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Legislative District 14
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MAJORITY LEADER

Ways and Means Committee
Chair, Revenues Subcommittee



The Maryland House of Delegates
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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

SPONSOR TESTIMONY - House Bill 1279

Madame Chair, Vice Chair, Members of the Committee,

In 2014, the Regional Institution Strategic Enterprise (RISE) Zone program was enacted in Maryland. A RISE Zone is an area that has a strong connection to an institution of higher education or a non-profit affiliated with a federal agency and is established with the intent of fostering economic and community development. Businesses that either newly locate within a RISE Zone or significantly expand within the area are eligible for significant incentives. The idea is for businesses to market and produce nexus institution-developed technology through partnerships. Since 2014, RISE Zones have been designated around five colleges/universities including the University of Maryland, Baltimore, the University of Maryland, College Park, Morgan State University, Montgomery College, and the University of Maryland, Baltimore County.

Now that this program has been active for some time and results have been evaluated, I have worked with stakeholders to reform this program to ensure that it is yielding the intended outcomes. House Bill 1279 is the product of that work and seeks to establish the following changes:

1. Clarify that the intent of a RISE Zone is to incent the location of start-ups based on tech transfer and commercialization of research-institution-produced patents;
2. Eliminate the employment tax credit effective in 2023;
3. Eliminate the local property tax credit in 2023 but grandfather in any current participants;
4. Replace the local property tax credit with a budgeted rental assistance incentive for new businesses that is housed within the Department of Commerce and matched 3:1 with the institution or local jurisdiction;
5. Limit each RISE Zone to 25% of the total state rental assistance funding unless there are too few applicants to use all funding;
6. Allow new companies that are affiliated with a qualified institution and located within a RISE Zone to be eligible for the enhanced credit under the biotech investment tax credit and cybersecurity investment tax credit;
7. Cap the size of a RISE Zone at 500 acres; and
8. Sunset the program on July 1, 2028.

It is my belief and those of the stakeholders that this legislation will make strides towards strengthening the RISE Zone program. Elements of the program that are un- or under-utilized are repealed and replaced with better-targeted incentives. The program as altered under this bill stands to boost small businesses in communities around the state and, as such, I would ask the Committee to provide a favorable report.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric Luedtke". The signature is fluid and cursive, with the first name "Eric" being more prominent than the last name "Luedtke".

Delegate Eric Luedtke