



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.

