

INVEST MARYLAND

2012 Premium Tax Credit Auction

Purpose

InvestMaryland is a premium tax credit program for insurance companies doing business in Maryland aimed at creating a public-private partnership to fuel venture capital investment in the state's innovation economy in order to:

- Revitalize early-stage venture capital competitiveness
- Recapitalize small and minority business enterprises
- Retool the State's economic development resources

Goal

- Generate at least \$70 million investment funding
- Replenish Maryland Venture Fund
- Support Maryland's venture capital infrastructure
- Protect high potential growth companies in biotech, IT and clean technology

How the program works

Program funding

- The State offers premium tax credits to insurance companies. For every \$1 offered, insurance providers that pay taxes to the State can receive an up-front discount on the credit for participating in the program.
- Insurance companies bid on tax credits by offering an amount per credit of \$.70 or higher.
- Investments of \$70+ million can be made.

Tax credit distribution

- Participating insurance companies receive tax credits when the capital is contributed but may not begin using them until 2015.
- Up to 20% of the purchased Tax credits can be claimed starting in year 2015 through 2019. For example, if an insurance company purchases \$10M in premium tax credits for \$8M, the insurance company can claim up to \$2M annually in tax credits in 2015 through 2019.

Fund allocation

- Investments received from participating insurance companies are allocated into the Maryland Venture Fund and subsequently, private venture capital (VC) firms. A portion of the fund will be invested in the Maryland Small Business Development Financing Authority (MSBDF). Authority (MSBDF).

Fund deployment

- The Maryland Venture Fund and participating venture capital firms will invest the money into qualified Maryland-based companies.

Benefits

- Create thousands of high-paying, full-time jobs
- Develop an evergreen fund to continually support business development
- Generate payroll, sales, business and corporate income tax revenues

Timeline

January 2012

Tax Credit Application posted on ChooseMaryland.org

February 1, 2012

DBED accepts Tax Credit applications

February – March 2012

Tax Credit Auction training sessions

March 15, 2012

Auction Date


May 1, 2012

Secretary will notify successful bidders

June 1, 2012

Insurance companies make first payment

The Maryland Venture Fund Authority (MVFA) and the Department of Business & Economic Development (DBED) will oversee the bidding process, and the investment of all proceeds from the tax credit sale. Grant Street Group will coordinate the sale, marketing, manage bidder training, and develop an online auction platform for the sale.

 Visit www.ChooseMaryland.org

For more information contact:

Grant Street Group

John McCarthy, 412-391-5555 ext. 321

John Carver, 412-391-5555 ext. 316

DBED

Frank Dickson, 410-767-6383

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Department of Business & Economic Development

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