



## **Maryland manufacturers seeking tax breaks for hiring more employees**

Premium content from Baltimore Business Journal by Gary Haber, Staff Reporter

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Maryland manufacturers are pushing for a state tax credit for companies that hire more workers.

And they've got some powerful friends in the General Assembly lined up behind them, including Senate President Thomas V. Mike Miller Jr. and Sen. Kathy Klausmeier.

Miller, D-Prince George's and Calvert counties, and Klausmeier, a Baltimore County Democrat, intend to introduce a bill that would provide \$10 million in tax credits for manufacturers that boost hiring. The credit, spread over three years, would cut payroll taxes for new employees by 80 percent in the first year, 40 percent in the second and 20 percent in the third.

That's the kind of help from the state that manufacturers like Neill Christopher want to see.

Christopher is an executive with Acadia Windows & Doors in Baltimore County, which employs about 130 people. A tax credit could get companies like Acadia to create more jobs, Christopher said.

"This is not a tax-friendly state to do business in," he said. "There's no real incentive to grow your business."

Klausmeier envisions the tax credit nudging manufacturers that are mulling whether to expand their work force.

"It is an incentive to encourage employers who are on the cusp of hiring," she said at an Oct. 27 gathering of about 150 manufacturers organized by the Regional Manufacturing Institute of Maryland.

Miller, who also spoke at the event, said the credit would be "a real shot in the arm for manufacturing."

Manufacturing jobs average more than \$78,000 a year, according to the Economic Alliance of Greater Baltimore. These jobs help propel many people who don't have college degrees into the middle class. That's why it hurts when those jobs are lost.

Manufacturing employment in the state dropped to 112,700 jobs in September. That was down from 114,000 in September 2010, according to the Maryland Department of Labor, Licensing and Regulation.

A spokeswoman for Gov. Martin O'Malley said O'Malley hasn't seen the specifics of Miller and Klausmeier's proposal. O'Malley is putting together his proposed budget for fiscal year 2013, and it is too early to know whether he will include funding for the tax credit, Raquel Guillory said.

O'Malley will introduce his proposed budget at the start of the General Assembly session in January.

"We look forward to seeing the details of the proposed legislation and will carefully give it consideration," Guillory said.

But a tax credit is not the only thing Maryland manufacturers want to see coming out of Annapolis. They also want lawmakers to ditch the state's corporate income tax. They say it would help Maryland compete with other states and foreign countries for jobs and new businesses.

Regional Manufacturing Institute officials have been stumping for eliminating the tax in meetings with Klausmeier and other state lawmakers.

"It simply gets down to our ability to [compete in the global marketplace](#)," said [Drew Greenblatt](#), who chairs [RMI's board of directors](#).

"Any time we can reduce the weight it takes to make something it makes us more competitive," said Greenblatt, the president of Baltimore's [Marlin Steel Wire Products](#). "We're in a race with the rest of the world, but we're wearing a weighted suit."

Lawmakers also need to understand the importance of manufacturing the Maryland's economy, said Mike Galiazzo, RMI's executive director. Maryland manufacturers pumped out products worth \$15.4 billion a year in 2009. Of that, \$8.6 billion came from companies in Greater Baltimore.

"Our biggest hurdle is too few people value manufacturing," Galiazzo said. "They think it's dead and it isn't."

As for the proposed tax credit, while it would be helpful, the state shouldn't stop there, said Michael Raphael, president of Direct Dimensions in Owings Mills.

Raphael wants the state to subsidize the cost of high-tech equipment for manufacturers, equipment they need to grow their business and hire more workers. He would also like to see a break on the state sales tax, as well as money to help train workers how to use new equipment.

Raphael's company makes computerized three-dimensional images of objects for giant defense contractors Lockheed Martin Corp. and Northrop Grumman Corp. The aircraft makers use the images to design and manufacture parts.

Maryland is at what Raphael calls "an inflection point."

The state can continue its old ways. Or it can start putting together policies that help Maryland manufacturers compete better against companies in Virginia and North Carolina and overseas.

But finding money for a state tax credit will be difficult in this tough economic environment, said J. Thomas Sadowski, the Economic Alliance's CEO.

"These are tough times and resources are finite," Sadowski said. "There isn't much in the way of new inducements that can be put on the table."

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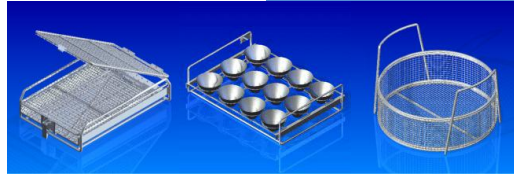
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