

Maryland Business Climate Survey

1ST QUARTER 2005

THE SURVEY

Initiated by the University of Baltimore in July 1995, the Maryland Business Climate Survey is supported today by the Maryland Department of Business and Economic Development, the Governor's Workforce Investment Board, the Maryland Department of Environment, the Northrop Grumman Corporation, and University of Baltimore's Merrick School of Business.

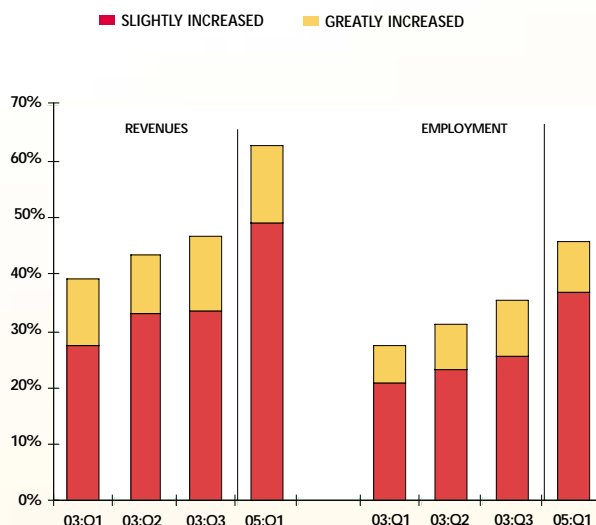
- 250 firms are surveyed each quarter;
- Survey topics:** business performance and expectations, business climate and environment, business retention, and workforce availability;
- Targeted firms are geographically diverse and in growing industry sectors.

EXPERIENCING ECONOMIC GROWTH

For the first quarter of 2005, Maryland firms reported growth in both revenue and employment. (The last quarterly survey prior to this year was completed in the third quarter of 2003.)

- 46% of firms reported increases in employment from the previous year
- 63% of firms reported revenue growth from the previous year

PERFORMANCE IN THE PAST YEAR
% FIRMS REPORTING AN INCREASE IN REVENUE AND EMPLOYMENT



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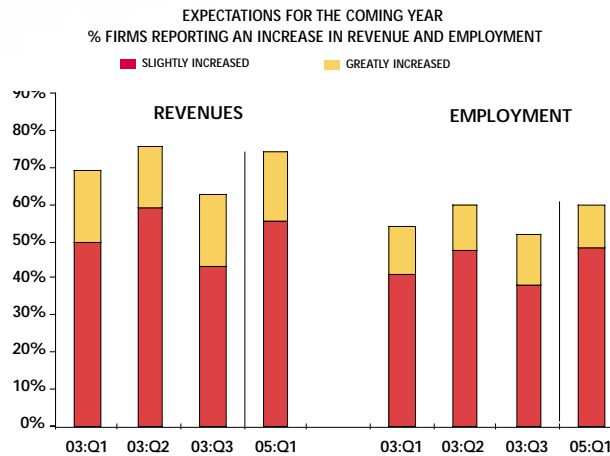
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ECONOMIC GROWTH FOR COMING YEAR

Maryland companies are expecting to increase employment and increase revenues, even with the current low unemployment levels.

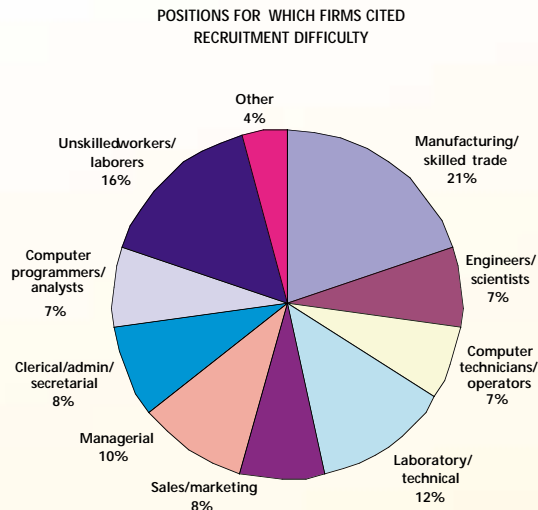
- 75% of firms expect revenue growth in the coming year
- Over 60% of firms expect employment growth in 2005



LABOR MARKET AND WORKER SHORTAGES

The percentage of firms experiencing labor shortages since the last survey in 2003 rose slightly to 39%. Of those firms with labor shortages, 47% reported short-term shortages, 38% reported long-term shortages, and 15% report both short and long-term.

- 34% of firms consider labor market conditions in Maryland as a competitive asset
- Only 25% of firms said labor market conditions are a competitive weakness
- Only 24% of firms said labor market conditions have hindered their business
- 36% of firms recruit experienced workers from out-of-state



E-GOVERNMENT USE

New to the Business Climate Survey for 2005 are questions regarding firms' use of electronic government services. These are services and applications available through State web sites. Several firms responded that they would like to be able to use the Internet to bid on state contracts, utilize more MVA services and access a central web site for all services and information.

- Only 20% of firms use Maryland's E-government services
- 54% of those firms using e-gov services utilize State web sites to obtain information and 35% for obtaining licenses or permits

REGULATIONS NOT AS BURDENSOME AS TAXES

Businesses were asked if regulations and taxes hinder their ability to meet strategic goals. Of the firms that said State and local taxes hinder their business, 31% responded that taxes hinder their business just a little, 23% moderately and 5% said that taxes hinder their business a great deal.

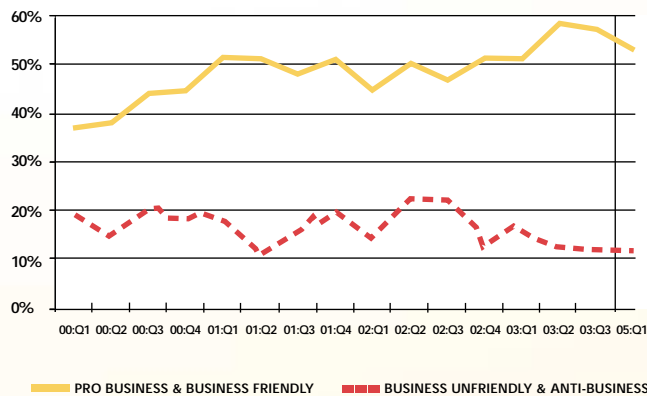
- 15% of firms said State regulations hinder their business
- 14% of firms said city and county regulations hinder their business
- 59% of firms said that State and local taxes hinder their ability to meet strategic goals

BUSINESS CLIMATE SHOWS CONTINUED STRENGTH

Previous surveys conducted for the 4th quarter of 2002 and the first three quarters of 2003 reported that over 50% of firms held a positive view of Maryland's business climate and less than 20% held a negative view. This trend continues in the 2005 survey.

- 53% of businesses rated Maryland as either being pro-business or business friendly
- 12% of businesses rated Maryland as either anti-business or business unfriendly

MARYLAND'S BUSINESS CLIMATE
2000 Q1 TO 2005 Q1



MARYLAND'S BUSINESS CLIMATE
BY REGION, 2005

