

Title 24
DEPARTMENT OF BUSINESS AND ECONOMIC DEVELOPMENT

Subtitle 05 ECONOMIC DEVELOPMENT

Chapter 21 Regional Institution Strategic Enterprise Zone Program

Authority: Economic Development Article, §§2-108, 5-1401—5-1407; Tax General Article, §10-702; Tax Property Article, §9-103.1;
Annotated Code of Maryland

.01 Objective.

The objective of the Regional Institution Strategic Enterprise (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.

.02 Purpose.

This chapter describes the application requirements and procedures that will be used by the Secretary of Business and Economic Development to designate qualified institutions and RISE Zones.

.03 Scope and Administration.

The Secretary of Business and Economic Development administers the RISE Zone Program. Certain activities are subject to approval by the Secretary of Business and Economic Development, with input from the Legislative Policy Committee. Certain activities will require input from the local jurisdiction in which the RISE Zone is located. The Department of Assessments and Taxation and the Comptroller of the Treasury administer activities related to revenue and taxes.

.04 Definitions.

A. In this chapter, the following terms have the meanings indicated.

B. Terms Defined.

- (1) “Act” means Economic Development Article, Title 5, Subtitle 14, Annotated Code of Maryland.
- (2) “Area” means a geographic area in one or more political subdivisions in the State described by a closed perimeter boundary.
- (3) “Department” means the Department of Business and Economic Development.
- (4) “Institution” means:
 - (a) A regional higher education center as defined in Education Article, §10-101, Annotated Code of Maryland;
 - (b) An institution of higher education as defined in Education Article, §10-101, Annotated Code of Maryland; or
 - (c) A nonprofit organization that is affiliated with a federal agency.
- (5) “Nonprofit organization” means an organization that is exempt or eligible for exemption from taxation under §501(C)(3) of the Internal Revenue Code.
- (6) “Qualified institution” means an institution that is designated as a qualified institution under Regulation .06 of this chapter.
- (7) “Qualified property” has the meaning stated in Tax-Property Article, §9-103.1(A)(6), Annotated Code of Maryland.
- (8) “Political subdivision” means any county or municipal corporation.
- (9) “RISE Zone” means an area that:
 - (a) Is targeted for increased economic and community development;
 - (b) Proximity or Nexus.
 - (i) Is in immediate proximity to a qualified institution;
 - (ii) Has a nexus with the qualified institution and its proposed activities; or
 - (iii) Is a rural area and has a nexus with the qualified institution and its proposed activities;
 - (c) Meets the requirements of Regulation .08 of this chapter; and

24.05.21.05

(d) Is designated as a Regional Institution Strategic Enterprise Zone by the Secretary under Regulation .09 of this chapter.

(10) "Secretary" means the Secretary of Business and Economic Development.

.05 Application for Designation as a Qualified Institution.

A. An institution may apply to the Secretary to be designated as a qualified institution.

B. If the applicant is a non-profit organization that is not an institute of higher education, the non-profit must provide documentation that it is affiliated with a federal agency.

C. The application to be designated as a qualified institution shall be in a form approved from time to time by the Department:

D. The applicant shall provide the information and documents required by this regulation and the application form, including:

(1) Evidence of the applicant's intention to:

(a) Make a significant financial investment or commitment in an area of the State that the applicant intends to become a RISE Zone, including:

(i) A description of the projected amount and type of financial investment or commitment the qualified institution intends to make in the area to become a RISE Zone;

(ii) An explanation of why the financial investment or commitment is significant to the area; and

(iii) An explanation of where the financial investment or commitment will be made and for what purpose;

(b) Use the resources and expertise of the applicant to spur economic development and community revitalization in the area the applicant intends to become a RISE Zone, including:

(i) A list of the resources and expertise the applicant has in economic development and community revitalization; and

(ii) An explanation of how the applicant plans to apply its resources and expertise in the area it intends to become a RISE Zone;

(c) Create a significant number of new jobs within the area the applicant intends to become a RISE Zone, taking into account the geographic region and the business sectors located within that region, and including:

(i) An explanation of how the designation of the intended RISE Zone will create new jobs; and

(ii) A discussion of how many jobs and the types of jobs that will be created as a result of the designation of a RISE Zone;

(2) Evidence that demonstrates the applicant's history of community involvement and economic development within the communities that the applicant serves, by providing examples of the institution's involvement in the community or communities and with economic development, including descriptions of:

(a) The community or communities in which the applicant is involved;

(b) The applicant's involvement in the community, including specific programs and community outreach;

(c) The time and financial resources committed by the applicant in the community; and

(d) The outcomes of the applicant's community involvement, including job creation;

(3) Information necessary for the Department to determine if the applicant has the financial qualifications to accomplish its commitments set forth in its application, including:

(a) Evidence that the applicant has sufficient financial resources to make a significant financial investment or commitment in the proposed RISE Zone;

(b) Copies of the applicant's balance sheet and any financial plans or proposed budgets; and

(c) If the applicant intends to rely in whole or in part on fund raising, evidence of previous fund raising ability; and

(4) Any other information or documents required by the Secretary.

E. If the political subdivision in which the proposed RISE Zone is to be located supports the application, the applicant should include a letter of support from the chief executive or governing body of the political subdivision, as may be required by local

law. If the intended RISE Zone is located in more than one political subdivision, the applicant should include a letter of support from each political subdivision that supports the intended RISE Zone.

.06 Secretary's Designation of a Qualified Institution.

A. The Secretary shall approve or reject an application of an institution within 90 days after submission of an application for designation as a qualified institution.

B. The Secretary shall notify the Legislative Policy Committee at least 30 days before approval or rejection of an application for designation as a qualified institution.

C. The Legislative Policy Committee may provide advice to the Secretary regarding the approval or rejection of an institution as a qualified institution.

.07 Application for Designation of a RISE Zone Jointly With Political Subdivision.

A. On or after July 1, 2015, application for designation of a RISE Zone may be made to the Department by one or more qualified institutions jointly with a county, a municipal corporation, or the economic development agency of a county or municipal corporation.

B. Unless a municipal corporation located within a county agrees to designation of a RISE Zone within its boundaries, qualified property in the county may not receive a tax credit against the municipal property tax. The applicant shall obtain the consent of the governing body of the municipal corporation in the form of a resolution.

C. Unless a county, in which a municipal corporation is located, agrees to designation of a RISE Zone in the municipal corporation, qualified property in the municipal corporation may not receive a tax credit against county property tax. The applicant shall obtain the consent of the governing body of the county in the form of a resolution.

D. All applications shall be complete, meet all stated requirements, and be properly signed by the chief elected, executive official or, if none, by the governing body of, each of the political subdivisions applying with the qualified institution.

E. Any modification to the boundaries of an existing RISE Zone must be approved by each applicant for the initial designation of the RISE Zone.

.08 Application Requirements for Designation of a RISE Zone.

The RISE Zone application shall include the following:

A. A detailed description of the boundaries of the proposed RISE Zone, including:

- (1) Both a hard copy and digital map of the proposed RISE Zone;
- (2) The acreage of the proposed RISE Zone;
- (3) A map showing any overlap of the proposed RISE Zone with an existing enterprise zone or focus area; and

(4) A statement from the planning departments of each political subdivision joining in the application that the boundaries of the proposed RISE Zone do not overlap a development district established under Economic Development Article, Title 12, Subtitle 2, Annotated Code of Maryland, or a special taxing district established under Local Government, Article, Title 21, Annotated Code of Maryland or The Charter of Baltimore City, §62A.

B. A description of the nexus of the proposed RISE Zone with the qualified institution. If the proposed RISE Zone is not in immediate proximity to the qualified institution, an explanation of the connection between the qualified institution, its proposed activities, and the proposed RISE Zone.

C. If the proposed RISE Zone is in a rural area of the State, a description of the nexus between the qualified institution, its proposed activities, and the area of the proposed RISE Zone.

D. Evidence and certification that each political subdivision, before submission of the application, held a public hearing on the application with adequate notice.

E. Copies of resolutions from the political subdivisions approving the real property tax credit and specifying the credit percentage each year for the 5-year period.

24.05.21.09

F. A plan that contains a target strategy and anticipated economic impacts of the RISE Zone, which plan shall include:

- (1) A description of existing demographic and socioeconomic character of the proposed RISE Zone;
- (2) A description of how the area is of strategic importance to the economic development interests of the applicants, including a list of other revitalization programs applicable to the area, such as enterprise zones, sustainable communities, Priority Funding Areas (PFA), and Maryland Department of Transportation designated Transit Oriented Development (TOD) areas;
- (3) A statement of the goals and objectives of the proposed RISE Zone;
- (4) A description of proposed projects to be developed in the proposed RISE Zone;
- (5) A timeline of development and activity in the proposed RISE Zone;
- (6) The expected economic impact of the designation on the area, including anticipated capital investment resulting from the designation, projected number, type, and salary ranges of jobs to be created, and projected number of new establishments to locate in the proposed RISE Zone;
- (7) The industry sectors that will be certified for RISE Zone incentives;
- (8) The requirements for existing businesses that are located in a RISE Zone prior to the RISE Zone designation to be certified for RISE Zone incentives, including a discussion of the significance of these requirements to the area, which requirements must include:
 - (a) Minimum capital investment; or
 - (b) Minimum increase in labor force;
- (9) A description of workforce training programs that may be available in the proposed RISE Zone area;
- (10) The point of contact for the RISE Zone and entity responsible for certifying to the Department if the business is eligible for RISE Zone incentives and for submitting an annual report to the Department; and
- (11) A description of the local process for certifying businesses as eligible for the RISE Zone incentives.

G. Any other information the Secretary requires.

.09 RISE Zone General Requirements.

- A. The designation of a RISE Zone is effective for 5 years.
- B. The Secretary may not approve more than three RISE Zones in a single political subdivision.
- C. The Secretary may not designate a RISE Zone in the following areas:
 - (1) A development district established under Economic Development Article, Title 12, Subtitle 2, Annotated Code of Maryland; or
 - (2) A special taxing district established under Local Government Article, Title 21, Annotated Code of Maryland, or The Charter of Baltimore City, §62A.
- D. The designation of an area as a RISE Zone may not be construed to limit or supersede a provision of a comprehensive plan, zoning ordinance, or other land use policy adopted by a political subdivision or bicounty agency with land use authority over the area designated as a RISE Zone.

.10 Secretary's Designation of a RISE Zone.

- A. The Secretary shall approve or reject an application for designation of a RISE Zone, including approval or modification of the proposed boundaries of the RISE Zone, within 120 days after the submission of the application.
- B. The Secretary shall notify the Legislative Policy Committee at least 45 days before approval or rejection of the application.
- C. The Legislative Policy Committee may provide advice to the Secretary regarding the approval or rejection of the RISE Zone or the boundaries of the RISE Zone proposed by the Secretary.
- D. The Secretary may consult with the Maryland Department of Planning and other State agencies before the designation of a RISE Zone.

.11 Renewal of RISE Zones.

A. The Secretary may renew a RISE Zone for an additional 5 years upon joint application by the entities that applied for the original RISE Zone designation.

B. To apply for renewal, the entities that applied for the original RISE Zone designation shall file a complete application, which shall include:

- (1) An analysis of whether the goals and objectives of the target strategy were met;
- (2) An analysis of the success and outcomes of the designation, including the number of jobs created, total and type of capital investment made, the number of new businesses locating to the RISE Zone, and any other information that demonstrates success;
- (3) A description of how the qualified institution met the goals specified in the qualified institution's application for qualified institution designation; and
- (4) A discussion of what would be achieved by renewing the RISE Zone for an additional 5-year period.

.12 Annual Report.

The person or entity identified in the target strategy for preparing the annual report shall submit an annual report to the Department on a calendar year basis by April 15 of the following year, in the form and containing the information established by the Secretary.

.13 Waiver.

The Secretary may waive or vary particular provisions of this chapter to the extent that a waiver is not inconsistent with the Act if:

- A. Conformance to this requirement of any federal, State, or local program necessitates waiver or variance of a regulation; or
- B. In the determination of the Secretary, the application of a regulation in a specific case or in an emergency situation would be inequitable or contrary to the purposes of the Act.

Administrative History

Effective date: March 30, 2015 (42:6 Md. R. 514)