



SENATE BILL 0778
Regional Institution Strategic Enterprise (RISE) Zone Program – Alterations
Urging a Favorable Report

Mr. Chairman and members of the Senate Budget and Tax Subcommittee, my name is Tom Sadowski, Vice Chancellor for Economic Development for the University System of Maryland (USM). On behalf of our 12 partner institutions and 3 regional centers, I respectfully request your favorable review and report on SB778.

The USM has long supported the intent of the RISE Zone program but contended that it is not structured in the manner necessary to achieve its goal. In 2018, myself and fellow USM colleagues worked with the Department of Legislative Services (DLS) on a comprehensive review of the RISE Zone program. We were pleased with the subsequent report, issued by the DLS in December of 2019, which highlighted the various problems with the RISE Zone program that limited its ability to support the economic development objectives of qualifying institutions and their surrounding communities. On December 3, 2020, we further took part in a hearing with the House Ways & Means Revenue Subcommittee, where possible fixes to the RISE program were discussed—fixes that would enable our institutions and their neighboring communities effectively pursue (1) the creation, retention, and attraction of new startup activity; (2) the inspiration and execution of innovation-driven projects housing startups together with industry, government, and academic collaborators; and (3) the facilitation of new investment/reinvestment resulting in physical development and related business growth— all of which contribute to a more robust, sustainable innovation ecosystem.

Since 2012, the USM has been particularly successful in facilitating the creation of new businesses, having help launch nearly 1,000 new ventures. The pace of USM intellectual property (IP) based startup growth has increased as well and in 2016, the USM began making investments in early-stage startups to help fuel their growth in Maryland. This trend was clearly reflected in the Governor’s recent “Future 20” List, where 15 of the top 20 startups in Maryland today all have some touchpoint or affiliation with a USM institution.

Numerous national studies suggest that of those startups who survive, eighty percent will remain in those communities where they first received funding, investment and/or mentorship support. SB 778 provides this type of support, specifically the granting of rent subsidies and provision of other stated benefits direct to the startup company as opposed to a prospective developer or landlord. Doing so will go a long way in offering the strategic support of our startups require. It will also help communities retain the more than 110 new companies supported each year by our institutions— and ultimately help attract additional startups, entrepreneurs, and innovators here to Maryland.

The USM and competing institutions across the country recognize that successful venture creation and innovation-driven economic development requires the right environment or “place” in which to occur. These “places” also need to offer the support necessary to retain, scale and attract startup activity. In doing so, increased interest in student/faculty entrepreneurship, industry-sponsored research and related innovation activity will drive an increase in development of coworking spaces, innovation labs, startup incubators and tech accelerators on, or in close physical proximity to, our USM campuses. Successful innovation-driven communities call this “place-making.” Good “place-making” practices do not occur organically, however, and must be nurtured through programs such as the RISE Zone.

In closing, it is our belief that Senate Bill 778 addresses the structural deficiencies of the RISE Zone program and offers the programmatic repairs necessary to help clarify and pursue the strategic objectives of our institutions, and their respective communities. There is no better time to offer his type of support to help fuel community investment, generate innovation-led economic development, and help drive Maryland’s emergence from the devastating economic impacts of the COVID-19 pandemic.

The USM appreciates the leadership demonstrated in the crafting of this bill, and again requests your favorable report on SB778.