

SB 778_FSU_FAV_Delia.pdf

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Position: FAV

Delia

SB 778

FAVORABLE



One University. A World of Experiences.

To: Chairman Guy Guzzone, Budget and Taxation committee
From: Al Delia, FSU VP for Regional Development and Engagement
Date: Wednesday February 24, 2021
Re: SB 778 – Regional Institution Strategic Enterprise Zone Program - Alterations

I am pleased to offer support on behalf of Frostburg State University for SB 778, RISE Zone Alterations.

RISE Zones were created in xxxx as an enhancement to Enterprise Zones where the geographic region benefits from a nonprofit anchor institution which could support business and job creation. For the past several sessions, advocates have been working to solve the problem of how to make subsidies based on capital investment relevant to small start-ups that don't own property but rent their critical space. This bill, and the work done over the past year by Senator Elfreth and Delegate Luedtke has solved that conundrum: the bill establishes within Commerce a RISE Zone rental assistance fund, whereby, assuming all other RISE Zone criteria are met, the business could qualify for rental subsidy assistance rather than tax credits.

A number of protections are in this bill to manage demand: first, a zone cannot be larger than 500 acres; secondly, the requirement remains that the county of jurisdiction must designate the zone and be prepared to offer the tax credits required of it; and the secretary may not approve more than three zones in any county. The sets up, if you will, a competition for the best zones, which means that those most likely to be impactful on business development will receive the benefits.

At Frostburg, we would look forward to the opportunity to work with Allegany County to designate a suitable location, perhaps at or near the Innovation Park, for a RISE Zone designation and use this creative incentive to its best extent.

I urge the committee to return a favorable report.

Cc: Senator Elfreth, sponsor

Cc: Senator George Edwards and Senator Paul Corderman, sponsors

RISE Zone Annual Report 2020 (1).pdf

Uploaded by: Elfreth, Sarah

Position: FAV

OFFICE OF FINANCE

Regional Institution Strategic Enterprise (RISE) Zone
PROGRAM

ANNUAL STATUS REPORT
Economic Development Article
Section 5-1407

Submitted by:

Maryland Department of Commerce

December 2020

Regional Institution Strategic Enterprise (RISE) Zone Program

OVERVIEW

The Maryland Regional Institution Strategic Enterprise (RISE) Zone program was enacted through CH 530, Acts of 2014. A RISE Zone is a geographic area that has nexus with a qualified institution and is targeted for increased economic and community development. Qualified institutions include institutions of higher education, regional higher education centers or non-profits affiliated with a federal agency.

The purpose of the RISE Zone program is to access institutional assets that have a strong and demonstrated history of commitment to economic development and revitalization in the communities in which they are located. Qualified institutions and local governments develop a targeted strategy to use the institutional assets and financial incentives to attract businesses and create jobs within the zone. A RISE Zone designation will be in effect for 5 years, with a possible additional 5-year renewal. Counties and municipalities are limited to a maximum of three RISE Zones. The program is administered by the Department of Commerce (Commerce).

Designating a RISE Zone first requires that institutions of higher education, regional higher education centers or non-profit organizations affiliated with a federal agency apply to Commerce to be designated a Qualified Institution. Qualified Institutions may then apply jointly with the county, municipality or the economic development agency of a county or municipality to designate a RISE Zone.

Businesses locating in a RISE Zone or an existing business doing a significant expansion within the Zone, may qualify for certain incentives, including the following:

- Real Property Tax Credits
 - A five-year real property tax credit on improvements of 50% for the first year and 10% in years 2-5. The county and municipality can choose, by local law, to increase the credit percentage.
 - If the RISE Zone is located in an Enterprise Zone, the credit is 80% per year for years 1-5.
 - If the RISE Zone is located in a Focus Area, the credit is 100% per year for years 1-5.
 - If the zone is renewed the credit is 10% in years 6-10, unless increased by the county or municipality.
- Income Tax Credits that are the same as the Enterprise Zone income credits (\$1,000 per new employee and up to \$6,000 over three-years for hiring economically disadvantaged employees).
- Assistance from the Commerce Business Concierge.

ACTIVITY

The following RISE Zones have been designated by Commerce since the program's inception:

- UMB Rise Zone in Baltimore City was designated December 8, 2015. The designation expires December 7, 2020.
- University of Maryland's Greater College Park RISE Zone was designated December 5, 2016 and will expire December 4, 2021.
- UMBC RISE Zone was designated May 18, 2017 and will expire May 17, 2022.
- Salisbury University was designated September 28, 2018 and will expire September 27, 2023.
- Morgan State University was designated September 28, 2018 and will expire September 27, 2023.
- Montgomery College was designated September 28, 2018 and will expire September 27, 2023.

RISE Zone Applicant Reports¹

University of Maryland's Baltimore Campus RISE Zone

Unfortunately, we do not have any development in the UMB RISE Zone. Accordingly, we do not have any businesses, jobs, or meaningful private investments in the UMB RISE Zone.

The UMB RISE Zone is currently very small, consisting of a single building site. The private developer who owns the land in the UMB Rise Zone has informed UMB that it intends to develop other sites in the BioPark before the existing site in the current UMB RISE Zone. The developer has stated that receiving RISE Zone designation for those sites is critical to moving forward. As a result, UMB is seeking approval to expand the RISE Zone to cover multiple sites in the BioPark. Baltimore City has approved UMB's application for an expanded RISE Zone and UMB is now seeking State approval. We are confident that this expanded RISE Zone will generate significant capital investment and job creation. We expect to break ground in 2021.

University of Maryland's Greater College Park RISE Zone

There have not been any businesses that have been approved for a RISE Zone Incentive in FY 2020. The program is still relatively underperforming, as results year over year have not reached expectations. Although new businesses emerged in this zone and created new jobs, none have applied for any of the RISE Zone incentives and credits. Thus, we cannot definitively say that the incentives attracted the businesses to the RISE Zone.

Typically, the challenge related to Rise Zone prospects is the focus of tax benefits on property taxes. Many companies in the College Park area, including those with University connections, are much more likely to lease space in existing buildings, rather than buy land, build new and take advantage of real property tax credits. We have anticipated applying RISE property tax

¹ These reports were provided directly by the Zone Administrators and have not been edited by the Department of Commerce.

benefits through landlords for the benefit of RISE eligible tenants, but the process is cumbersome and difficult to explain.

Below is a list of companies that have been added to the RISE Zone during FY20 (July 1, 2019 – June 30, 2020). As a point of reference, this table shows new and existing businesses that have either been attracted to the RISE Zone or expanded. The industries represented vary from manufacturing, engineering, consultancy and casual dining.

Company	Industry	Address	New Business or Expansion
Aerothreads	Aerospace Engineering/Fabrication	5650 Rivertech Court, Suite V	Expansion – moved from 4511 Knox Road
The Hall CP	Dining	4656 Hotel Drive	New Business
Newton Engineering	Aerospace engineering/fabrication	5650 Rivertech Court, Suite A	New Business – moved from Greenbelt area
Medcura	Medical device fabrication	5650 Rivertech Court, Suite S	Expansion – moved from UMD incubator in 5000 College Avenue
Sea Grant	Environmental research and education	5825 University Research Court, Suite 1350	Expansion – moved from 4321 Hartwick Road
Maryland Procurement Technical Assistance Center	Technical support for government contracting	5825 University Research Court, Suite 1300	Expansion – moved from 7100 Baltimore Avenue
Living Canopies	Production of outdoor furniture	5145 Campus Drive	Expansion
Maryland Clean Energy Center	Energy research and policy	5000 College Avenue, Suite 31010	Expansion
Playa Bowls	Food/Beverage	7417 Baltimore Ave	New Business
La Tao Hot Pot	Food/Beverage	8700 Baltimore Ave	New Business
Lidl	Grocery Store	8601 Baltimore Ave	New Business
Zhang Noodles	Food/Beverage	7313 Baltimore Ave	New Business

UMBC RISE Zone

No activity has been reported in the UMBC RISE Zone.

Salisbury University RISE Zone

No businesses were designated for RISE Zone benefits during FY2020.

The Medical Education facility is still under consideration by Salisbury University, but it is uncertain when this project will come to fruition. It is still a priority to them, but they are unable to put it on a timeline with the limited funding they have.

Our RISE Zone currently overlaps with our Enterprise Zone, so businesses that qualify for RISE Zone will typically opt to be designated under the Enterprise Zone instead. However, the RISE Zone could play a key role in the development of the medical education facility, due to the

ability to create a TIF that can fund private investment. From that standpoint, the RISE Zone program could be extremely helpful if/when SU pursues this development.

Morgan State University RISE Zone

Demolition: The site has been cleared, and all that remains are the building slabs. Phase 1 Building Demolition (consisting of the vertical improvements) was completed in June. All site work approvals have been obtained, and we are commencing Phase 2 Demolition (below slab/grade), and site work in November.

Financing/ New Market Tax Credits: We closed on our financing with Fulton Bank on December 31, 2019, and a New Markets Tax Credit (“NMTC”) equity investment coordinated by Harbor Bank.

Leasing: Northwood Commons has commitments (executed leases and letters of intent) with several national, regional, and local retailers and restaurants, including Lidl (Grocery Store), Barnes & Noble College, and several other tenants. Our Leasing Team continues to identify new businesses as candidates for the project.

Site Design: Morris & Ritchie is working on-site design, including the grading plan and the utilities plan for all new utilities at Northwood.

Architecture: JP2 Architects is working on the building design.

The RISE Zone has been helpful in attracting new businesses. Note that most tenants are making leasing decisions based on their potential to have profitable and successful businesses (not tax benefits per se). The benefits afforded by the RISE Zone are considered a very extra important benefit.

Montgomery College RISE Zone

There have not been any businesses approved for the RISE Zone incentive in FY 2020. The PIC MC Foundation, a supporting organization with Montgomery College, manages the assets of the 40-acre section of the integrated academic, business and research campus in Germantown. It selected the development team of Minkoff Development and South Duvall/Scheer Partners in FY19. PIC MC signed a development agreement, with a negotiated ground lease attached, for this team to develop, design, construct, finance, operate and maintain a 120,000 square foot wet lab building at 19710 Observation Drive. The Maryland Higher Education Committee notified Montgomery College on November 22, 2019 it had approved the development agreement and ground lease. The Maryland Board of Public Works approved the development agreement and ground lease on April 22, 2020. The development team of Minkoff and South Duvall/Scheer Partners created a marketing brochure which has been used for marketing discussions with real estate brokers and life sciences and technology companies. Given the COVID 19 environment with a building that has not started construction, the signing of the first tenant is not been completed.

Our project is too early in its development stages in the attraction and retention of businesses to be able indicate its effectiveness. Our development team partners (Minkoff Development and South Duvall/Scheer) value the RISE Zone Designation. Together we are still exploring how to best leverage this designation within the project, as an incentive to attract companies to PIC MC. From PIC MC's perspective, demonstrating a connection to the College as criteria for receiving the incentives will ensure businesses locating on the campus are actively involved with students, faculty and the campus community, which remain the mission-oriented objectives of PIC MC.

Investment has been made by Qualified Institution in the amount of \$250,000 (soft costs of legal, consultant, and other fees in the RFP process in selecting a developer were funded by PIC MC Foundation).

SB778_SenElfreth_FAV.pdf

Uploaded by: Elfreth, Sarah

Position: FAV

SENATOR SARAH ELFRETH
Legislative District 30
Anne Arundel County

Budget and Taxation Committee

Subcommittees

Education, Business and Administration

Chair, Pensions

Senate Chair

Joint Committee on Administrative,
Executive, and Legislative Review

Joint Committee on the Chesapeake and
Atlantic Coastal Bays Critical Area



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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

February 24, 2021

Testimony in Favor of SB778
Regional Institution Strategic Enterprise Zone Program - Alterations

Chairman Guzzone, Vice-Chair Rosapepe, and fellow members of the Budget and Taxation Committee,

I respectfully request a favorable report of Senate Bill 778, legislation that would reinvigorate the Regional Institution Strategic Enterprise (RISE) Zone Program to ensure that innovation and collaboration with our world-class institutions is maximized to the fullest potential.

The (RISE) Zone program was enacted through CH 530, Acts of 2014 with a RISE Zone being a geographic area that has nexus with a qualified institution and is targeted for increased economic and community development. Qualified institutions include institutions of higher education, regional higher education centers, and nonprofits affiliated with a federal agency. The original purpose of the RISE Zone program was to “access institutional assets that have a strong and demonstrated history of commitment to economic development and revitalization in the communities in which they are located.”

While the intent of this program is laudable, we have learned that RISE Zones are rarely utilized and that some of the aspects of the program are not directly benefiting those businesses and innovative start-ups as they should. Attached to this testimony you will find the December 2020 Department of Commerce report on RISE Zones in which they summarize one of these problems perfectly by stating: “Typically, the challenge related to Rise Zone prospects is the focus of tax benefits on property taxes. Many companies in the College Park area, including those with University connections, are much more likely to lease space in existing buildings, rather than buy land, build new and take advantage of real property tax credits.”

In order to combat this challenge of property tax credit non-usage, the legislation will allow the creation of a rental assistance fund to support innovative start-ups that are located in RISE Zones. It will also end the property tax credit in 2023, but allow businesses that previously qualified to continue to qualify.

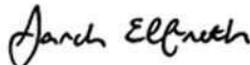
This legislation will also end the income tax credit in 2023; however, it will also make investors in cybersecurity and biotechnology companies located in the RISE Zones eligible for the enhanced tax benefit currently only available in Allegany, Dorchester, Garrett, or Somerset County.

SB 778 makes the following changes to the RISE Zone program:

1. Further clarifying what the RISE zones are intended to do - to incent the location of start-ups based on tech transfer and commercialization of research-institution-produced patents.
2. Eliminating the employment credit effective January 1, 2023.
3. Eliminating the optional local property tax credit effective January 1, 2023, but allowing any properties who already have the property tax credit by the effective date of the reforms to continue to receive it for the term outlined in current law.
4. Replacing that credit with rental assistance incentive housed in Commerce. In order to qualify for this rental assistance, a company must have been in business fewer than 7 years. The funding would be a match with the institution, such that money raised by the institution or by the local jurisdiction would be matched 3:1 by the state, with no individual RISE zone eligible to get more than 25% of the total funding. The funding for the incentive program would be budgeted. If there are not applications using all the funding, then the Department may award more than 25% of the total funding to a specific zone.
5. Making companies in the zones eligible for the enhanced credit under the biotech investment tax credit and cybersecurity investment tax credit (or innovation investment tax credit if SB 160 passes), so long as the company has been in business for fewer than 7 years.
6. Capping the size of zones at the size of the current largest zone (which I believe is 500 acres).
7. Sunsetting the program July 1, 2028

I would like to thank both Senator Rosapepe for his partnership on this bill and the thought leaders you will hear from today - those on the ground working with universities to maximize innovation and start-ups in Maryland. The simple but meaningful changes presented in SB 778 will result in keeping talent and jobs in Maryland. I urge a favorable report.

Sincerely,



Sarah Elfreth

SENATE BILL 0778 written testimony.pdf

Uploaded by: Hughes, Jim

Position: FAV

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, the University of Maryland, Baltimore favors the proposed amendments to the RISE Zone legislation found in SB778.

This legislation fosters economic development in the State of Maryland and the proposed amendments offer an alternative benefit to potential early stage, high growth businesses that are affiliated with UMB research and innovation. SB 778 provides a means for us to continue to see the expansion of critical high growth, high wage jobs in Baltimore City by supporting with tax incentives and rent subsidies.

Since 2011, UMB has seen consistent growth in Technology Transfer licenses and startups with over 150 Disclosures, 30 licenses, and 7 – 10 startup companies each year. These companies not only commercialize technologies but also have long-term strategic alliances with our researchers, students and resources. In FY 2020, the University received more than \$688 million in research awards including over \$65 million in corporate-sponsored research with more than 300 bioscience and pharmaceutical firms. Some success stories include Harpoon Medical's acquisition by Edwards Life Sciences and Living Pharma's acquisition by Lentigen in 2017, and Breathe's acquisition by Abiomed in 2020, all of which have retained operations in Maryland. Clearly, supporting our technologies at the earliest stages has tremendous benefit to the Maryland economy.

The UM BioPark is UMB's 14-acre research park is a vibrant home to 30 companies and over 1,000 jobs. It has attracted \$450Million of capital investment to Baltimore City since launched in 2003. We have continued to see the growth of our tenants such as the acquisition of Paragon by Catalent for \$1.2 billion which has resulted in over 1,000 Catalent employees in 3 locations across Maryland. The Illumina Solutions Center opened their first East Coast facility at the BioPark in 2019 to leverage their relationship with UMB and provide outreach into the region.

We have consistently seen that similar national studies companies that are supported in their early years, tend to remain in the area and contribute to the economy of Baltimore City as well as fostering an ecosystem of innovation. As companies are grown and acquired, we also increase our base of experienced serial entrepreneurs and innovators to commercialize additional technologies. Providing the support specified in this bill for innovation companies in the early formation stages is critical to their long term success and a direct benefit to the University of Maryland, Baltimore, Baltimore City, and the State of Maryland

Respectfully Submitted

James L Hughes

Senior Vice President and Chief Enterprise and Economic Development Officer
Interim Chief Philanthropy Officer and Interim President, UMB Foundation, Inc.
President, UMB BioPark, Research Park Corporation

SupportltrBill778.pdf

Uploaded by: Maloney, Kathleen

Position: FAV



**Division of Strategic
Partnerships and Applied
Research**

8000 York Road
Towson, MD 21252-0001

February 23, 2021

The Honorable Guy Guzzone
Chairman, Senate Budget and Taxation Committee
Miller Senate Office Building, 3 West
11 Bladen Street
Annapolis, MD 21401

RE: Senate Bill 778 (Regional Institution Strategic Enterprise (RISE) Zone Program-Alterations)

Dear Chairman Guzzone:

Towson University (TU) is pleased to write in support of Senate Bill 778 (Regional Institution Strategic Enterprise (RISE) Zone Program – Alterations). This legislation addresses needed clarifications to the existing provisions of the RISE Zone Program.

The purpose of the RISE Zone program is to access institutional assets that have a strong and demonstrated history of commitment to economic development and revitalization in the communities in which they are located. Towson University's StarTUp accelerator program is well positioned to collaborate with Baltimore County as a RISE zone. The program just graduated six startup companies. We are planning to graduate six more in the summer of 2021 and we expect this to double in 2022. While many of our current accelerator graduates are not quite ready for office space, some are and we will be able to accommodate them in our new incubator space in the Armory. Looking at the future pipeline of accelerator graduates, our space is limited, so some of the graduates of both the accelerator program as well as those leaving the incubator will need office space to continue their operations. Establishing a rental assistance program within the RISE zone designation will be a great tool to deploy in retaining these startup companies within Towson and having them grow.

As the concentration of these startup firms in The Towson RISE increases, it will serve to attract outside venture funding, other startup companies as well as opportunities for TU students to work as well as intern with them. While Towson University is the qualified institution and some of the startup companies will originate from TU Students, faculty and staff, there are four medical institutions as well as several large private sector companies in the Towson Community. It is likely that we could see entrepreneurs spin out of them (In fact one of our accelerator graduates is from Stanley Black and Decker). In addition, Towson University has been designated by the NSA as a center of excellence in Computer Science as well as receiving recognition from several other national organizations. We anticipate that some of the future StarTUp companies will spin out from the cybersecurity program at TU and could avail themselves of the tax credit as proposed.

WE believe that the TU/Baltimore County RISE Zone will create a targeted strategy to use the institutional assets and financial incentives to attract businesses and create jobs within the zone. For these reasons, we urge a favorable report on Senate Bill 778.

Sincerely

A handwritten signature in black ink, appearing to read 'D. Irani'.

Daraius Irani

OI 410.704.6363 F
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<https://www.towson.edu/campus/partnerships-research/>

SB778_USM_FAV_SADOWSKI 2.22.21.pdf

Uploaded by: Sadowski, Tom

Position: FAV



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.

RISE Zone Testimony - Ken Ulman.pdf

Uploaded by: Ulman, Kenneth

Position: FAV

Chair and Members of the Committee:

My name is Ken Ulman, and I am testifying today in the capacity of Chief Strategy Officer for Economic Development, University of Maryland, College Park, Foundation. Thank you for the opportunity to testify in support of Bill 0778 amending the incentives related to companies locating in RISE Zones.

When the RISE Zone designation was created, I strongly supported it because the legislation created the framework to recognize that universities and colleges throughout the State of Maryland played a critical role in creating the jobs of the future. Through innovative faculty, staff and students, startup companies are created at Maryland's institutions which turn research into reality and ultimately create products and services with the ability to change lives and disrupt industry.

As a supporter of the RISE Zone legislation, the University of Maryland applied, and was subsequently approved for a designation, which consisted of our Discovery District research park and frontage along Baltimore Avenue in the core of College Park. The Discovery District covers multiple municipalities, and we worked to gain support of Prince George's County, the City of College Park and the Town of Riverdale Park and each provided a property tax incentive per the state authorization. Unfortunately, the property tax incentive structure was ill suited as an effective economic development tool for emerging technology-based companies. These companies rarely own real estate, and the incentive structure is too cumbersome for existing commercial property owners to apply for. To date, no company has taken advantage of the RISE Zone incentive.

While at the University of Maryland we continue to see university affiliated startups push through and achieve success, an enhanced RISE Zone would enable these engines of innovation and job creation to thrive. In fact, the Department of Commerce recently released the "Maryland Future 20", a list of companies in the state that have been identified as the most innovative startups with the potential to be the state's next big success story. The Maryland Future 20 list consists of:

- [ACTIVEcharge](#) (Baltimore County) – Provider of blade monitoring hardware and software for wind turbines.
- [Aidar Health](#) (Baltimore City) – Healthcare technology company focused on personalized medicine with MouthLab product that provides a rapid overall health assessment.
- [Airgility](#) (Prince George's County) – Developer of unmanned aerial systems to help support defense missions, public safety and commercial sectors.
- [Clene Nanomedicine](#) (Cecil County) – Clinical-stage biopharmaceutical company focused on treating neurodegenerative diseases.
- [HopFlyt Inc.](#) (Calvert County) – An aerospace company developing an electric Vertical Takeoff & Landing (eVTOL) aircraft.
- [Infercabulary](#) (Baltimore County) – Education technology start-up that offers a web-based, visual vocabulary and reasoning program that helps students use critical thinking.

- [InventWood](#) (Prince George's County) – Startup developing environmentally-sustainable cellulose products.
- [IonQ](#) (Prince George's County) – Quantum computing hardware and software company taking ion quantum computing from the lab to the marketplace.
- [Ion Storage Systems](#) (Prince George's County) – Technology company that creates batteries that are safer and enhance system performance.
- [Live Chair Health](#) (Howard County) – Company with a barbershop appointment booking platform that is also integrating healthcare assessments with barbershop visits.
- [Medcura](#) (Prince George's County) – Medical device company developing a wound care platform for surgical, medical, and consumer applications.
- [N5 Sensors, Inc.](#) (Montgomery County) – Electronics company manufacturing high-performance sensors and detectors.
- [pathOtrak](#) (Prince George's County) – Biotechnology company that is developing a rapid detection test for foodborne pathogens, including e.Coli and salmonella.
- [Penacity LLC](#) (Anne Arundel County) – Cybersecurity company providing services to the private sector and federal government.
- [Relavo](#) (Baltimore City) – Medical device company working on a solution for safer, in-home kidney dialysis.
- [Resensys](#) (Prince George's County) – Technology company with a wireless sensor network to help monitor infrastructure systems against aging and malfunction.
- [Silfra Biosystems LLC](#) (Baltimore County) – Start-up that manages fish waste in aquaculture.
- [Sisu Global Health](#) (Baltimore City) – Medical device company with an innovative blood-filtering product.
- [Theradaptive, Inc.](#) (Frederick County) – Pharmaceutical company focused on regenerative medicine and native tissue repair.
- [Vita Therapeutics](#) (Baltimore City) – Cell engineering company developing life-transformative treatments.

Of this list, 6 are currently located in our Discovery District or on campus, and many others emanated from UMD and other universities and colleges in Maryland. One of those companies, Medcura, is led by Larry Tiffany, who has joined us here today. We strongly believe that the proposed amendments to the RISE Zone will result in more businesses stemming out of Maryland's innovation ecosystems and creating more opportunities for Marylanders.

Creating a rent and tenant improvement build out structured incentive is a significant improvement to the program as these companies are in a vulnerable stage as they grow out of a university environment and move into their own space. UMD played an active role through university owned space and incentives to help each of the emerging companies in our Discovery District on the Future 20 list. Airgility and IonQ are located in UMD owned buildings, and the University took out a lease on a building it is a partner in in order to sublet to Medcura. InventWood, pathOtrak, and Resensys are located in the university owned Technology Advancement Building.

The bottom line is that the work of helping start-up companies emerge from university labs is difficult. In the early years while these companies are raising capital to make critical hires, process IP, and invest in technology development, finding funds for rent and the build out of needed space is particularly challenging. It is our belief that the proposed revisions to the RISE Zone have the ability to significantly alleviate some of the challenges associated with expanding out of university labs and offices. This support can ensure that these early stage companies in university ecosystems can create more jobs, enhance the tax base, and grow into success stories for our state.

bwtech-testimony Bill 0778 2-22-2021.pdf

Uploaded by: Wahler, Megan

Position: FAV



February 22, 2021

Senate Budget and Taxation Committee
The Honorable Guy Guzzone
3 West Miller Senate Office Building
Annapolis, Maryland 21401

Dear Chair Guzzone:

bwtech@umbc supports the Senate Bill 0778, "Regional Institution Strategic Enterprise (RISE) Zone Program – Alterations" as a mechanism of supporting the translation of technologies developed by neighboring institutions into viable, sustainable, investment-ready growth opportunities for the Maryland State economy.

In fiscal year 2020, the bwtech@UMBC research parks served over 130 tenants, provided over 1,800 jobs, employed over 150 interns, and 70 companies interacted with the research, faculty, students, and programs on campus. These companies are developing technologies in Maryland's strategic industries of life sciences, biotechnology, cybersecurity and software development as well as alternative energy, and materials sciences. The growth and sustainability of these companies is due to significant support from the State of Maryland in tax-credits, investment incentives, and other economic development programs.

The changes to the RISE Zone program, including the creation of the RISE Zone Fund will not only incentivize the growth of these companies, but attract new companies to Maryland, incent investment as those dollars will go towards direct technology development costs rather than overhead.

I offer in-person testimony to support our rationale.

Sincerely,

A handwritten signature in black ink, appearing to read "Megan E Wahler".

Megan E Wahler
Director of Venture Strategy and Development
bwtech@UMBC
Start Here. Grow Here. Stay Here.

SB0778-BT_MACo_SWA.pdf

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Senate Bill 778

Regional Institution Strategic Enterprise Zone Program – Alterations

MACo Position: **SUPPORT**
WITH AMENDMENTS

To: Budget and Taxation Committee

Date: February 24, 2021

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS SB 778 WITH AMENDMENTS**. While this bill generally expands the purpose of the Regional Institution Strategic Enterprise (RISE) Zone, it also repeals the program by 2028. County governments believe the tax incentives offered by this program are extremely effective and urge the Committee to keep them intact.

Local governments, just as the State, have a vested interest in economic development. Local economic growth creates jobs and increases salaries, expanding the tax base both locally and statewide. Therefore, state and local governments must work in partnership on these efforts.

RISE Zones tap into the economic development potential surrounding higher education institutions and certain nonprofits. Businesses that relocate to or expand in the zones are eligible for certain benefits such as property tax credits. This in turn creates jobs, contributes to enhancing quality of life, and expands the local tax base – enabling counties to better provide core services for their residents.

The RISE program is a primary example of these collaborative efforts. The program, which is in its early stages, brings together state and local resources to encourage businesses in target industries such as engineering, biotechnology, aerospace, robotics, and agriculture to locate in communities anchored around higher education institutions, research parks, and nonprofits. The zones are created in partnership with local governments to help ensure that the business investment and associated incentives reflect community needs.

Counties appreciate that the bill provides additional incentives for the high-tech industry to partner with community anchor institutions. However, sunseting the program eliminates a powerful economic development tool for local governments, and jeopardizes efforts to advance local innovation at Maryland's world-class universities and research institutions.

Counties stand ready to work with state policymakers to refine broad or targeted economic development incentives, but urges the Committee to keep the RISE program intact. Accordingly, MACo requests a **FAVORABLE WITH AMENDMENTS** report on SB 778.

SB 778_RISE Alterations_LOI.pdf

Uploaded by: Schulz, Kelly

Position: INFO



Larry Hogan | Governor
Boyd Rutherford | Lt. Governor
Kelly M. Schulz | Secretary of Commerce

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.