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Boyd Rutherford | Lt. Governor  
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**DATE:** February 24, 2021  
**BILL NO:** Senate Bill 778  
**BILL TITLE:** Regional Institution Strategic Enterprise Zone Program – Alterations  
**COMMITTEE:** Senate Budget & Taxation

### **Statement of Information**

Senate Bill 778 would alter the Regional Institution Strategic Enterprise (RISE) Zone program by adopting the recommendations of the Department of Legislative Services (DLS) which reviewed the program under the Tax Credit Evaluation Act.

### **RISE Zone Program Background:**

In 2014, the RISE Zone program was established to promote economic and community development within neighborhoods anchored around a qualified institution. A qualified institution partners with the local government to develop a targeted strategy to use institutional assets and financial incentives to attract businesses and create jobs within the zone.

The Maryland Department of Commerce (Commerce) is responsible for designating the qualified institution and the geographic area comprising of the RISE Zone. The RISE Zone designation lasts for a period of five years, and businesses within the RISE Zone may qualify for income and property tax credits as well as priority consideration for financial assistance programs administered by Commerce.

To date, Commerce has designated seven qualified institutions and there are five active RISE Zones. Each Zone has reported increased economic development, but no businesses have been qualified for the incentives to date.

DLS reported on its evaluation of the RISE Zone program in 2019. The report concluded that the program remains in its infancy but offered recommendations if the General Assembly wished to make the program more effective. The recommendations included refocusing the purpose of the program to promote technological innovation, limiting the size of a RISE Zone to 500 acres, and allowing RISE Zone administrators to have more flexibility in achieving their specific objectives.

The qualified institutions and zone administrators generally agree that the program is as a powerful incentive to attract and retain certain businesses in the RISE Zone. They also agree that specific benefits under the program may be better tailored to meet the strategic goals of each RISE Zone.

**Bill Summary:**

Senate Bill 778 would alter the RISE Zone program in the following ways:

- Expand the stated purpose of the RISE Zone program to incentivize the location of innovative startup businesses based on technology developed, licensed, or poised for commercialization at or in collaboration with qualified institutions.
- Limit the size of a RISE zone to 500 acres.
- Authorize certain local entities to establish a rental assistance program for businesses that locate within a RISE zone.
- Create the special, non-lapsing RISE Zone Fund within Commerce to provide matching rental assistance for businesses qualified under the local program. The Fund may draw from any source but there is no mandated appropriation.
- Offer enhanced tax credits under the Biotechnology Investment Incentive Tax Credit (BIITC) and the Cybersecurity Investment Incentive Tax Credit (CIITC) for certain start-ups located within the RISE Zone.

**Issues Raised:**

The Department of Commerce has no programmatic concerns with expanding the objective of the RISE Zone program, limiting the size of the RISE Zone, or providing enhanced tax credits for private investors of qualifying start-up under BIITC and CIITC. Commerce would like to point out however that two Departmental bills passed by this Committee altered BIITC and CIITC in ways that would conflict with the language currently included in this bill.