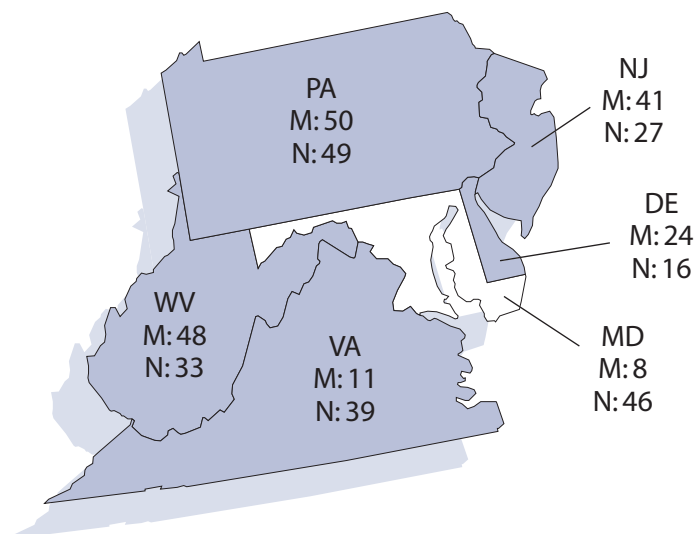


M = Rank for mature firms
N = Rank for new firms



Maryland ranks eighth overall for mature operations but 46th overall for newly established operations. Specifically:

- Maryland ranks third for the mature labor-intensive manufacturing operation, which has a total effective tax rate (TETR) of 7.0 percent, 40 percent below the national average. This firm benefits from a favorable apportionment formula, which compensates for the state's high 8.25 percent corporate income tax rate. It also has a moderate unemployment insurance (UI) and sales tax burden.
- Mature call centers (11th) and R&D operations (seventh) also have relatively low tax burdens. Both of these firms are helped by a low sales tax rate of 6 percent, and a low UI tax rate and wage limit.
- Maryland ranks 50th for new capital-intensive manufacturing, which has a TETR of roughly 32 percent, 180 percent higher than the national average. In addition to imposing the country's second-highest tax rate on equipment property, Maryland also provides only one type of incentive (a small job credit) to new capital manufacturing operations.
- Maryland ranks 46th for new labor-intensive manufacturing firms. This operation has a TETR of 16.1 percent, which is 38 percent above the national average. This operation has the highest property tax burden of its type in the nation.
- The state's high property tax rate on equipment is more than twice the national average and disadvantages all of the newly established firms in the study.

Maryland

Corporate income tax

Main tax rate	8.250%
Applies to income over	–
Specific adjustments:	
- s.199 deduction disallowed	

Apportionment	Property	Payroll	Sales
Standard factors	25.0%	25.0%	50.0%
Manufacturing	–	–	100.0%
Throwback applies to tangible property sales			No
Interstate services income apportionment			Benefits

Sales and property tax

Metro areas examined		Sales tax	Property tax			
		Main rate ^a	Land	Buildings	Equipment	Inventory
Tier 1	Baltimore	6.000%	1.268%	1.268%	3.048%	–
Tier 2	Salisbury	6.000%	1.690%	1.690%	3.938%	–
a. Manufacturing machinery is exempt from sales tax						

Other taxes

Unemployment insurance		State capital tax		Gross receipts tax			Local income tax
Rate	Max. pay			Mfg.	Services	Retail	
2.60%	\$8,500	n/a	Tier 1	n/a	n/a	n/a	n/a
			Tier 2	n/a	n/a	n/a	n/a

Incentives for newly established operations

Type	Incentive value	MC	ML	CC	DC	CO	RD	RT
Investment	n/a							
Job creation	\$1,000 per new job over 2 years	✓	✓	✓	✓	✓		
Withholdings	n/a							
R&D	3% of in-state incremental R&D expenses						✓	
Property tax	Local exemption of R&D machinery 50% abatement x 1 year + 3-year phase-in					✓	✓	✓

MC= Capital-Intensive Manufacturing Operation, ML= Labor-Intensive Manufacturing Operation, CC= Call Center, DC= Distribution Center, CO= Corporate Headquarters, RD= Research and Development (R&D) Facility, RT= Retail Store

Results

	Newly established operations								Mature operations									
	Tier 2 operations				Tier 1 operations				AVG	Tier 2 operations				Tier 1 operations				AVG
	MC	ML	CC	DC	CO	RD	RT	MC		ML	CC	DC	CO	RD	RT			
TETR	31.9%	16.1%	28.1%	46.1%	17.7%	10.8%	33.5%		13.0%	7.0%	16.6%	29.6%	13.3%	8.0%	15.4%			
Index	279.7	137.6	112.7	127.4	109.6	73.2	102.8	134.7	102.5	60.2	79.3	96.6	84.6	62.3	91.2	82.4		
Rank	50	46	28	39	33	13	27	46	30	3	11	27	14	7	19	8		

MC= Capital-Intensive Manufacturing Operation, ML= Labor-Intensive Manufacturing Operation, CC= Call Center, DC= Distribution Center, CO= Corporate Headquarters, RD= Research and Development (R&D) Facility, RT= Retail Store