



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.

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