



# Gaining a Competitive Edge

*Keys to Economic Growth and Job Creation in Maryland*



**A Report by the Greater Baltimore Committee**

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A Report by the  
Greater Baltimore Committee  
*December 2010*

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*Special thanks to  
Loyola University Maryland  
Sellinger School of Business  
and Management  
and to the Economic Alliance  
of Greater Baltimore*



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BALTIMORE  
COMMITTEE

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## **The disconnect over the concept of ‘business climate’**

Maryland has many strengths as a place to do business, including quality public schools, top-ranked universities, a highly-educated and trained workforce, a major concentration of research activities, high rankings for technology development potential, and a superior geographic location and quality of life.

Many in Maryland believe that businesses should, and will, locate or expand here based primarily on the merits of these significant assets.

Maryland’s government leaders bristle at the suggestion that Maryland’s tax policy, its regulatory environment, or other policy issues could significantly detract from our state’s strengths as a location of choice for expanding existing business facilities or for establishing operations from elsewhere into our state.

In an ideal world, that point of view would seem entirely logical. But to virtually everyone engaged in the rough and tumble world of business and economic development, the notion that Maryland’s significant strengths in technology, education, workforce, and lifestyle far outweigh other factors in the tough competition among many states for business growth is, in their words, “fantasy not fact.”

That, in a nutshell, frames a continuing debate in Maryland over the concept of “business climate” and the question of how competitive is Maryland’s. Elected leaders generally feel that our state is attractive enough to business as we are. Business leaders and economic developers contend that there is room for Maryland to be more competitive as a business location.

## Facing the disconnect, furthering the discussion

Resolving the now-chronic disconnect between state government leaders and Maryland's business and economic development community prompted the Greater Baltimore Committee to launch an initiative aimed at furthering the dialogue between our state's private and public sectors by asking two questions:

- How is Maryland's business environment perceived in the nation's broader business community, as reflected in a variety of published business rankings?
- What specific elements do Maryland business and economic development leaders agree constitute core pillars of a business environment that would give Maryland, or any state, a competitive edge as a business location?

During the last 12 months, the Greater Baltimore Committee studied existing business climate surveys to gain as much information about how rankings were determined and to identify key factors that contributed to various published business rankings.

The GBC also conducted broad-ranging discussions, focus groups, feedback sessions, and other meetings with business leaders and economic developers. Participants included

CEOs and business executives, current economic development directors from local jurisdictions, and former heads of the Maryland Department of Business and Economic Development.

The objective was to develop a consensus among Maryland's business and economic development leaders on key components of a strong business environment that will result in job creation, an increasing tax base and business vitality that will power our state's continuing high quality of life.

The ultimate goal is to achieve a consensus around which Maryland's business and government leaders can work together to build a solid strategy for our state's economic future – a strategy that everyone can live with and strive to achieve.

If the recession has taught us anything, it's that the private-sector – not government – is the engine that drives business growth, job creation and ultimately Maryland's economic future.

**The ultimate goal is to achieve a consensus around which Maryland's business and government leaders can work together to build a solid strategy for our state's economic future – a strategy that everyone can live with and strive to achieve.**

environment compiled from private-sector leaders, is the result of the last 12 months of study and discussion.

### **Maryland's business rankings – a myriad of conclusions**

Every year, news organizations, academic institutions, and policy-related nonprofits across the country issue dozens of surveys and reports ranking the states for various aspects of "business climate."

Top Ten lists have become a media staple. Elected officials tout their state's high rankings and dismiss low rankings. State and local economic officials put both the high and low rankings to effective use. They make sure that business prospects are aware of both their states' high rankings as well as the low rankings of competing states.

But anybody looking to such rankings to definitively resolve the question of which state has the best business climate quickly realizes that they are engaged in an exercise in futility. An examination, thorough or cursory, of the business climate studies can be mind boggling and numbing.

A review, by the Greater Baltimore Committee and the Sellinger School of Business and Management at Loyola University Maryland, of 10 widely-circulated business climate surveys published during 2010 shows Maryland rankings ranging from 3<sup>rd</sup> to 45<sup>th</sup>. For example, on "Best States for Business" surveys Maryland ranks 12<sup>th</sup> on the Forbes list, 27<sup>th</sup> on Chief Executive magazine list, and 42<sup>nd</sup> on the Directorship.com list.

Meanwhile, the Kauffman

Foundation ranks Maryland 3<sup>rd</sup> on its “New Economy” ranking that measures information and technology resources, but the Tax Foundation ranks our state 45<sup>th</sup> for overall business tax climate.

### **How Maryland fared**

In the 10 surveys the GBC studied, Maryland garnered two rankings in the top 15 and two rankings in the bottom 15, with all other rankings falling somewhere in the middle.

How can rankings vary so much? The reason lies in the criteria, categories, and sub-categories on which various surveys base their rankings, and how the criteria are weighted in each study.

For instance, both Forbes and Chief Executive Magazine include taxation, regulation, workforce, and quality of life as key determining factors, but they weight them differently. The Directorship.com rankings are, in themselves, compilations of other rankings – in a way, averaging the averages.

The Kauffman Foundation’s survey measures knowledge jobs, “economic dynamism,” and technological innovation, while The Tax Foundation only looks at corporate, individual, sales, unemployment, and property taxes.

No two sets of criteria used by any of the surveys are alike. Even

### **An examination of 10 widely-circulated business climate surveys published during 2010 shows Maryland rankings ranging from 3<sup>rd</sup> to 45<sup>th</sup>**

Maryland 8<sup>th</sup> while a 2009 CNBC study ranks Maryland 35<sup>th</sup> for the same category.

A summary of rankings and criteria can be found in the Appendix.

### **Key issues that emerged**

Amid the maze of inconsistencies, some key strengths and areas of concern for Maryland emerge from the business climate rankings as a whole.

Maryland consistently shows strength in growth prospects, technology and innovation, workforce education, knowledge and wages, and “new economy” resources.

Consistent areas of concern include comparatively high corporate and individual tax rates (though other states are catching up), utility costs, crime rates and cost of doing business.

What can Maryland do to impact overall rankings? Probably not a lot, because these rankings are other people’s varied and subjective measurements of many indicators. Almost any state will rank high on some lists and low on others.

But what Maryland can, and should, do is decide specifically who we want to be as a competitor for business location and expansion, and as a place

similar category rankings within the surveys show wide inconsistencies.

For instance, in the “workforce/labor” category, Forbes’ 2009 study ranks

for businesses to grow and prosper. Business leaders and policy makers in Annapolis should work to achieve a consensus on what key business development policies and business climate elements are important to achieving the goal of making Maryland the best possible competitor for economic growth.

Then, we must ensure that we enact and implement policies that reflect our consensus and that deliver robust economic growth. Our primary desired outcome isn’t to score well on surveys, it’s to nurture job growth, business vitality and a high quality of life.

We can take a lesson from the legendary UCLA basketball coach John Wooden, who didn’t scout his opponents. His thinking was “if we do what we do well, then no one will beat us.” That’s what Maryland needs to do: decide what it wants to be as a business location, focus on it, and do it well.

If we accomplish that, the survey rankings will take care of themselves.

Toward that end, the following pages detail the consensus eight core pillars – prerequisites – of a competitive business environment that was developed by Maryland business leaders and economic development executives who participated in the GBC study.

The following pages also offer more detail on the discussions among study participants and issues they raised that relate to each of the core pillars.

# Core pillars for a competitive business environment and job creation

- **Government leadership that unites with business as a partner.** Maryland leaders must set a welcoming tone that communicates positive support for business, respect for the private sector as a partner, not an adversary, and reflects a strategic plan for business growth and job creation.
- **Workforce that is highly-educated and meets Maryland's business needs.** Maryland's secondary and higher education institutions must offer access to quality instruction at all levels and cultivate a workforce that is well-suited to a modern economy and to the specific needs of Maryland's business sectors.
- **Regulatory policies that are streamlined, stable and predictable.** Maryland must project to businesses within and outside the state that its government regulatory policies are reasonable, relevant, free of surprises or redundancy, and considerate of businesses' sense of urgency.
- **Tax structure that is fair and competitive.** Maryland's tax policy must be perceived by business as being competitive and devoid of elements that unreasonably target specific businesses or business sectors.
- **Competitive costs of doing business.** Public policies must reflect a government predisposition to nurture business growth and to avoid arbitrarily or disproportionately imposing additional overhead upon the business sector.
- **Superior transportation infrastructure with reliable funding mechanisms.** An essential prerequisite of a competitive business environment includes well-funded and maintained highway, transit, port and airport infrastructure that provides reliable and efficient options to move people, goods and services.
- **Strategic and effective state investments in business growth.** The state must commit to substantive strategic investments, leveraged with capital assets, to nurture business and job growth. Investments should include competitive and effective tax credits, business development incentives, and tactical initiatives to nurture private investment in industry growth.
- **Business marketing strategy that is aggressive, coordinated, long-term, and well-funded.** Success breeds success. Competitive states celebrate their businesses' achievements by investing in comprehensive communication and promotion to internal and national audiences of business strengths and the state's assets as a place to live and work.

**gbc** **Government leadership that unites with business as a partner.** Maryland leaders must set a welcoming tone that communicates positive support for business, respect for the private sector as a partner, not an adversary, and reflects a strategic plan for business growth and job creation.

### **Welcoming Tone**

Maryland government needs to set a top-down tone that says business is welcome. This needs to come from the highest levels of leadership in our state, and it needs to project that Maryland's government leaders respect business, that business is important to them and that they will work with business as a partner.

State leaders must recognize that business is the state's primary job generator and reflect that attitude through active support of policies that address business needs.

Local economic development directors report that they are very discouraged by reports from business owners about how state agencies interact with them or address their needs. They report that agencies demonstrate little sense of urgency, are very bureaucratic and have long and bureaucratic routine processes. Business owners have gotten the impression that the first instinct among many agency employees is to "just say no" because it is easier to defend to their supervisors or takes less time than trying to solve a problem.

"It's a cultural thing," said one economic development director, citing a need to instill more of a customer

service culture in state agencies.

Business owners report getting a sense that employees of state agencies have a view that what business needs is inherently bad for state revenues or the environment.

### **Businesses are Listening**

Unfortunately, Maryland lawmakers often project damaging perceptions of the business arena. "The state needs to understand that businesses are listening, even if things don't get passed, they hear what legislators are talking about and it influences business decisions," said many focus group participants.

For example, contractors who have an opportunity to move to Maryland for BRAC reacted negatively because they heard that legislation to create a value added tax (VAT) was being floated in Annapolis. "It doesn't matter if it passes or not, just the fact that it's being seriously considered deters businesses and sends an adversarial message," said one business leader.

### **Positive Support**

"We need a state government that treats businesses in a more supportive way," said many focus group participants. Among other things, they suggest that "style of enforcement" among state agencies be adjusted to reflect a more

problem-solving orientation toward solutions that facilitate the business development process rather than block it. This could be supported by better communication between state agencies and the business community that reflects a strategic plan throughout state government to nurture business development in a way that generates jobs while preserving Maryland's environmental resources and quality of life.

### **Business as a Partner**

"The building blocks of a successful economy are businesses," said one economic development director. State departments should work with business to resolve issues. With better communication and relationships, the state and the business community can work together to develop solutions to economic issues.

Currently, no substantive relationship exists between state government and the business community, according to many economic developers and business owners. "There should and could be a very good partnership" said one business leader. "There are many great accountants in this state, but not one was asked about the impact of the tech tax." The state needs to reach out to the business community and create a better relationship in order to succeed in economic and business growth.

**gbc Workforce that is highly-educated and meets Maryland’s business needs.**

Maryland’s secondary and higher education institutions must offer access to quality instruction at all levels and cultivate a workforce that is well-suited to a modern economy and to the specific needs of Maryland’s business sectors.

**Workforce Opportunities**

Focus group participants all agreed that Maryland has a highly developed, educated and trained workforce, but lacks the quantity of graduates in certain fields needed to support business growth in the state. “With our education institutions, we have the opportunity for a highly qualified workforce,” said one participant. They remarked that the state has an opportunity to help build better relationships between the higher education and business community, and to work with its institutions to create jobs.

K-12, higher education, and job training programs should work together on the same strategic approach to

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develop a workforce to address the modern day economy and needs of Maryland’s businesses.

**Workforce Incentives**

According to many economic development professionals, the best thing Maryland can do is invest in its workforce. “Incentives regarding workforce development and training demonstrate to businesses that Maryland is interested in investing in its workforce,” they said, citing the Partnership for Workforce Quality and the Maryland Industrial Workforce Training Program, as good examples.

“We need to be able to show businesses that we are investing in their workforce,” said one former Secretary of the Maryland Department of Business and Economic Development. “It’s low cost and has a tremendous impact.”

**Educational Institutions**

The focus groups agreed that our K-12 education and higher education systems can be the best in the country and that Maryland has the opportunity to fund and fuel research that will grow products of the next generation. “It is important to educate presidents of higher education institutions on the importance of business and let the education system be the magnet,” said one participant. “Maryland educational institutions are the key to a qualified workforce.”

**Emerging Industry Workforce**

Maryland needs to be a step ahead and anticipate workforce needs with regard to emerging industries, such as cybersecurity. We should be able to say to strategic emerging industry sectors that we already have an existing trained workforce ready for you, not that we will train your workforce once you get here.

**gbc Regulatory policies that are streamlined, stable and predictable. Maryland must project to businesses within and outside the state that its government regulatory policies are reasonable, relevant, free of surprises or redundancy, and considerate of businesses’ sense of urgency.**

**Polices and Processes**

Effective policies and processes should reduce business costs, reduce time of permitting, and create a more predictable regulatory climate. “Time is money and money is jobs,” said one economic development director. Businesses thrive on consistency. They

like to know what to expect. They do not thrive in an unpredictable policy environment. The state needs to develop a sense of urgency in dealing with business and work to continuously update the policies and processes that have an impact

**“Time is money and money is jobs.”**

on economic growth and doing business in Maryland.

**Fast Tracking**

The state’s permitting processes should be re-evaluated. Existing processes were described by one economic

development director as being too slow, redundant, and unpredictable. “If you get the permit, you don’t know if you will get blocked at another stage. When a business decides to expand, a permit

could get held up at any stage of the process, or make it all the way through, but then get denied at the final step in the process.” Due to bureaucratic issues, business permits get denied or

delayed and then the business is forced to close. Fast tracking and expediting processes are key steps to make it easier to do business in Maryland.

**gbc Tax structure that is fair and competitive. Maryland’s tax policy must be perceived by business as being competitive and devoid of elements that unreasonably target specific businesses or business sectors.**

Focus group participants agreed that no one can say Maryland is a tax competitive state. Maryland is consistently in the bottom 10 in the U.S. from a competitive standpoint. For example, the 2011 Tax Foundation’s State Business Tax Climate Index gives Maryland a 45<sup>th</sup> ranking. This index compares the states in the areas of corporate taxes; individual income taxes, sales taxes, unemployment insurance taxes, and property taxes.

“Having a competitive tax burden would be an attribute. We need to be competitive, especially with the states within our geographical region,”

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remarked focus group participants. Maryland’s corporate tax rate is 37.5 percent higher than Virginia (8.25 percent compared to Virginia’s 6 percent), and the sales tax rate in Maryland is 20 percent higher than Virginia (6 percent compared to 5 percent). The combined state and local maximum personal income tax levels are 56.5 percent higher than Virginia (9 percent compared to 5.75 percent).

“People are leaving, we are losing talented leaders who no longer give back to the community

philanthropically,” said one business leader when referring to the state’s millionaires tax. The computer services tax (tech tax), which was repealed, would have placed a 6 percent sales tax on computer services, and the impact would have sent technology companies and thousands of jobs to our competitor states.

Business leaders agreed that Maryland need not be in the top 10 low tax states, but it should strive for a tax structure that is at least competitive and that delivers reasonably high value for tax dollars. Maryland tax policy should encourage economic growth and job creation. A “silo approach” to taxes detracts from a state’s competitive advantages.

**gbc Competitive costs of doing business. Public policies must reflect a government predisposition to nurture business growth and to avoid arbitrarily or disproportionately imposing additional overhead upon the business sector.**

Cost of doing business is a major consideration when a company chooses to locate or expand in a state. In addition to the tax burden, “the cost of doing business in Maryland is high, especially when compared to other states within our region,” study participants said. Maryland is also known for its high energy costs. “Utility costs can

be a huge expense for a business,” said one business leader.

Public policies should avoid significantly increasing the cost of doing business and should always be weighed against the impact on business growth and job creation. The “Wal-Mart bill,” which was passed by the legislature but was struck down by the courts, would

have required employers with more than 10,000 workers to spend at least 8 percent of their payroll on employee health benefits.

“For every dollar put on business, that is one less dollar that business can give back to create jobs, invest in infrastructure and expand,” said one business leader.

**gbc Superior transportation infrastructure with reliable funding mechanisms.**

Core elements of a competitive business environment in Maryland must include well-funded and maintained highway, transit, port and airport infrastructure that provides reliable and efficient mobility options for people and products.

**Transportation Infrastructure**

“A good mass transit system is what distinguishes states from one another,” according to one business leader. “Maryland needs to do whatever it takes to keep its port and airport competitive” said another. We need a strong infrastructure system and must be able to move people. Businesses depend on a safe, efficient, reliable and updated transportation system. The state’s mass transit, roads, bridges, tunnels, rails, port and airport must be constantly maintained and improved.

**Transportation Funding**

The state needs long term funding solutions. “The transportation funding issue in this state is shameful” said one former DBED secretary. “The state has to keep investing in transportation – we can’t take years off.” Transportation infrastructure is a huge and important issue.

For almost two decades, Maryland’s

elected leaders have allowed the issue of adequately funding the state’s transportation infrastructure to remain on the back burner as a priority.

The state’s per-gallon gasoline tax – a major source of funding for the state’s Transportation Trust Fund – has not been increased from the 23.5 cents per gallon rate that was enacted in 1992 by the Maryland General Assembly. The result has been comparatively stagnant revenues to the transportation fund over time as the per gallon gas tax rate, which is not inflation sensitive, remained unadjusted despite the effects of inflation on gas prices and construction costs for transportation projects.

While lawmakers have passed some increases – the latest being in 2007 – the pace of revenue growth

**“The transportation funding issue in this state is shameful.”**

for funding transportation projects has lagged far behind the growth of other state revenues and spending.

Meanwhile, over the years lawmakers have habitually raided the Transportation Fund for other uses ranging from bank bailouts to closing general fund budget deficits. More than \$775 million has been raided from the fund in the last 25 years; of which \$127.1 million still remains to be paid back.

The lack of attention to transportation funding has resulted in a growing backlog of planned state highway, transit, port and airport projects for which no construction funding has been budgeted. Five years ago, the backlog was estimated at \$50 billion. Maryland Department of Transportation officials concede that they have no idea what the size of the transportation funding backlog is today.

**gbc Strategic and effective state investments in business growth.** The state must commit to substantive strategic investments, leveraged with capital assets, to nurture business and job growth. Investments should include competitive and effective tax credits, business development incentives, and tactical initiatives to nurture private investment in industry growth.

**Business Incentives**

Legislators need to understand the impact of public policy on business growth and job creation. “When government invests in business, they need to do it to get a greater tax

revenue down the road” said a former DBED secretary, “The state needs to stop looking at business as a funding source and look at them as a customer.”

Companies feel the need to maximize the incentives they receive

and should view the state as working with them, not against them. The state should also offer cash grants not just tax credits that many companies can’t use. “We need to be able to make plays for important deals,” said one economic

development director. “If a business makes a decision based on incentives, we are out of luck.”

Focus group participants agreed that funds that should be revitalized or increased include the Sunny Day Fund, the State Venture Fund and the Maryland Economic Development Assistance Fund (MEDAF). Also, it is important to prevent these types of funds from being transferred to the General Fund.

For example, MEDAF was established in 1999 to provide below market, long-term fixed rate financing to specific growth industry sector businesses locating or expanding operations in a priority funding area. Participants said that MEDAF funding should be increased since the funds could be used for a variety of business needs including property acquisition, construction, or renovation of buildings including leasehold improvements and capital equipment.

As a group, state lawmakers are generally lukewarm to the idea of aggressive tax-credit programs and other incentives to nurture business growth in Maryland and to lure new business here. Many lawmakers view them as more of an expense than an investment that yields a return in the form of economic growth, jobs, and government revenue.

But Maryland needs tax credits and other incentives to overcome the impressions formed by out of state

businesses that Maryland has higher taxes, higher costs of operation, based on labor, energy and other factors; and an aggressive regulatory climate, say local economic developers and national

**“We understand the public perceptions of incentives, but I can tell you that they make a difference.”**

business location experts. “Incentives are pricing tools,” one expert said. “We understand the public perceptions of incentives, but I can tell you that they make a difference.”

Maryland’s incentives – including tax-credits for renovating historic buildings, locating in enterprise zones and brownfields, creating jobs, and investing in bioscience or research and development – are useful, as far as they go, but they “are not unique,” according to economic developers.

### **Improving Incentives**

How can the state improve its business incentives? Maryland needs tools that are more significant in size. Maryland’s incentives are already lower than most. Many states are willing to invest significantly more to retain and lure businesses, say economic developers, who suggest raising the caps on some of the state’s most effective business tax credits and implementing “more flexible and surgical” cash-based incentives.

Does Maryland have room to strengthen its incentives? It would seem so. In 2006, the recent year in which the most business tax credits were claimed, the combined \$45.6 million in

tax incentives claimed by corporations and individuals amounted to only 0.25 percent of the \$19.7 billion in state funds spent that year.

### **Growth Strategy**

There is a connection between a good economy and good business. Maryland needs a strong economic growth strategy that is driven by the governor. The governor has to be the cheerleader for Maryland businesses. “It is important to nurture the growth component,” says one former DBED secretary. “We need genuine and vocal support of business growth now.”

The state needs to invest in business growth, including expanded venture capital funds, expanded biotech tax credits, research and development support, small business development, incubator space and workforce. These investments are key to an effective growth strategy.

Our economic growth strategy should include basic programs and support that will create and develop entrepreneurs and workforce and will protect and value intellectual property rights. The state needs to make a good business environment for our emerging industries by providing relevant and timely tax credits, promoting our assets and offering the support and investment that the industries need. Maryland does have venture money according to one former DBED secretary, “We are doing well, but we can do better.”

**gbc Marketing strategy that is aggressive, coordinated, long-term, and well-funded.** Success breeds success. Competitive states celebrate their businesses' achievements by investing in comprehensive communication and promotion to internal and national audiences of business successes and the state's strengths as a place to live and work.

### **Marketing Strategy**

The focus groups agreed that Maryland needs to invest in marketing the state. "We need to tell our story, and show what we have to offer." Anticipating how we take advantage of future opportunities is an essential component to a competitive business marketing strategy. "We should announce and celebrate the successes and all the good things, instead of dwelling on things we can't obtain," said one business leader.

The DBED marketing budget needs to be on-going to have an impact and a marketing plan needs to be

coordinated and consistent. "We don't necessarily need more marketing money, we just need to use it right," says one former DBED secretary. "Someone needs to take a leadership role in marketing."

### **Building on Strengths**

Participants agreed that Maryland needs to promote its existing assets – Come to Work, Stay to Play. "We have great

**"We should announce and celebrate the successes and all the good things, instead of dwelling on things we can't obtain."**

assets that businesses look for, but the business environment has not been viewed as positive," said participants. They gave examples of major assets such as quality of life, great natural resources, qualified workforce and location. "Maryland has significant advantages, including location and education. We should promote these things to keep an edge, use these to our advantage," said one former DBED Secretary.

# Appendix

## Acknowledgments

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## Summary of Business Climate Surveys Studied by GBC

### **Chief Executive (2009)**

*Best/Worst States for Business Ranking*

Maryland rank: 27/33

Methodology: Surveyed 660 CEOs on three general categories.

Criteria included:

- Taxation and regulation
- Quality of workforce
- Living environment

### **Directorship Boardroom (2009)**

*Boardroom Guide to Best States for Business*

Maryland rank: 42

Methodology: Used rankings compiled by other publications in eight major indices of attractiveness to business.

Criteria included:

- Litigation
- Number of Fortune 500 companies
- Tax climate (Tax Foundation)
- Cost of living – CNBC’s America’s Top States for Business
- Cost of labor (average annual wage)
- Economy/economic climate – CNBC rankings
- Quality of life – Forbes rankings
- Education – percent of population over 25 with college degrees

### **Forbes (2009)**

*Best States for Business*

Maryland rank: 12

Methodology: Measures six vital categories for businesses from nine different data sources

Criteria included:

- Labor, energy, taxes (weighted most heavily)
- Economy/economic climate
- Quality of life
- Business cost
- Labor
- Regulatory environment

### **Kauffman Foundation (2009)**

*New Economy rankings*

Maryland rank: 3

Methodology: Examined 25 indicators divided into five categories.

Criteria included:

- Knowledge jobs
- Globalization
- Economic dynamism
- Transformation to digital economy
- Technological innovation capacity

### **Tax Foundation (2009)**

*State Business Tax Climate Index*

Maryland rank: 45

Methodology: Compared states on aspects of their tax systems and then added the results up to a final, overall ranking.

Criteria included:

- Corporate tax index
- Individual income tax index
- Sales tax index
- Unemployment tax index
- Property tax index

### **CNBC (2009)**

*America’s Best States for Business*

Maryland rank: 27

Methodology: Scored states on 40 different measures of competitiveness. Then separated those metrics into broad categories, with input from business groups and weighted by how frequently each is cited in state business marketing materials.

Criteria included:

- Cost of doing business
- Workforce
- Quality of life
- Economy
- Transportation
- Technology and innovation
- Education
- Business friendliness
- Access to capital
- Cost of living

**State Business & Entrepreneurship Council (2009)**

*Business Tax Index*

Maryland rank: 31

Methodology: Ranked states in terms of the costs of their tax systems on entrepreneurship and small business.

Criteria included:

- Personal and corporate income tax rates
- Individual and corporate capital gains tax rates
- Property taxes
- Consumption-based taxes (sales taxes, etc)
- Death tax
- Unemployment tax
- Other taxes (internet, gas, etc.)

**Beacon Hill Institute (2008)**

*State Competitiveness Report*

Maryland rank: 28

Methodology: Based on a broad set of 42 indicators designed to measure the long-term competitiveness.

Criteria included:

- Government and fiscal policy
- Security
- Infrastructure
- Human resources
- Technology
- Business incubation
- Openness
- Environmental policy

**Site Selection Magazine (2008)**

*Top State Business Climate Rankings*

Maryland rank: 19

Methodology: Evaluated the states using an index of new and expanded facilities and a survey of corporate site selectors of their preferences for state business climates.

Criteria included:

- New jobs created
- Total new and expanded facilities
- Total capital investment in new and expanded facilities
- Ease of permitting and regulatory procedures
- Transportation infrastructure
- Workforce skills

**National Chamber Foundation (2009)**

*Enterprising States*

Maryland rank: Among top 10 states in seven of 35 sub-categories and in top 25 states in 10 of 35 sub-categories.

Methodology: Assembled 35 measures of overall economic performance and performance in six areas relating job growth.

Criteria included:

- Economic performance
- Exports
- Innovation and entrepreneurship
- Taxes and regulation
- Workforce development
- Infrastructure



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