

**HB0471-WM\_MACo\_SUP.pdf**

Uploaded by: Dominic Butchko

Position: FAV



## **House Bill 471**

### *Economic Development – Regional Institution Strategic Enterprise Zone Program – Alterations and Financing*

MACo Position: **SUPPORT**

To: Ways and Means Committee

Date: February 16, 2023

From: Dominic J. Butchko

The Maryland Association of Counties (MACo) **SUPPORTS** HB 471. This bill expands the use and flexibility of the Regional Institution Strategic Enterprise (RISE) Zone program.

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 including 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 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 support HB 471 as it adds flexibility within the RISE zone program. By extending a zone's lifespan from five to 10 years, removing the limit of three zones per county, and enabling the use of MEDCO obligations for financing, these measures serve to super-charge economic development within RISE zone communities and further efforts to advance local innovation at Maryland's world-class universities and research institutions.

Counties recognize RISE zones as an important tool for economic development and applaud measures to strengthen this program. Accordingly, MACo requests a **FAVORABLE** report on HB 471.

# **Coppin State Testimony in Support of HB471 FINAL.p**

Uploaded by: Dr. Anthony Jenkins

Position: FAV

**Coppin State University**  
**Testimony in Support of House Bill 471**  
**Chair: Delegate Vanessa Atterbeary**  
**February 13, 2023**

Dear Chairwoman, Atterbeary and members of the committee:

On behalf of the students, faculty, and staff of Coppin State University, thank you for the opportunity to provide written testimony in support of House Bill 471.

Coppin State University holds the distinct designation of being an anchor institution. As such, we have a responsibility and play a crucial role in lifting the community of West Baltimore. Since 1900 we have served as a catalyst creating upward and economic mobility for our students and the surrounding community.

Currently, I serve as chair of the West North Avenue Development Authority. The Authority was created for the purpose of developing a comprehensive revitalization plan for West Baltimore. One important element to our work is to attract businesses to West Baltimore. Extending the sunset of the current RISE Zone program, for at least a full five-year designation, would afford Coppin State University the opportunity to establish meaningful relationships with companies we seek to recruit to West Baltimore.

Furthermore, I believe Coppin State University's research in the sciences and technology, coupled with the benefits of the RISE Zone program is an advantage to future businesses locating within the RISE Zone due to the partnership opportunities with Coppin State and access to a pool of employees with the education and skills needed for their business to grow. Therefore, I am requesting your consideration and a favorable support to expand the current RISE Zone program to include additional institutions and extend the program for an additional five to 10 years.

Best regards,



Anthony L. Jenkins, Ph.D.  
President

# **HB0471\_FAV\_MTC\_Eco. Dev. - Reg. Institution Strate**

Uploaded by: Drew Vetter

Position: FAV



# MARYLAND TECH COUNCIL

**TO:** The Honorable Vanessa E. Atterbeary, Chair  
Members, House Ways and Means Committee  
The Honorable Dalya Attar

**FROM:** Andrew G. Vetter  
Pamela Metz Kasemeyer  
J. Steven Wise  
Danna L. Kauffman  
Christine K. Krone  
410-244-7000

**DATE:** February 16, 2023

**RE:** **SUPPORT** – House Bill 471 – *Economic Development – Regional Institution Strategic Enterprise Zone Program – Alterations and Financing*

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The Maryland Tech Council (MTC) is a collaborative community, actively engaged in building stronger life science and technology companies by supporting the efforts of our individual members who are saving and improving lives through innovation. We support our member companies who are driving innovation through advocacy, education, workforce development, cost savings programs, and connecting entrepreneurial minds. The valuable resources we provide to our members help them reach their full potential, making Maryland a global leader in the life sciences and technology industries. On behalf of MTC, we submit this letter of **support** for House Bill 471.

House Bill 471 extends the length of time an area can be designated as a RISE zone and removes the limit on how many RISE zones can be designated in a single county or municipality. MTC believes that the RISE zones have been and can continue to be an effective economic development strategy. The RISE zones designated since the inception of this program are already producing tangible economic impacts. The benefits associated with locating within a RISE zone can be a real incentive for innovative companies to locate and grow. Proximity to institutional assets, such as universities, research hubs, and other companies, can lead to economic growth. MTC appreciates that the State is taking a leadership role in creating the conditions which can lead to this type of innovation.

We urge a favorable report.

# **TS 2023 MEDCO RISE HB471 Testimony - House W+M 2.1**

Uploaded by: J. Thomas Sadowski

Position: FAV

**TESTIMONY OF**  
J. Thomas Sadowski, Executive Director  
Maryland Economic Development Corporation

**FAVORABLE**  
HB0471

**BEFORE**  
House Ways & Means Committee

Vanessa E. Atterbeary, Chair  
Jhneanelle K. Wilkins, Vice Chair



**February 16, 2023**

**1:00 PM**

**MEDCO**  
**7 Saint Paul Street, Suite 940**  
**Baltimore, MD 21202**  
(410) 625-0051  
[www.medco-corp.com](http://www.medco-corp.com)



Good morning, **Chair Atterbeary, Vice Chair Wilkins and members of the House Ways & Means Committee.** My name is Tom Sadowski, Executive Director for MEDCO. It is an honor to be before you to testify on behalf of HB 471.

Maryland needs a Place Making Program... that was the original intent of the RISE Zone, but as we have come to know well, it just hasn't done the job. We made some strategic tweaks a few years ago... that were helpful but the proposed amendments to the programs are vital if we are to meet the challenges present today.

According to NSF, Kaufman Institute and others... Maryland is #1 in Academic R&D per capita, but only ranks 28<sup>th</sup> in business R&D as a percent of industry output, otherwise known as commercialization. We are 40<sup>th</sup> in early startup survival rate. Our economic competitiveness requires we do better in these key areas... and the way we do this is to create "Places" where industry government and academia can collaborate... investing as partners to commercialize our R&D and create valuable job opportunities. When you consider many of these "Places" exist near federal facilities or higher ed institutions within or near underserved communities ... the importance of this program becomes magnified.

Further, with the enhancement of our Tax increment financing capabilities, MEDCO can help serve as a catalyst, working alongside public/private partners to make the investment required to offer the physical space needed to drive commercialization and entrepreneurial activity. Types of facilities would include:

- Biotech/biomedical wet laboratories with shared equipment
- Prototype manufacturing centers
- Secure compartmentalized information facilities (SCIF)
- Cyber ranges, and
- other specialized workforce training or skill certification lab related space

By way of HB 471, the RISE zone can become the way Maryland fosters strategic “place making” and raises the level of collaborations amongst public-private partners. More importantly, the RISE program can assure these collaborations are housed close to Maryland’s innovation assets, and in or near those communities that need investment, business creation and valuable jobs the most.

Thank you again for your attention and we ask for your favorable report on HB 471.

**HB471 RISE Bill KPK-J.Hughes W-M FAV 2-16-23.pdf**

Uploaded by: Jim Hughes

Position: FAV

February 16, 2023

The Honorable Vanessa Atterbeary  
The Honorable Jheanelle Wilkins  
Ways and Means Committee  
131 House Office Building  
Annapolis, MD 21401

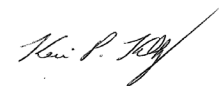
Dear Chair Atterbeary, Vice Chair Wilkins and members of the committee

On behalf of UMB I am writing to support HB0471 which provides for an innovative approach to fund much needed infrastructure and capital improvements. There is and has been near zero inventory of wet lab space in the Baltimore region to support Maryland's early-stage life science companies. These companies are commercializing technologies from anchor institutions such as UMB. The majority of these companies operate with very little expendable income in the earliest years but tend to grow exponentially with high dividends to the State once they hit certain inflection points in their commercialization pathway. It is a good investment to nurture these companies as they grow.

Despite numerous efforts over the past ten years, it has been difficult to engage with developers to develop highly specialized wet lab facilities. Lab facilities are expensive to build and not conducive to pre-leasing given the growth trajectory of these early-stage life science companies. It is crucial that Maryland provide support in the earliest stages and have facilities to accommodate the growth to support life science companies. This bill would assist by providing another tool that would enable us to ensure that successful companies stay in Maryland and continue to contribute to the economy.

Additionally, HB0471 would have a significant impact on the continued expansion of the UMBioPark. As written, it could assist our fledgling early-stage BioTech and Life Science companies that need access to affordable tenant improvements and infrastructure. UMB could utilize this tool to build out a flex labs model with shared facilities to support life science companies in the UMBioPark. MEDCO can be a strong partner with the tools proposed in HB 0471 to fund innovative and much needed infrastructure in Maryland to keep us competitive with other States current offerings. For these reasons, UMB wholly supports HB0471.

Sincerely,



Kevin P. Kelly  
Chief Government Affairs Officer  
Vice President

**hb0471f.pdf**

Uploaded by: Julianna Jones

Position: FAV

# HOUSE BILL 471

C8

3lr2521  
CF SB 333

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By: **Delegate Attar**

Introduced and read first time: January 30, 2023

Assigned to: Ways and Means

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## A BILL ENTITLED

1 AN ACT concerning

2 **Economic Development – Regional Institution Strategic Enterprise Zone**  
3 **Program – Alterations and Financing**

4 FOR the purpose of altering the period of time that an area may be designated as a Regional  
5 Institution Strategic Enterprise (RISE) zone; repealing the prohibition on the  
6 Secretary of Commerce from approving more than a certain number of RISE zones  
7 in a certain area; extending the termination date of the RISE Zone Program;  
8 authorizing a political subdivision to pledge certain revenues to secure the payment  
9 of obligations to the Maryland Economic Development Corporation for infrastructure  
10 improvements located in a RISE zone; and generally relating to the Regional  
11 Institution Strategic Enterprise Zone Program.

12 BY repealing and reenacting, without amendments,  
13 Article – Economic Development  
14 Section 1–101(a) and (e), 5–1401(a) and (f), 12–201(a), 12–209(b), and 12–210(c)  
15 Annotated Code of Maryland  
16 (2018 Replacement Volume and 2022 Supplement)

17 BY repealing and reenacting, with amendments,  
18 Article – Economic Development  
19 Section 5–1404(f), 5–1410, and 12–201(k)  
20 Annotated Code of Maryland  
21 (2018 Replacement Volume and 2022 Supplement)

22 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
23 That the Laws of Maryland read as follows:

24 **Article – Economic Development**

25 1–101.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (a) In this division the following words have the meanings indicated.

2 (e) “Secretary” means the Secretary of Commerce.

3 5–1401.

4 (a) In this subtitle the following words have the meanings indicated.

5 (f) “RISE zone” means a geographic area in immediate proximity to a qualified  
6 institution that is targeted for increased economic and community development that meets  
7 the requirements of § 5–1404 of this subtitle and is designated as a Regional Institution  
8 Strategic Enterprise zone by the Secretary under § 5–1404 of this subtitle.

9 5–1404.

10 (f) (1) (i) Subject to subparagraph (ii) of this paragraph, the designation of  
11 an area as a RISE zone is effective for **[5] 10** years.

12 (ii) Upon a joint application of a qualified institution, a county and,  
13 if applicable, a municipal corporation, or the economic development agency of a county or  
14 municipal corporation, the Secretary may renew a RISE zone for an additional 5 years.

15 (2) The Secretary may not[:

16 (i) approve more than three RISE zones in a single county or  
17 municipal corporation; or

18 (ii)] approve a RISE zone the geographic area of which exceeds 500  
19 acres.

20 5–1410.

21 This subtitle and the tax credits and benefits authorized under it shall terminate on  
22 January 1, **[2028] 2030**.

23 12–201.

24 (a) In this subtitle the following words have the meanings indicated.

25 (k) “MEDCO obligation” means a bond, note, or other similar instrument that the  
26 Maryland Economic Development Corporation issues under authority other than this  
27 subtitle to finance the cost of infrastructure improvements located in or supporting a  
28 transit-oriented development, a sustainable community, **A RISE ZONE**, or a State hospital  
29 redevelopment.

30 12–209.

1           (b)   (1)   Subject to paragraph (2) of this subsection, the political subdivision that  
2 has created a special fund for a development district, a RISE zone, or a sustainable  
3 community may pledge under an agreement that amounts deposited to the special fund  
4 shall be paid over to secure payment on MEDCO obligations.

5           (2)   The agreement shall:

6                   (i)    be in writing;

7                   (ii)   be executed by the political subdivision making the pledge, the  
8 Maryland Economic Development Corporation, and the other persons that the governing  
9 body of the political subdivision determines; and

10                   (iii)  run to the benefit of and be enforceable on behalf of the holders  
11 of the MEDCO obligations secured by the agreement.

12 12–210.

13           (c)   The governing body of a political subdivision, including the issuer, may pledge  
14 by or under a resolution, including by an agreement with the issuer, as applicable, that  
15 alternative local tax revenues generated within, or that are otherwise determined to be  
16 attributable to, a development district that is a transit-oriented development, a RISE zone,  
17 a sustainable community, or a State hospital redevelopment be paid, as provided in the  
18 resolution, into the special fund to:

19                   (1)   secure the payment of debt service on bonds or MEDCO obligations; or

20                   (2)   be applied to the other purposes stated in § 12–209 of this subtitle.

21           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
22 October 1, 2023.



**HB471\_USM\_FAV.pdf**

Uploaded by: Patrick Hogan

Position: FAV



**HOUSE WAYS AND MEANS COMMITTEE**  
**House Bill 471**  
**Economic Development – Regional Institution Strategic Enterprise Zone Program –**  
**Alterations and Financing**  
**February 16, 2023**  
**Favorable**

Chair Atterbeary, Vice Chair Wilkins and committee members, thank you for the opportunity to share our position on House Bill 471. The bill alters the period of time that an area may be designated as a Regional Institution Strategic Enterprise (RISE) zone, repeals the prohibition on the Secretary of Commerce from approving more than a certain number of RISE zones in a certain area, and extends the termination date of the RISE Program.

RISE Zones leverage University System of Maryland (USM) assets for economic development; these assets include student/faculty entrepreneurship, industry-sponsored research, and related innovation activity. All this activity drives an increase in the development of coworking spaces, innovation labs, startup incubators and tech accelerators on, or in close physical proximity to, our USM campuses.

The USM has long supported the intent of the RISE Zone program and has supported recent changes that have improved the program. 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. The RISE Zone program provides this type of support, specifically the granting of rent subsidies and provision of other stated benefits direct to the startup company. The challenges are many, but some of the most pressing demands include:

- Near zero inventory of expensive wet laboratory space to support early-stage life science companies that are emerging from anchor universities such as UMB and JHU. Lab facilities are expensive to build and not conducive to pre-leasing but tend to lease quickly once built.
- Fledgling early-stage biotechnology and life science companies need access to affordable Tenant Improvements and Infrastructure to support their growth which could be assisted through the RISE program.
- USM institutions could consider “flex lab” models with shared facilities to support these companies and further grow the important and profitable life sciences spinouts in Maryland.

- MEDCO can be a strong partner with additional tools to fund innovative and much needed infrastructure in Maryland to keep us competitive with other states' current offerings.

These trends have persisted as the nation and Maryland continues to recover from the COVID-19 pandemic, which has increased the importance of and tailored the types of places that emerging companies can leverage to support their growth. The RISE Zone program incentivizes public-private partnerships that create a virtuous cycle of economic growth and community development. 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. 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.

Since 2012, the USM has been particularly successful in facilitating the creation of new businesses, having helped launch over 1,000 new ventures. The pace of USM intellectual property-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. USM institutions perform over \$1.3 billion in research and development annually, which feeds the institutional and Maryland innovation ecosystem. More growth is anticipated, and USM has strengthened its focus on research and research-derived economic benefits, including establishing the USM Office of Research and Economic Development, led by USM's first Vice Chancellor for Research and Economic Development.

We are pleased to support House Bill 471 and urge a favorable report.



### **About the University System of Maryland**

The University System of Maryland (USM)—one system made up of twelve institutions, three regional centers, and a central office—awards eight out of every ten bachelor’s degrees in the State of Maryland. The USM is governed by a Board of Regents, comprised of twenty-one members from diverse professional and personal backgrounds. The chancellor, Dr. Jay Perman, oversees and manages the operations of USM. However, each constituent institution is run by its own president who has authority over that university. Each of USM’s 12 institutions has a distinct and unique approach to the mission of educating students and promoting the economic, intellectual, and cultural growth of its surrounding community. These institutions are located throughout the state, from western Maryland to the Eastern Shore, with the flagship campus in the Washington suburbs. The USM includes Historically Black Colleges and Universities, comprehensive institutions, research universities, and the country’s largest public online institution.

USM Office of Government Relations - Patrick Hogan: [phogan@usmd.edu](mailto:phogan@usmd.edu)