

OFFICE OF FINANCE

Regional Institution Strategic Enterprise (RISE) Zone  
PROGRAM

ANNUAL STATUS REPORT  
Economic Development Article  
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## **Regional Institution Strategic Enterprise (RISE) Zone Program**

### **OVERVIEW**

The Maryland Regional Institution Strategic Enterprise (RISE) Zone program was enacted through CH 530, Acts of 2014. A RISE Zone is a geographic area that has nexus with a qualified institution and is targeted for increased economic and community development. Qualified institutions include institutions of higher education, regional higher education centers or non-profits affiliated with a federal agency.

The purpose of the 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. Qualified institutions and local governments develop a targeted strategy to use the institutional assets and financial incentives to attract businesses and create jobs within the zone.

The Maryland Department of Commerce (Commerce) administers the RISE Zone program. Institutions of higher education, regional higher education centers or non-profit organizations affiliated with a federal agency apply to Commerce to be designated a Qualified Institution. Qualified Institutions may then apply jointly with the county, municipality or the economic development agency of a county or municipality to designate a RISE Zone.

A RISE Zone designation is effective for 5 years, with a possible additional 5-year renewal. Counties and municipalities are limited to a maximum of three RISE Zones.

Businesses locating in a RISE Zone or an existing business doing a significant expansion within the RISE Zone may qualify for real property tax credits, income tax credits and business concierge services. Chapters 206 and 207 of the Acts of 2021 modified the program to provide added benefits to certain businesses that locate in the RISE Zone and have a nexus to the Qualified Institution, including the rental assistance program and enhanced investor tax credits under the Biotechnology Investment Incentive Tax Credit and Innovation Investment Incentive Tax Credit.

The incentives available under the RISE Zone program are as followed:

- **Real Property Tax Credits**
  - A business must locate in the RISE zone before January 1, 2023 to be eligible for the real property tax credit.
  - A five-year real property tax credit on improvements of 50% for the first year and 10% in years 2-5. The county and municipality can choose, by local law, to increase the credit percentage.
  - If the RISE Zone is located in an Enterprise Zone, the credit is 80% per year for years 1-5.
  - If the RISE Zone is located in a Focus Area, the credit is 100% per year for years 1-5.
  - If the zone is renewed the credit is 10% in years 6-10, unless increased by the county or municipality.

- Income Tax Credits that are the same as the Enterprise Zone income credits (\$1,000 per new employee and up to \$6,000 over three years for hiring economically disadvantaged employees). A business must locate in the RISE zone before January 1, 2023 to be eligible for the income tax credit.
- Assistance from the Commerce Business Concierge.
- Rental Assistance Program
  - A Qualified Institution, political subdivision, county and/or a municipality may establish a program to provide rental assistance to a business that moves into or locates in a RISE Zone, has nexus with a Qualified Institution located in the RISE Zone, and has been in active business no longer than 7 years.
  - The business is eligible for rental assistance for up to three years.
  - Subject to the availability of funding, Commerce must provide matching funds equal to three times the amount established by the Qualified Institution, political subdivision, county and/or municipality.
- Enhanced Investor Tax Credit
  - A qualified investor may be eligible for an enhanced income tax credit equal to 50% of the investment made to a Qualified Maryland Biotechnology Company (QMBC) under the Biotechnology Incentive Investment Tax Credit or to a Qualified Maryland Technology Company (QMTC) under the Maryland Innovation Investment Incentive Investment Tax Credit Program.

## **ACTIVITY**

The following RISE Zones have been designated by Commerce since the program's inception:

- UMB Rise Zone in Baltimore City was designated December 8, 2015. The designation expired December 7, 2020, but the Zone was re-designated and will expire February 15, 2025.
- University of Maryland's Greater College Park RISE Zone was designated December 5, 2016 and will expire December 4, 2021.
- UMBC RISE Zone was designated May 18, 2017 and will expire May 17, 2022.
- Salisbury University was designated September 28, 2018 and will expire September 27, 2023.
- Morgan State University was designated September 28, 2018 and will expire September 27, 2023.
- Montgomery College was designated September 28, 2018 and will expire September 27, 2023.

## **RISE Zone Applicant Reports<sup>1</sup>**

### **University of Maryland's Baltimore Campus RISE Zone**

No activity has been reported in the UMB RISE Zone.

### **University of Maryland's Greater College Park RISE Zone**

There have not been any businesses that have been approved for a RISE Zone Incentive in FY 2021.

The Greater College Park initiative within the RISE Zone, a more than \$2 billion public-private partnership, has continued its efforts to create one of the best college towns in the country. The project has led to projects such as the Hotel at the University of Maryland, the Landmark apartments and Target store, and Vigilante Coffee.

National Quantum Lab at Maryland (Q-Lab) is a new \$20 million investment. The Q-Lab will be the nation's first user facility that enables the scientific community to pursue world-leading research through hands-on access to a commercial-grade quantum computer. UMD-affiliated students, faculty, researchers, staff and partners across the country will have an unprecedented opportunity to gain experience with IonQ's industry-leading trapped-ion quantum computer hardware and collaborate with IonQ scientists and engineers.

The Q-Lab will be located in the UMD Discovery District, next to IonQ's headquarters in College Park, MD. Leaders in science, engineering, and computing will co-locate in the Q-Lab, empowering them to work together to develop novel quantum applications. The facility will also enable training related to the use of IonQ's commercial-ready quantum hardware.

The program is still underperforming, as results year over year have not reached expectations. Although new businesses emerged in this zone and created new jobs, none have applied for any of the RISE Zone incentives and credits. Thus, we cannot definitively say that the incentives attracted the businesses to the RISE Zone.

With the addition of the Rental Assistance Program for the RISE Zone, we are anticipating an increase of activity. For context, historically businesses were not able to take advantage of the real property tax credit provided the RISE Zone. While income tax credits are of course available under the program, one challenge is the focus of RISE Zone tax benefits on property taxes. Many companies in the College Park area, including those with University connections, are much more likely to lease space in existing buildings, rather than buy land, build new and take advantage of real property tax credits.

### **UMBC RISE Zone**

No activity has been reported in the UMBC RISE Zone.

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<sup>1</sup> These reports were provided directly by the Zone Administrators and have not been edited by the Department of Commerce.

### **Salisbury University RISE Zone**

No activity has been reported in the Salisbury RISE Zone. Presently, the Medical Facility project has stalled, and TidalHealth is evaluating the site for other options to expand its campus.

The Salisbury RISE Zone overlaps significantly with our Enterprise Zone (EZ) and mirrors the benefits. So, in instances where they are seeking the tax credits, we usually certify them under EZ. The lynch pin for the RISE Zone for us was the ability to create a TIF (that would have partially funded private improvements) if/when the Health and Human Sciences partnership/project becomes a reality. With that being stalled, it could potentially be used on future projects at the same site or in the Zone in general.

### **Morgan State University RISE Zone**

Construction is well underway, and Northwood Commons will be fully open by Summer 2022. The schedule and site/leasing plan is listed below:

| <b>Fiscal Year 2021 Report</b>                     |              |
|----------------------------------------------------|--------------|
| No. of New Businesses                              | 0            |
| No. of New Jobs                                    | 0            |
| Amount of Private Investment (\$)                  | \$24,965,425 |
| Investment made by Qualified Institution (\$)      | \$1,500,000  |
| No. of Businesses Eligible for Property Tax Credit | 0            |
| No. of Businesses Eligible for Income Tax Credits  | 0            |

### **Montgomery College RISE Zone**

There have not been any businesses approved for the RISE Zone incentive in FY 2021.

The PIC MC Foundation, a supporting organization with Montgomery College, manages the assets of the 40-acre section of the integrated academic, business and research campus in Germantown. It selected the development team of Minkoff Development and South Duvall/Scheer Partners in FY 2019. PIC MC signed a development agreement, with a negotiated ground lease attached, for this team to develop, design, construct, finance, operate and maintain a 120,000 square foot wet lab building at 19710 Observation Drive. The Maryland Higher Education Commission notified Montgomery College on November 22, 2019 that it had approved the development agreement and ground lease. The Maryland Board of Public Works approved the development agreement and ground lease on April 22, 2020. The development team of Minkoff and South Duvall/Scheer Partners created a marketing brochure which has been used for marketing discussions with real estate brokers and life sciences and technology companies. Given the COVID-19 environment with a building that has not started construction, the signing of the first tenant has not been completed.

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|----------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Fiscal Year 2021 Report</b>                     |                                                                                                                                          |
| No. of New Businesses                              | 0                                                                                                                                        |
| No. of New Jobs                                    | 0                                                                                                                                        |
| Amount of Private Investment (\$)                  | 0                                                                                                                                        |
| Investment made by Qualified Institution (\$)      | \$250,000 (soft costs of legal, consultant, and other fees in the RFP process in selecting a developer were funded by PIC MC Foundation) |
| No. of Businesses Eligible for Property Tax Credit | 0                                                                                                                                        |
| No. of Businesses Eligible for Income Tax Credits  | 0                                                                                                                                        |

### **Rental Assistance Program Activity**

Chapters 206 and 207 of the Acts of 2021 requires Commerce to report on the rental assistance program established by each RISE Zone. As of the end of fiscal year 2021, Commerce has promoted the rental assistance program through updating the Commerce website and discussing the new incentive with several RISE Zones.