

SECRETARY DAVID W. EDGERLEY

The Maryland Department of Business and Economic Development (DBED) started this year with the “Connections” theme. Coming from Montgomery and Allegany counties, I felt that DBED was not as connected as it needed to be. It is an important goal that DBED’s staff understand the challenges that economic development officials have on a daily basis. We made an effort to get connected again with all of you, especially the economic development directors. We have taken our management team to 21 of the counties and Baltimore City, and the tour is continuing. One of the things we came away with is that there can’t be too many states that have as much going on than in all areas of Maryland. Even in the most remote areas, companies are talking about labor shortages – much different than 20 years ago, when there wasn’t much happening in some of our jurisdictions, and we had to find a way to make it happen. The DBED team has learned a lot about the state’s vibrant economy, and some of the things we need to do, including recognizing the fine work that happens on the local level, and that one size, in terms of DBED’s initiatives, doesn’t fit all, in terms of the jurisdictions. We have tried to listen, and want to offer everyone the department’s continued support.

Next year’s theme for DBED is “Partnership,” and what action we can put in place to implement and do something with our resources. We’ve learned, we’ve listed, we’ve heard from you, and we’ve reacted in a positive way. We clearly need to partner and create this partnership for economic activity that brings us together in one mission. As we enter the legislative session, nothing can be more important than to do that. When I defended my first budget last year, I was struck by the absolute absence of the business community in support of their mission. It wasn’t because they don’t care or they’re not dynamic or they don’t want to be linked with what the department wanted to do, it was because the department didn’t ask. This year, the department is asking MEDA members to pay attention to its budget because we can’t be successful at rebuilding DBED’s resources and connect in a better way without our help.

We’ve made a lot of progress this year. The department has led several missions overseas, including direct investments to China, Paris, Korea and others. China resulted in three Maryland companies landing contracts and a new international focus on foreign direct investment. We want to make sure we’re focused on several key gateways, as Maryland is home to many foreign firms representing about 160,000 employees. Bob Walker, who served as Maryland’s Secretary and Deputy Secretary of Agriculture from 1986 to 1994, has just been named the new Director of International Trade and Investment at DBED. We’re looking for tremendous results in this very competitive and dynamic field. Walker also was director of the first U.S. Agricultural Trade Office in Moscow from 1997 to 2001. He headed the USDA team that oversaw almost \$1 billion in food aid provided to Russia. When the job became vacant, DBED brought together academic, private sector, World Trade Center Institute and DBED to create an interview process. Bob was the unanimous selection to fill the position.

In September 2007, DBED launched Maryland’s first Life Sciences Advisory Board, which will develop a comprehensive strategic plan for the state’s life sciences industry. David Iannucci has agreed to serve on that board. The decision by the governor and the legislature to “officialize” this makes a statement in terms of what the future of that industry will be.

The department has made tremendous progress on the Base Realignment and Closure (BRAC) process. Mike Hayes and his team deserve tremendous accolades for the work they did through, not only the BRAC sub-cabinet, but the Maryland Military Installation Council. They gave us remarkable results that have brought tremendous promise of the future, including new jobs, defense contractors and “new economy” kinds of positions. Mike is on the BRAC speaker’s tour, giving 75 presentations regionally and nationally a year.

DBED’s Small Business Division is approving loans. We’re continuing to increase staffing in the field. We will honor our commitment to have more people work with business than before. Jim McLean, who has been with DBED for many years, will be retiring. He would love to hear from you.

It has been a banner year for Maryland tourism – the \$11 billion impact of tourism in the state – and for film and the arts. We’re going to try to expand on that, including the possibility of finding a dedicated, high-level sports marketer to market the state as a location for sporting events.

Maryland has enjoyed a lot of success with company locations. We don’t do that alone – you do that. These are your transactions that we help with. The message is thank you for including us when you do, because it takes all of us working together to pull a deal off – deals like Morgan Stanley, T. Rowe Price, Legg Mason, Allen Family Food and others. You all know better than I do what they are.

We’re going to continue to pay attention to some sectors. One of those sectors that is not always talked about is the financial services sector. We have the attention of Wall Street – they’re watching and wondering what Maryland has done right to get the kind of recognition that we have vested in the announcements made by a couple of those companies. We need to do what we can to accentuate that and have the impact spread through Maryland.

We also will make an effort to reconnect through partnerships – both Business Development and Regional Development. We have an agency that has evolved into some silos – large organizations think that way because we have finite missions and good work that’s done. We want to make sure the Business Development staff knows the product in all of Maryland. We want to make sure Regional knows Finance, and the arts know they’re a part of the process that builds quality jobs and quality communities. This year, we’re going to partner with ourselves and with all of you to help build awareness. I suspect that we have people in our department who have never met their counterparts in other organizations. It happens when you have a large organization, but we’re going to do what we can to connect those dots. I want to welcome Helga Weschke back to DBED. We’re still working to reintroduce a cooperative marketing campaign for the state. We want to try to find the money to partner with you to help certain initiatives go through.

We are looking at the legislative session with some positive thoughts as to what could happen. We are working with the departments of Planning and Housing to create some initiatives, including BRAC Smart Growth Zones, which would be similar to the existing enterprise zone program. We should thank the City of Baltimore for bringing the opportunity to our attention. Why don’t we try to help companies moving to Maryland be sensitive to Transit Oriented Development, Smart Growth principles that are well established, as well as try to give inducements and help to have that clustered in and around Metro stations or other factors? Pay attention to this and help us get it through. It will be an important tool in the tool bag to manage this growth the right way.

DBED also will introduce a bill to make administrative changes to the biotech tax credit. We've gone to the industry and they agree with every one of the changes, unlike last year's experience when the industry was in opposition to us on some of the changes. Nobody really wins in an environment like that.

We'll have some initiatives to expand and work with preserving Maryland's film industry. This was a challenge last year. We have to decide whether we're going to have a film industry or not in the state. Given our challenging budget situation, we're looking at how we can strategically focus on bringing a couple of really high profile films to the state and then celebrate the victory so we can demonstrate what we have to do to rebuild the film industry in Maryland.

We want to try to increase the biotech tax credit. This credit has helped 29 companies, attracted \$12 million in public investment and produced \$20 million in private investment. I like to talk about the jobs and the science, because one of these companies might become the next MedImmune or HGS. It may become the firm that touches some solution for human ills, so its important business.

I can't tell you how many people have asked me about our competitive position and what the special session, the legislative initiatives and the taxes will do to that competitive position. We've taken a look at not just the surrounding states and our main competition. The most premium addresses in the country, the most dynamically growing, the most technology rich, the most wealth-assembling jurisdictions are not the poorest, the cheapest, the sunniest – they're the areas that have invested in new economy positions and jobs. They are premium addresses and costly environments because that's what those companies that are growing demand – high value education, culture, arts, recreation, etc.

Having said that, we are concerned, and we're going to watch what happens with these initiatives. There's great work being done in the Chamber, the Tech Council, and the Greater Baltimore Committee trying to get those concerns in front of the legislature. We're going to be there watching and working with you as that happens.

While certain things are embargoed until next week when the governor releases the budget, I can tell you that we're going to make every effort to stabilize the employment level at DBED. We've taken some hits. We've actually watched people walk out the door, and there's nothing like that experience. We are taking a bold step to end the huge decline in funds for the department's financing programs. Over the last six years, funding for these programs has declined from \$70 million to \$14 million. I'm looking for a dramatic increase in their budget, and I'm optimistic that we'll see an increase. If we're able to see a doubling or a bit more than that, it would be a good thing. I need all of you there to help support that if it happens.

While we're having all of these ideas, we also want to hear from you. We want to make sure that we are available. We'll do what we can to help; if we can't, we will explain why. Thanks for your partnership. Let's have a terrific session and a terrific year.