Maryland Final Report

**Figure 3: Population Growth by Age Cohort in Western Maryland and Maryland, 2010 – 2018**



Source: American Community Survey

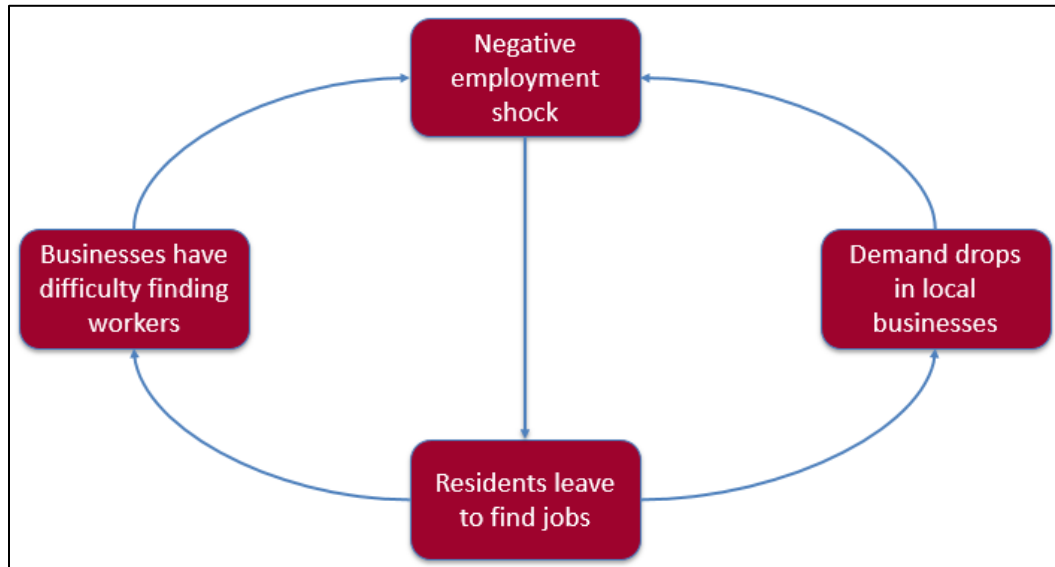
Figure 3 presents two worrying trends for Western Maryland’s economic future. First, population growth is weakest among those between the ages of 35 and 44. Between 2010 and 2018, the number of residents in this cohort declined by 16.2 percent according to data from the US Census’ American Community Survey (ACS). These residents are critical to staffing local businesses and a shrinking share of this age cohort will make it harder to attract and retain employers. Additionally, the population that is growing fastest in Western Maryland is over the age of 65. Population in this cohort grew by 15.4 percent between 2010 and 2018, lower than the state’s growth rate of 29.2 percent. A shrinking population where the balance is shifting away from prime-age workers and towards retirees is a difficult economic headwind for the region.

The region has experienced an increase in the number of younger workforce-aged residents (those between the ages of 25 and 34). The population of this cohort increased by 4.2 percent in the three counties between 2010 and 2018. Continuing to attract and then retain these residents can help increase the region’s available workforce, making it more attractive for businesses looking to locate in Garrett, Allegany, or Washington counties.

Population is an important indicator in determining a region’s economic vitality, which is why a shrinking population in Western Maryland is cause for concern. As shown in Figure 4, negative shocks to employment and population can result in a negative feedback loop through two, related channels.



**Figure 4: Economic Dynamism Feedback Loop**



As displayed in Figure 4, a drop in population (as represented in the box in the center-bottom of the figure) can impact the region in two primary channels:

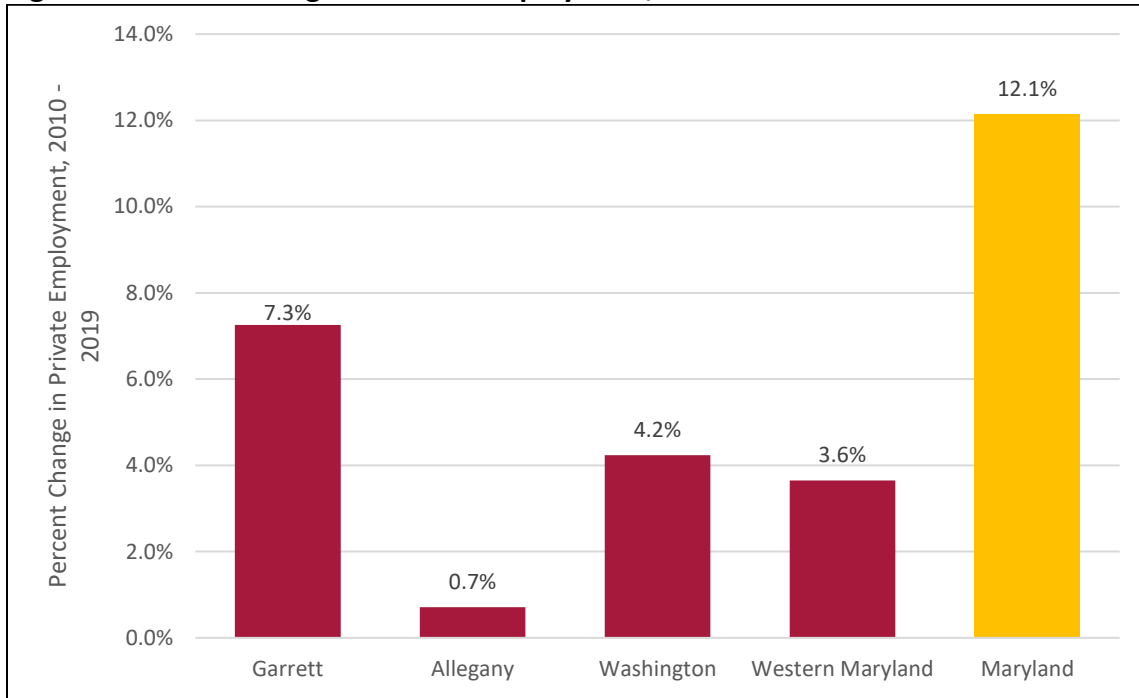
- 1) Local businesses in the area find it more difficult to attract qualified workers to fill vacancies and
- 2) Demand for goods and services in local businesses falls.

Each of these negative impacts in turn is likely to lead to further negative employment outcomes in the region. If a business has difficulty finding workers, it may be forced to leave the region and locate in another part of the state (or another state altogether) where an adequate supply of workers exists. Additionally, demand shocks can lead to negative employment outcomes. As residents leave an area, in many cases they take their purchasing power with them. This could mean fewer purchases at local businesses, including grocery stores, retail stores, restaurants, healthcare offices, and other businesses that rely on local residents. Reduced purchases and sales activity correspond to layoffs and, if demand falls enough, business closures.

Negative employment outcomes can result in a feedback loop because recently unemployed residents may leave in search of better employment opportunities. Feedback loops can be difficult to break; therefore, monitoring population and employment for signs of distress is critical to ensure that policy makers can act quickly to reverse negative outcomes. Fortunately, as Figure 5 shows, while Western Maryland has seen a slight decrease in total population, employment has risen in each of the three counties in the region, albeit at a slower pace than the state as a whole.



**Figure 5: Percent Change in Private Employment, 2010 – 2019**



Source: Bureau of Labor Statistics

The increase in employment while population falls signals that the region is attracting workers who live outside the region.<sup>3</sup> Finding ways to entice these workers to move to the area is essential to reversing the declines in population and further reducing the risks of a negative economic feedback loop impacting dynamism in the region.

### **3.2 Economic Dynamism in Western Maryland**

Economic dynamism is an important characteristic of a thriving economy. New firms entering the market bring increased opportunities for growth and innovation. As these businesses succeed and expand, they serve as key drivers of employment growth. Efforts to increase economic dynamism in Western Maryland ensure that the economy will grow into the future. There are a number of ways to measure economic dynamism within a region; the simplest of which is to track the number of businesses over time in a region. As Figure 6 shows, the number of businesses has shrunk in Western Maryland in recent years, even while the total number of businesses in Maryland has increased.

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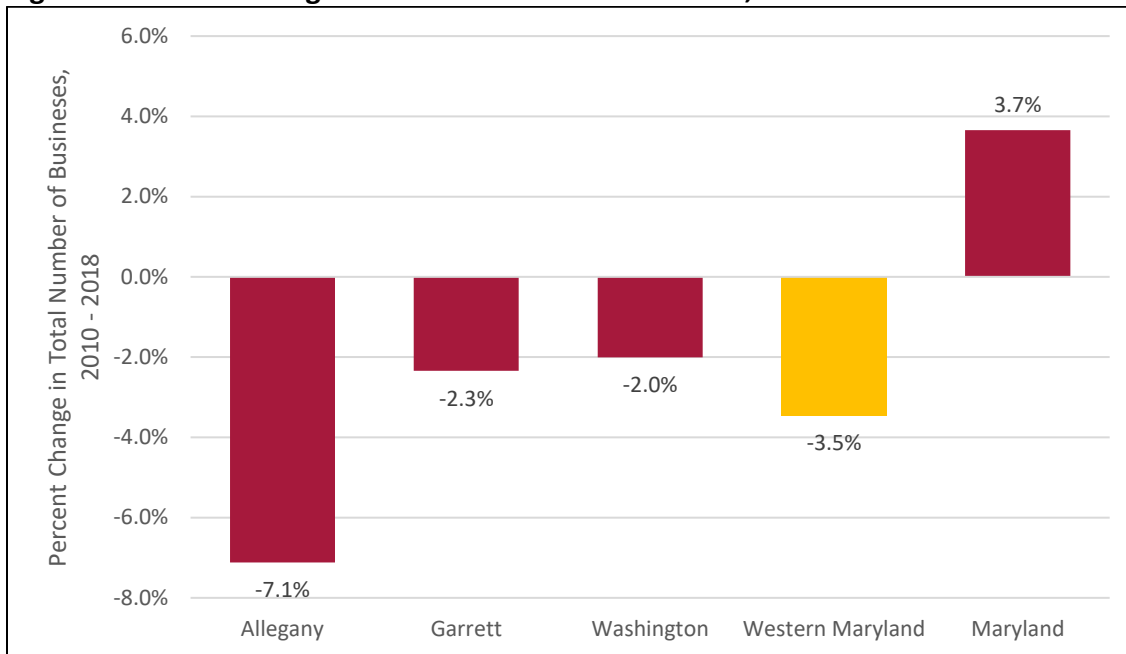
<sup>3</sup> While an increase in the region’s labor force participation rate can account for some of the increase, it is not enough to fully account for the difference between population and employment growth.





## Task Force on the Economic Future of Western Maryland Final Report

**Figure 6: Percent Change in Total Number of Businesses, 2010 - 2018**



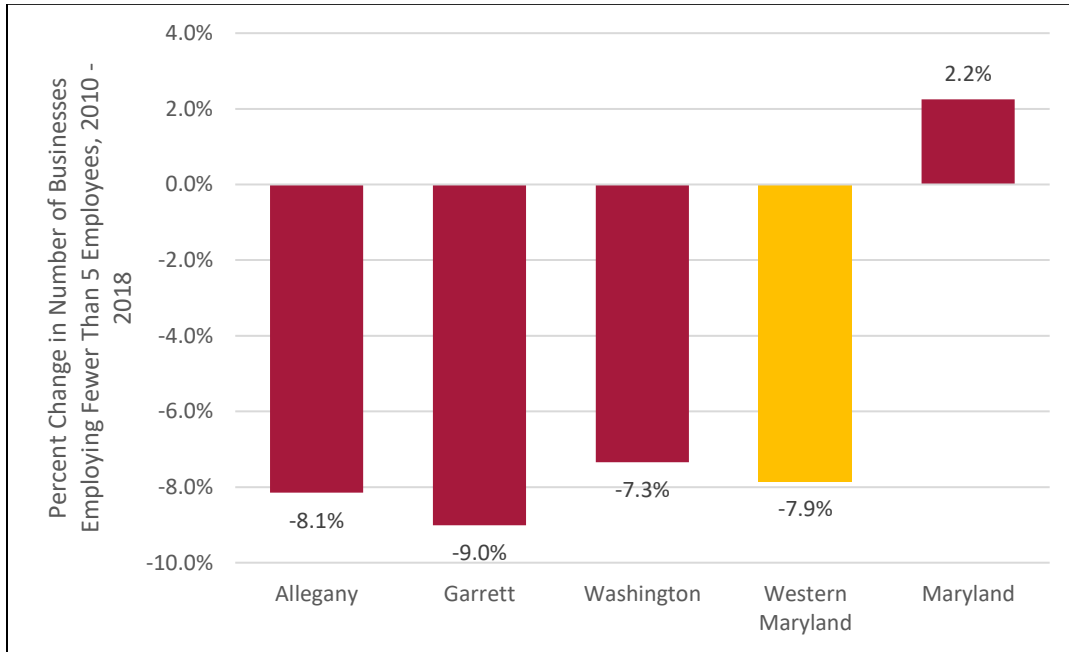
Source: US Census County Business Patterns

The steepest decline in the total number of establishments comes in Allegany County, where the total number of businesses dropped by 7.1 percent between 2010 and 2018. However, each of the three counties in Western Maryland experienced a drop in the total number of businesses. As noted previously in Figure 5, total private employment in the region has increased, which indicates that employment is becoming increasingly concentrated in larger businesses. This trend is further illustrated in Figure 7 which shows how the total number of businesses with fewer than five employees has changed between 2010 and 2018.



## Task Force on the Economic Future of Western Maryland Final Report

**Figure 7: Percent Change in Number of Businesses Employing Fewer Than Five Employees, 2010 - 2018**



Source: US Census County Business Patterns

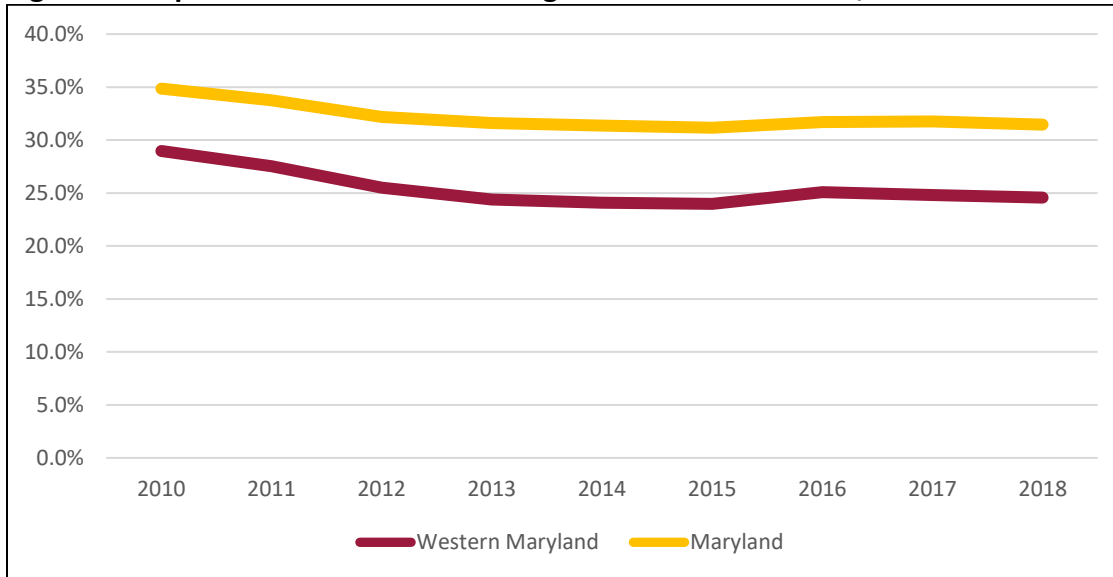
As seen in Figure 7, the number of businesses with fewer than five employees fell by 7.9 percent in Western Maryland between 2010 and 2018. In contrast, the number of businesses employing fewer than five employees grew by 2.2 percent statewide during that same timeframe. The growth in small businesses statewide lagged the growth in total businesses, indicating that smaller businesses made up a smaller percentage of total businesses in 2018 than in 2010.

Another way to conceptualize economic dynamism is by examining the number of businesses by age cohort. Figure 8 illustrates how the proportion of younger businesses (establishments aged five or fewer years) has changed in Western Maryland and statewide between 2010 and 2018. In both Western Maryland and the state as a whole young businesses made up a smaller percentage of total businesses in 2018 as compared to 2010. Although the proportion is smaller in Western Maryland than statewide, the trend over time is similar for the two regions.



## Task Force on the Economic Future of Western Maryland Final Report

**Figure 8: Proportion of Establishments Aged Five or Fewer Years, 2010 – 2018**



Source: US Census Business Dynamics Statistics

When considering strategies for economic development in Western Maryland, policy proposals that encourage the formation and success of new and small businesses can help increase economic dynamism in the region to more closely align with statewide levels.

### 3.3 Western Maryland's Key Economic Clusters

Western Maryland's economic future depends in part on the industries currently present in the region. These industries indicate the region's competitive advantages and what avenues for growth may exist. These industries also reflect the skills and qualifications of the region's workforce and provide insight for policymakers as to how prepared the workforce is to power target industries of the future.

There are a number of ways to examine the industries present in an area and how concentrated those industries are in a certain area. This report uses industry clusters developed and defined through the US Cluster Mapping Project, a collaboration of the Harvard Business School, US Department of Commerce, and the US Economic Development Administration.<sup>4</sup> Industry clusters use granular industries as defined by six-digit NAICS (North American Industrial Classification System) codes and then group related industries together into subclusters. These subclusters can in turn be aggregated into clusters. Industry clusters differ from higher-level aggregations of NAICS codes (e.g., examining 3- or 4-digit NAICS codes). Industry clusters have two advantages over simply considering NAICS codes:

1. Industry clusters are defined so as to separate 'local' and 'traded' industries. Generally, local industries sell their goods locally while traded industries sell their goods outside the target region.

<sup>4</sup> More detail on the US Cluster Mapping Project may be found at: <http://clustermapping.us/>



## Task Force on the Economic Future of Western Maryland Final Report

- Industries within a cluster are grouped together by how often industries generally locate near each other, how much they rely on similar occupations, and the use of goods and services from other industries in the cluster as inputs in their processes.

To measure how concentrated an industry cluster is in Western Maryland, this analysis makes use of location quotients. Location quotients are a simple ratio that measure the percent of a region’s employment in an industry relative to the percent of a comparison region’s employment in that industry. The value of the location quotient then informs how concentrated an industry is in the region:

- If the location quotient is greater than one, the industry is **more concentrated** in the target region than in the comparison region;
- If the location quotient equals one, the industry is **as concentrated** in the target region as in the comparison region; and
- If the location quotient is less than one, the industry is **less concentrated** in the target region than in the comparison region.

Due to normal variations, it is rare that a location quotient is equal to exactly one. Therefore, location quotients above 1.2 generally indicate a higher level of concentration than might otherwise be expected. Industries with a location quotient of above 1.2 generally indicate that the region has a competitive advantage for that industry, and signal the need to do further analysis to understand how to use that industry to position the region.

Figure 9 presents the ten industry clusters in Western Maryland with the highest location quotient relative to the nation as a whole. That is, these clusters are more heavily concentrated in Western Maryland than we would expect given national employment patterns.

**Figure 9: Top Ten Western Maryland Industry Clusters by Location Quotient, 2019**

Cluster Name	Average Annual Employment	US Based Location Quotient	Average Wage
Recreational and Small Electric Goods	819	6.42	\$40,386
Coal Mining	247	6.31	\$78,811
Furniture	1,131	4.22	\$38,797
Production Technology and Heavy Machinery	1,926	2.78	\$77,226
Local Logistical Services	4,651	2.48	\$44,397
Paper and Packaging	524	2.02	\$92,692
Financial Services	2,724	1.93	\$64,520
Printing Services	583	1.88	\$54,107
Apparel	160	1.72	\$31,787
Textile Manufacturing	229	1.63	\$46,773

Sources: Bureau of Labor Statistics, US Cluster Mapping Project



## Task Force on the Economic Future of Western Maryland Final Report

As seen in Figure 9, the top ten clusters in Western Maryland showcase the region’s strengths. Many of the sectors relate back to manufacturing. Manufacturing is a target industry in each of the county’s economic development plans, and the table above provides a number of key specializations within the broader definition. Figure 9 also illustrates the importance of logistics and finance, two areas of strategic focus for Washington County.

The statute establishing the task force (the full text of the statute is located in Appendix A) identifies a number of key areas of focus. Figure 10 presents the clusters identified in the statute along with current employment, the current location quotient for the cluster, and the average wage.

**Figure 10: Key Statistics for Industry Clusters Outlined in Statute Establishing Task Force, 2019**

Cluster Name	Average Annual Employment	Location Quotient	Average Wage
Production Technology and Heavy Machinery	1,926	2.78	\$77,226
Local Logistical Services	4,651	2.48	\$44,397
Electric Power Generation and Transmission	158	1.29	\$100,774
Hospitality and Tourism	2,212	0.94	\$21,733
Distribution and Electronic Commerce	3,476	0.81	\$42,965
Transportation and Logistics	861	0.67	\$46,467
Aerospace Vehicles and Defense	260	0.55	\$113,655
Business Services	3,218	0.49	\$57,309
Information Technology and Analytical Instruments	157	0.16	\$47,799
Biopharmaceuticals	4	0.02	\$3,747

Sources: Bureau of Labor Statistics, US Cluster Mapping Project

As shown in Figure 10, the industries identified in the statute represent both established strengths of the region and the region’s aspirations. Three clusters have a location quotient above 1.2 and signal a competitive advantage. Two clusters have location quotients in line with national averages (location quotient between 0.8 and 1.2), while five clusters are less concentrated in the region than national employment patterns might suggest. It is important to note that these location quotients are not equal in each of the three counties. For example, employment in Hospitality and Tourism is more concentrated in Garrett and Allegany counties than in Washington County. It is important to consider county-specific trends and employment patterns even when focusing on the economic outlook of the entire region.

### 4.0 Western Maryland’s Economy During COVID-19

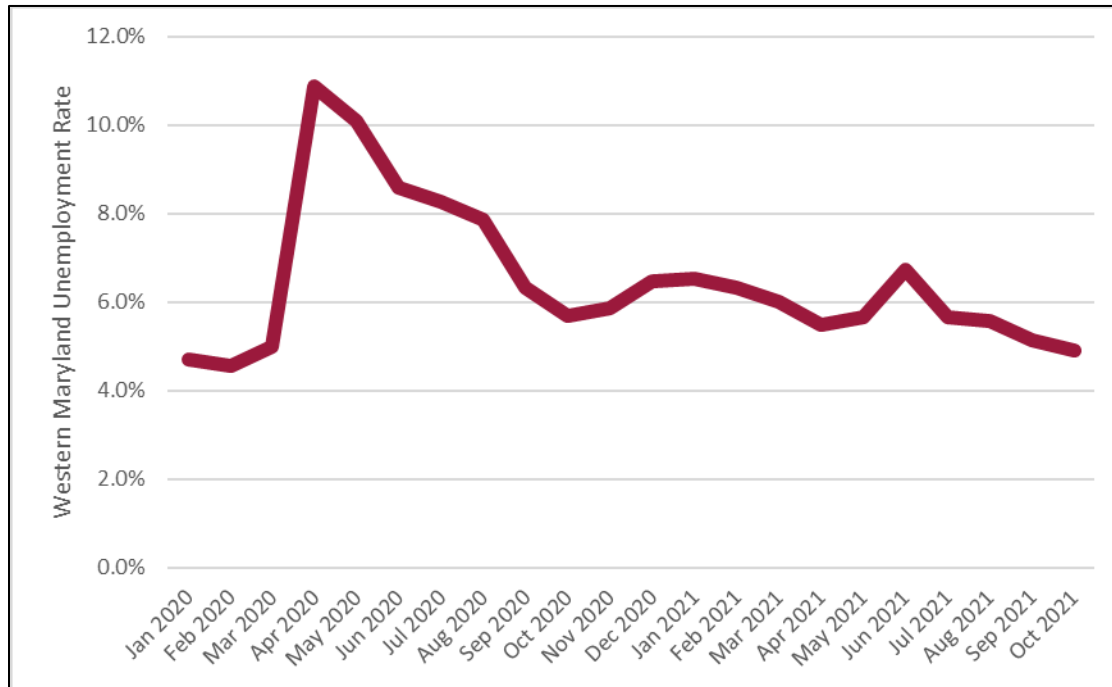
COVID-19 has disrupted Maryland’s economy in an unprecedented fashion, and Western Maryland is no exception. As shown in Figure 11, Western Maryland’s non-seasonally adjusted unemployment rate spiked to 10.9 percent in April 2020. As of October 2021, Western



## Task Force on the Economic Future of Western Maryland Final Report

Maryland's non-seasonally adjusted unemployment rate was 4.9 percent. This rate is similar in level to the unemployment rates pre-pandemic. For example, the unemployment rate in February 2020 was 4.5 percent.

**Figure 11: Unemployment Rate in Western Maryland**



Source: Bureau of Labor Statistics

However, a recovered unemployment rate does not mean Western Maryland's economy has fully recovered from the pandemic. The unemployment rate can vary for two reasons:

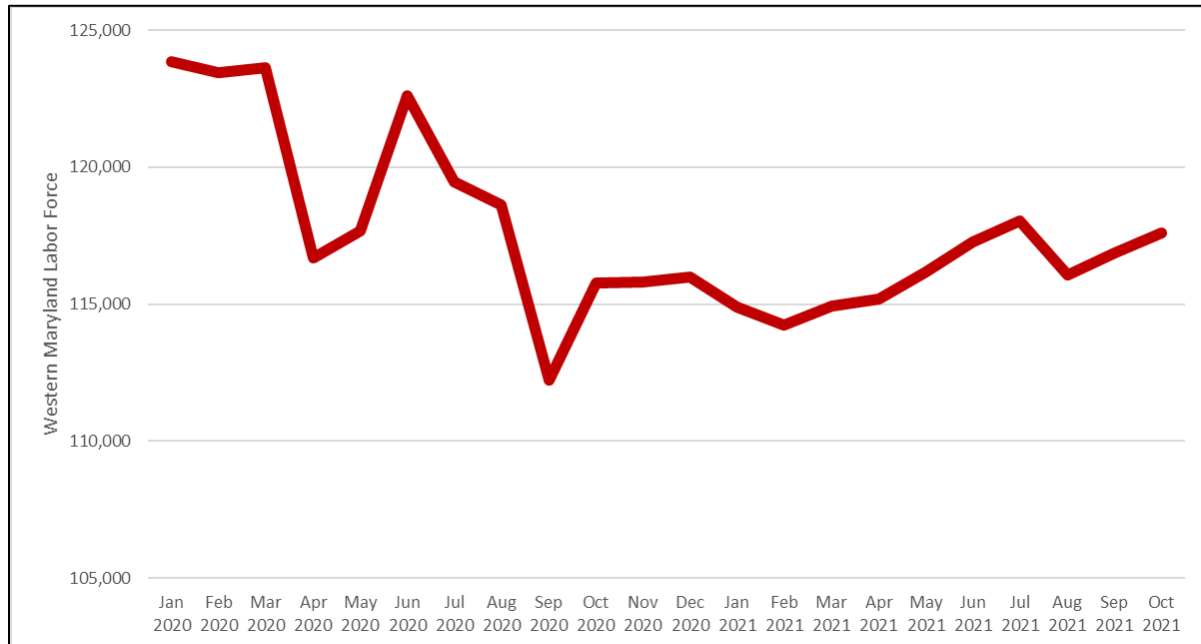
1. A change in the number of unemployed residents of a region or
2. A change in the overall labor force in a region.

The labor force is not the entire population but rather those residents of a region who are either working or who are unemployed but actively seeking work. Those workers who do not have a job but do not want one are not captured. These workers may include students, retirees, parents staying home to care for children, or workers who would like a job but have become discouraged and have stopped actively looking. During the region's recovery from COVID-19, the labor force has contracted as many people have opted not to actively look for work. This is due to a variety of reasons including concerns over the virus, parents opting to remain home with children during remote schooling, and early retirements. As Figure 12 illustrates, the labor force in Western Maryland contracted in the spring and summer of 2020, reaching a low in September 2020. Since then, the labor force has steadily grown but remains below pre-pandemic levels.



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**Figure 12: Western Maryland's Labor Force During COVID-19**



Source: Bureau of Labor Statistics

Over the past two years, COVID-19 has led to a number of changes to how companies do business, and many of these changes are likely to persist. One such trend is the increase in remote work. As COVID-19 spread across the country in the spring of 2020, many companies switched to operating remotely. While these initial work arrangements were not initially intended to be permanent, there is a growing consensus that the number of workers teleworking will remain elevated after the pandemic. This raises two important questions for Western Maryland:

- 1) What proportion of workers are eligible to work remotely in the region?
- 2) What implications does the increased prevalence of remote work have for future growth in the region?

The proportion of workers eligible to telework varies across the state. In Central Maryland and the suburbs of Washington DC, a large number of jobs in the Professional, Scientific, and Technical Services industry means more workers can work from home. However, employment in Western Maryland is more concentrated in industries such as manufacturing, tourism, or natural resources that cannot be done remotely. This is part of why the region's unemployment rate was higher than the state's rate in April and May. Figure 13 illustrates how the proportion of workers eligible to work remotely varies by region of the state. In Western Maryland, 25.5 percent of private sector workers can work remotely.<sup>5</sup> In contrast, 34.8 percent of workers in

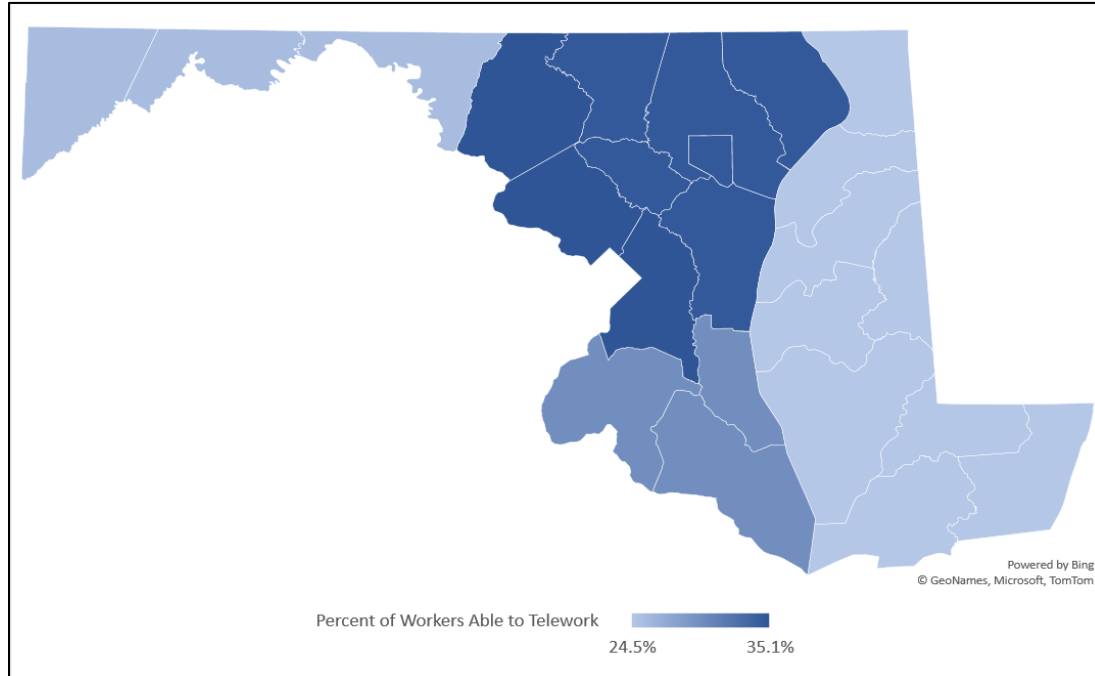
<sup>5</sup> This calculation is based on 2019 QCEW data and telework eligibility definitions at the 3-digit NAICS code level from a June 2020 paper by Jonathan Dingel and Brent Neiman available at: <https://bfi.uchicago.edu/working-paper/how-many-jobs-can-be-done-at-home/>



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Central Maryland and 35.1 percent of workers in the Washington DC suburbs can work remotely.

**Figure 13: Percent of Private-Sector Workers Eligible to Work Remotely**



Source: Jonathan Dingel and Brent Neiman, National Bureau of Economic Research; Maryland Department of Commerce

The increase in remote work presents an opportunity for Western Maryland, among other regions of the state. If workers do not need to make a daily commute, or any commute at all, they may choose to move to an area with a lower cost of living and high quality of life. As such, Western Maryland is well positioned to take advantage of a potential influx of new residents. Policies designed to increase housing supplies, high-speed internet access, high-quality quality parks and other outdoor recreation spaces, and vibrant downtown and community spaces will help ensure that the region is able to benefit from a potential increase in new residents who work remotely.

### 5.0 Recommendations

After reviewing information on Western Maryland’s current economic situation, discussing ongoing efforts and priorities with representatives from state agencies, and conducting conversations with other stakeholders, members of the task force drafted recommendations on ways to improve Western Maryland’s economy. A total of 14 recommendations were included in the task force’s interim report submitted in February 2021. After submission of the interim report, the task force met another five times. During these meetings, task force members solicited input from additional regional stakeholders. Based on this input and experiences during the 2021 legislative session, the task force voted on and approved a list of eight





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measures for inclusion in the final report. Of these measures, the task force recommends legislation be passed for seven of them. Several recommendations from the interim report are not included here. These measures are recorded in Appendix B.

### 5.1 Recommendations Requiring Legislation During the 2022 Legislative Session

This subsection contains the seven recommendations the task force approved that would require legislation. These recommendations would ideally be passed during the 2022 legislative session.

The recommendations in this section were voted on and approved during the December 2, 2021 meeting of the task force as recorded in the figure below.

**Figure 14: Votes by Task Force Members During December 2, 2021 Meeting on Recommendations Requiring Legislation**

Member	TFA-1	TFA-2	TFA-3	TFA-4	TFA-5	TFA-6	TFA-7
Senator Edwards	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Delegate Buckel	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Al Delia	Yes (in absentia)	Yes (in absentia)	Yes (in absentia)	Yes (in absentia)	Yes (in absentia)	Yes (in absentia)	Yes (in absentia)
Jack Schammel	Yes	Yes	Yes	Yes	Abstain	Abstain	Yes
Shelley McIntire	Not Present	Not Present	Not Present	Not Present	Not Present	Not Present	Not Present
Commissioner Shade	Not Present	Not Present	Not Present	Not Present	Not Present	Not Present	Not Present
Commissioner Cline	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Paul Frey	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Juli McCoy	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Jim Hinebaugh	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Andrew Sargent	Abstain	Abstain	Abstain	Abstain	Abstain	Abstain	Abstain



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### TF-A1: The Creation of the Western Maryland Economic Future Investment Fund

The Task Force on the Economic Future of Western Maryland recommends legislation be introduced to create a new program to spur economic development in Western Maryland (Garrett, Allegany, and Washington Counties). The program, the Western Maryland Economic Future Investment Fund (WMEFIF) will be set up as follows:

- The WMEFIF will run for an initial pilot period of five years.
- Each fiscal year, the Governor will allocate \$20 million to fund the WMEFIF.
  - If any money remains unallocated at the end of the fiscal year, it is carried over and does not impact the budget allotment for the next fiscal year.
- The WMEFIF will receive oversight through an eleven-person board set up as follows:
  - One (1) representative from the Maryland Department of Commerce who will act as chair of the oversight body,
  - One (1) county commissioner from each county,
  - One (1) representative from an economic development organization in each county as appointed by the county's commissioners,
  - One (1) representative from each county's chamber of commerce, and
  - One (1) representative from the Maryland Municipal League that would represent the three counties.
  - The Tri County Council of Western Maryland will provide support staff to the WMEFIF board.
- Projects eligible for funding through the program will include:
  - Capital Infrastructure Projects:
    - Infrastructure projects must be linked to economic development as approved by the WMEFIF board.
    - The county the project is located in, another local entity, a private business, or a combination thereof must match 20% of the amount approved by the WMEFIF board.
  - Business Development Projects:
    - This category includes, but is not limited to, capital grants/loans, funding for downtown/area revitalization, small business tourism grants/loans, and other items not related to capital infrastructure and as approved by the WMEFIF board.
    - The county the project is located in, another local entity, a private business, or a combination thereof must match 10% of the amount approved by the WMEFIF board.
- To receive funding, projects must lead to improved economic conditions in Western Maryland. This may be shown through metrics delineated in the legislation and implemented by the oversight board that include, but are not limited to:
  - Created/retained jobs,
  - Number of new/retained businesses,



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- Increased wages, or
- New state and local tax revenue.
- Funding can be structured as a grant or loan. Payments on loans will be paid back to the WMEFIF to allow for further funding opportunities.
- Each county or other local entity within the three county area will present potential projects to the WMEFIF board and the board will vote on whether to approve each project.
- Each year, the WMEFIF board shall generate an annual report that details:
  - The number of new projects funded that year by county;
  - The number of completed projects that year by county;
  - The number of ongoing projects by county;
  - For each project, the amount of funding provided by the WMEFIF;
  - For each project, relevant economic metrics; and
  - For each project, the progress made or outstanding.
- If the WMEFIF board determines that insufficient progress has been made after a project receives funding, or that a project did not sufficiently deliver on its promises, the board will be able to claw back the award.
- For any given project, The WMEFIF does not replace existing funding opportunities from other state programs. Instead, the WMEFIF serves to enhance existing economic development opportunities and resources in the region.

### **TF-A2: Programs to Increase the Supply of Middle-Income/Market-Rate Housing Availability**

Western Maryland's population has fallen over the past decade even while employment has risen. This indicates that the region's workers are living outside the region. The task force has heard from stakeholders that workers generally locate outside the region due to two related reasons:

- The supply of available housing is greater in neighboring jurisdictions, such as West Virginia.
- There are few homes available at the price-point consumers want in Western Maryland.

The task force has heard that these two reasons have a related cause: the high cost of housing construction in the region. Developers shift projects to West Virginia or Pennsylvania to take advantage of lower input costs. This increases the supply of relatively cheaper housing outside of Western Maryland. When homes are built in the region, various regulations increase the input price of the homes and this increase is in turn passed on to consumers. Increasing residents in Western Maryland's towns is a win-win. It benefits residents who can enjoy a shorter commute to work and it benefits local jurisdictions as these new residents pay taxes and support local businesses.



## **Task Force on the Economic Future of Western Maryland Final Report**

To help entice new residents and stem further population loss, the Task Force on the Economic Future of Western Maryland recommends legislation be introduced to help tackle the increasingly high cost of housing in the region. Topics for legislation on the topic include:

- Reviewing and reducing regulatory hurdles in the region that increase the cost of housing relative to nearby areas.
- Property tax credits for homeowners in the region to offset the cost associated with regulations concerning sprinkler installations, septic tanks, and last-mile broadband installation.
- Tax credits and incentives for developers of middle-income/market-rate housing to reduce the cost of construction and incentivize new development in Maryland rather than nearby jurisdictions.

The Task Force on the Economic Future of Western Maryland also recommends that special attention be paid to a housing study currently being conducted on behalf of the Greater Cumberland Committee and action be taken to align with the eventual report.

### **TF-A3: Enhancements to the Maryland E-Innovation Initiative Fund**

The Maryland E-Innovation Initiative Fund (MEIF) is currently administered by the Maryland Department of Commerce. The program is designed to encourage research endowments at Maryland's colleges and universities. Through MEIF, the state provides matching funds to funding that institutions of higher education have secured from private sources in support of research endowments. The program has had considerable success. In fiscal year 2020, the state awarded six institutions \$8.5 million in matching funds and in fiscal year 2021 the state awarded seven institutions \$7.55 million in matching funds. However, smaller colleges and universities have encountered challenges in providing matching funds. The Task Force on the Economic Future of Western Maryland recommends that legislation be introduced so that institutions with an annual unrestricted current funds budget of less than \$250 million only need to obtain a qualifying donation, pledge, or combination of donations and pledges of \$200,000 instead of the current level of \$500,000.

### **TF-A4: Allocate Additional Funding to Maintain State-Owned Lakes**

The State of Maryland owns 16 lakes, many of which are located in Western Maryland. These lakes are economic engines, generating hundreds of millions of dollars in economic impact each year and in many cases supporting a substantial property tax base along the lake shores. Maintaining these lakes ensures the longevity of these resources for the localities that depend on them. As such, the Task Force on the Economic Future of Western Maryland recommends that the Governor add an additional line item of \$3 million per year to the Maryland Department of Natural Resources' budget in order to maintain state-owned lakes. This funding should not supplant existing funding going to the Maryland Department of Natural Resources.

### **TF-A5: Support Enactment of the Maryland Technology Infrastructure Pilot Program**



## **Task Force on the Economic Future of Western Maryland Final Report**

The Task Force on the Economic Future of Western Maryland recommends that legislation be passed to establish a pilot program within TEDCO to:

- 1) Support the innovation economy by incentivizing the development of advanced industry infrastructure and resources that build on the existing strengths of Western Maryland's economy; and
- 2) Support the growth of and incentivize the attraction and retention of early-stage innovation-based businesses in Western Maryland through the creation of supporting infrastructure and resources.

This pilot program would be overseen by the Maryland Technology Infrastructure Authority which would consist of the following members:

- 1) Two members appointed by the Governor that are entrepreneurs or business owners in Western Maryland;
- 2) The president of the Frostburg State University, or the president's designee;
- 3) The president of a community college located in the Western Maryland, or the president's designee, appointed by the Maryland Association of Community Colleges; and
- 4) The executive director of the corporation; or the executive director's designee.

TEDCO, through the pilot program and based on recommendations from the Authority, would make awards for the following purposes:

- 1) support large-scale infrastructure or resource projects in Western Maryland to attract talent, foster collaboration, and enable concentration and growth of advanced industries;
- 2) Foster public-private collaborations to encourage development of shared infrastructure and resources; and
- 3) Support talent development initiatives that address critical skill shortage areas in industries critical to growth in Western Maryland.

Financial awards (which may be made to public or private entities in the State including institutions of higher education) will not exceed one third of the total cost of a project or \$500,000 per project. Priority for the award of any financial assistance shall be given to those projects that are most likely to:

- 1) attract significant investment in the state;
- 2) result in significant company formation, expansion; or job creation; or
- 3) result in meaningful economic and employment development in Western Maryland.

TEDCO will provide the General Assembly with a report on or before July 1, 2024 summarizing the implementation of the pilot program and detailing recommendations on the expansion of the pilot program to a statewide program.

### **TF-A6: TEDCO's Rural Business Innovation Initiative (RBII)**



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TEDCO’s Rural Business Innovation Initiative (RBII) assists start-up and small technology-based businesses in the rural areas of Maryland to advance the company to a higher level of success. The program offers professional ongoing mentoring and targeted funding at no cost to the company. Currently, TEDCO does not have specific state funding for this program. Despite the lack of dedicated funding, TEDCO allocates \$500,000 from their operating funds to provide the network assistance and for a small pre-seed investment fund. While the program receives relatively limited funding, the investments to date show great promise as 87 percent of funded companies are still in operation.

The Task Force on the Economic Future of Western Maryland recommends that the Governor include an appropriation of \$500,000 to fund the RBII, and that this funding be used to supplement, not supplant existing TEDCO funding.

### **TF-A7: Redefine the Meaning of Qualifying Biomass and a Thermal Biomass System**

The Task Force on the Economic Future of Western Maryland supports efforts to amend Maryland’s Renewable Portfolio Standard (RPS) so that:

1. The definition of ‘qualifying biomass’ is updated to include wood products, including mill residues, silvicultural products, and natural wood wastes.
2. The definition of a ‘thermal biomass system’ be updated to include qualifying biomass.

These two changes will support Maryland’s transition to green energy as well as support Western Maryland’s robust forestry industry. During the 2021 legislative session, a study of these efforts was authorized. If this study is favorable to the proposed alterations to the RPS, the Task Force on the Economic Future of Western Maryland supports the passage of legislation to make these changes.

### **5.2 Recommendation For Final Report Without Accompanying Legislation**

This subsection contains the full text of the recommendation the task force approved that does not require legislation during upcoming legislative sessions. Maryland state agencies, including the Maryland Department of Natural Resources, already have the authority to execute the actions described in the recommendation below. The recommendation below combines recommendations from the interim report and was voted on and approved during the task force’s December 2 meeting as recorded in the table below.

**Figure 15: Votes by Task Force Members During December 2, 2021 Meeting on Recommendation Not Requiring Legislation**

Member	TFB-1
Senator Edwards	Yes
Delegate Buckel	Yes
Al Delia	Not Present
Jack Schammel	Yes



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Shelley McIntire	Not Present
Commissioner Shade	Not Present
Commissioner Cline	Yes
Paul Frey	Yes
Juli McCoy	Yes
Jim Hinebaugh	Yes
Andrew Sargent	Abstain

### **TF-B1: Identify Ways to Enhance Recreation Opportunities and State-Owned Parks in Western Maryland**

Western Maryland’s parks and campgrounds are a crucial component of the region’s tourism industry. Ensuring that these resources are well maintained and the amenities are thoughtfully scaled to meet demand will ensure these public lands continue contributing to the local and regional economy. The Task Force on the Economic Future of Western Maryland understands that a shortage of personnel and funding limits the amenities that can be offered, reducing the quality of visitors’ experiences. To this end, the Task Force on the Economic Future of Western Maryland urges the Maryland Department of Natural Resources, other state agencies as appropriate, and relevant stakeholders to explore all possible options to enhance recreation opportunities and state-owned parks in Western Maryland. Options the task force recommends that state agencies consider include:

- Identify opportunities for new trails and rock climbing opportunities in Western Maryland. The task force recommends that the Maryland Department of Natural Resources, the Maryland Department of Transportation, and the Maryland Department of Commerce work closely with each county in the region to identify priority trail systems and new rock climbing opportunities to create or to enhance. To the extent that counties already have identified key projects, the task force recommends that Maryland’s state agencies work aggressively to ensure projects are completed.
- Identify ways for public-private partnerships (P3s) to enhance the offerings within state parks. To the extent that personnel and funding limitations inhibit the ability of the Maryland Department of Natural Resources to provide services within the region’s parks, the task force recommends that the Department consider the use of P3s as a way to provide enhanced amenities to the public. A P3 within a park would provide the state with a revenue stream and ensure that services are provided to visitors. The task force understands that proposed changes by the private operator would involve oversight and approval from the Department of Natural Resources and other key stakeholders.

## **5.0 Conclusion**

This report summarizes the work, findings, and recommendations of the Task Force on the Economic Future of Western Maryland from inception through December 2021. Western Maryland’s economy stands at a crossroads. With support from policymakers across the state, Western Maryland can reposition itself as an economic engine of the state and the broader region, competing successfully with areas of West Virginia, Pennsylvania, and Virginia. To this



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end, passage of legislation described in Section 5 during the 2022 legislative session will help ensure a vibrant economic future for the region. The region's long-term success will depend on future cooperation and coordination between area residents, members of the business community, and elected officials from across the state.





## Task Force on the Economic Future of Western Maryland Final Report

### Appendix A – Text of Statute Establishing Task Force

Chapter 207<sup>6</sup>

(House Bill 436)

AN ACT concerning

#### **Task Force on the Economic Future of Western Maryland**

FOR the purpose of establishing the Task Force on the Economic Future of Western Maryland; specifying the membership of the Task Force; providing for the appointment of a Senate cochair and House cochair of the Task Force; providing for the staffing of the Task Force; prohibiting a member of the Task Force from receiving certain compensation, but authorizing the reimbursement of certain expenses; requiring the Task Force to study, consider, and make recommendations regarding certain matters; requiring the Task Force to report its findings and recommendations to the Governor and the General Assembly on or before a certain date; providing for the termination of this Act; and generally relating to the Task Force on the Economic Future of Western Maryland.

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That:

- a) There is a Task Force on the Economic Future of Western Maryland.
- b) The Task Force consists of the following members:
  - 1) one member of the Senate of Maryland who is a member of the Western Maryland Delegation, appointed by the President of the Senate;
  - 2) one member of the House of Delegates who is a member of the Western Maryland Delegation, appointed by the Speaker of the House;
  - 3) the Secretary of Commerce, or the Secretary's designee;
  - 4) the Executive Director of the Maryland Technology Development Corporation, or the Executive Director's designee;
  - 5) one county elected official serving in Allegany County, Garrett County, or Washington County, appointed by the Maryland Association of Counties;
  - 6) one municipal elected official serving in Allegany County, Garrett County, or Washington County, appointed by the Maryland Municipal League;
  - 7) a representative of Frostburg State University who has relevant experience in economics, economic development, or business, appointed by the President of Frostburg State University;
  - 8) a representative of the Tri-County Council for Western Maryland, appointed by the Board of Directors of the Council;

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<sup>6</sup> The most recent text of the statute is available at the following link:  
[http://mgaleg.maryland.gov/2020RS/Chapters\\_noln/CH\\_207\\_hb0436t.pdf](http://mgaleg.maryland.gov/2020RS/Chapters_noln/CH_207_hb0436t.pdf)



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- 9) one representative of the business community, appointed by the Allegany County Chamber of Commerce;
  - 10) one representative of the business community, appointed by the Garrett County Chamber of Commerce; and
  - 11) one representative of the business community, appointed by the Washington County Chamber of Commerce.
- c) (1) The President of the Senate shall designate one of the members appointed from the Senate as cochair of the Task Force.  
(2) The Speaker of the House shall designate one of the members appointed from the House of Delegates as cochair of the Task Force.
- d) The Department of Commerce shall provide staff for the Task Force.
- e) A member of the Task Force:
- 1) may not receive compensation as a member of the Task Force; but
  - 2) is entitled to reimbursement for expenses under the Standard State Travel Regulations, as provided in the State budget.
- f) The Task Force shall:
- 1) study the current economic conditions of Western Maryland; and make recommendations regarding potential methods for the improvement of the economies of Allegany County, Garrett County, and Washington County, including:
    - i. opportunities to expand economic activity in technology–based industry, including biotechnology, cybersecurity, energy and energy storage, transportation and logistics, and advanced manufacturing;
    - ii. opportunities to strengthen tourism–related businesses in Western Maryland; and
    - iii. strategies to overcome barriers to the creation and expansion of new small businesses in Western Maryland.
- g) On or before January 1, 2021, the Task Force shall report its findings and recommendations to the Governor and, in accordance with § 2–1257 of the State Government Article, the General Assembly.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2020. It shall remain effective for a period of 1 year and, at the end of June 30, 2021, this Act, with no further action required by the General Assembly, shall be abrogated and of no further force and effect.

**Enacted under Article II, § 17(c) of the Maryland Constitution, May 8, 2020.**



## **Appendix B – Recommendations From the Interim Report Not in Final Report**

This appendix records four recommendations from the interim report that the task force decided not to advocate for. The first two recommendations are not being reintroduced because they were passed during the 2021 legislative session. The second two recommendations, found in Section B.2, are not being reintroduced for other reasons after being unsuccessful in the 2021 legislative session.

### **B.1 Successful Recommendations That Will Not Be Reintroduced**

Versions of the following two recommendations from the interim report were successful during the 2021 legislative session and therefore the task force is no longer advocating for them to be passed.

#### **TF-C1: Revisions to the Maryland Innovation Initiative**

TEDCO operates the Maryland Innovation Initiative (MII) that promotes the commercialization of research occurring at Maryland’s five research universities:

1. Johns Hopkins University;
2. Morgan State University;
3. University of Maryland, Baltimore;
4. University of Maryland, Baltimore County (UMBC); and
5. University of Maryland, College Park.

Since the program’s inception in fiscal year 2013, MII has awarded 252 grants and 74 investments across a diverse range of industries such as life sciences, engineering, and information technology. Companies supported by MII have found success, and 57 percent of MII companies raise follow-on funding within two years.

Although the program has been successful, it is currently limited by statute to the state’s five research universities. Expanding MII to additional universities could allow for enhanced economic development opportunities across Maryland.

To this end, the Task Force on the Economic Future of Western Maryland recommends legislation be introduced to establish a pilot expansion of MII at Frostburg State University, located in Allegany County. A pilot program would work as follows:

- For FY 2023 and FY 2024, the Governor shall include an appropriation of \$500,000 for the pilot program.
  - This funding shall be used to supplement, not supplant, any funds that would otherwise be provided to MII.
- Frostburg State University shall pay an annual contribution of \$50,000 in FY 2023 and FY 2024.



## **Task Force on the Economic Future of Western Maryland Final Report**

- To be eligible for funding under the pilot program, a project must:
  1. Support the creation of a new technology-based business in Maryland;
  2. Advance technology toward commercialization of a product or service;
  3. Foster entrepreneurial development at Frostburg State University;
  4. Create an opportunity for meaningful economic impact in the region around Frostburg State University; or
  5. Foster collaborations between the university and an industry partner and must include:
    - Product development with commercialization potential; and
    - Matching funds provided by the industry partner.
- TEDCO will provide the General Assembly with a report on or before July 1, 2024 summarizing the implementation of the pilot program at Frostburg State University.

### **TF-C2: A Bill to Extend the Activities of the Task Force on the Economic Future of Western Maryland**

The Task Force on the Economic Future of Western Maryland recommends legislation be introduced to extend the Task Force on the Economic Future of Western Maryland through October 1, 2021 with a final report due on or before October 1, 2021.

### **B.2 Other Recommendations That Will Not Be Reintroduced**

The following two recommendations were not passed during the 2021 legislative session and the task force is no longer advocating for them expressly.

### **TF-D1: Support Tax Credits and Programs Designed to Allow Maryland's Tourism Industry to Recover from COVID-19**

Maryland's tourism industry has faced unprecedented challenges in the wake of COVID-19. The industry is critical to the economies of all of Maryland's regions and Western Maryland is no exception. The Task Force on the Economic Future of Western Maryland supports the following legislation and recommends both items be passed during the 2021 legislative session:

- SB 64 - Unemployment Insurance - Earned Rating Record - Waiver of Benefit Charges Due to COVID-19 - to ensure unemployment insurance rates do not rise for companies that were forced to layoff workers during the pandemic and
- Legislation to enact the 'Explore Maryland Tax Credit,' which would incentivize more Maryland residents to travel and support businesses hardest hit during the current economic downturn.

### **TF-D2: Support Small Business Participation in Association Health Plans**

The Task Force on the Economic Future of Western Maryland notes that legislation has been submitted during prior legislative sessions to amend the Maryland Healthcare Access Act of 2018 to remove language prohibiting small businesses from including their owners, employees, and family as part of the larger pool of employees in an Association Health Plan. If legislation on



## **Task Force on the Economic Future of Western Maryland Final Report**

this topic is introduced during the 2021 legislative session, the Task Force on the Economic Future of Western Maryland recommends that it be passed.