



POSITION STATEMENT

TESTIMONY PRESENTED TO THE HOUSE WAYS AND MEANS COMMITTEE

HOUSE BILL 742 – REGIONAL INSTITUTION STRATEGIC ENTERPRISE ZONE PROGRAM (ALSO SENATE BILL 600)

**DONALD C. FRY
PRESIDENT & CEO
GREATER BALTIMORE COMMITTEE**

POSITION: Support

The Greater Baltimore Committee (GBC) is a non-partisan, independent, regional business advocacy organization comprised of more than 500 businesses -- large, medium and small -- educational institutions, nonprofit organizations and foundations located in Anne Arundel, Baltimore, Carroll, Harford and Howard counties as well as Baltimore City. The GBC is a 59-year-old, private-sector membership organization with a rich legacy of working with government to find solutions to problems that negatively affect our competitiveness and viability. It is an organization that prides itself on advocating for changes in public policies that strengthen the business climate while improving the quality of life.

The Greater Baltimore Committee strongly supports House Bill 742 – Regional Institution Strategic Enterprise Zone Program.

One of Maryland's most significant competitive strengths is our public education system and the number and quality of our higher education institutions of learning. These institutions serve as stabilizing forces in the community employing large numbers of workers and contributing significantly to the fabric of the community in which they are located. The teaching and research that is undertaken in these facilities helps our state's economic growth by providing a highly educated and trained workforce. Oftentimes, these institutions can serve as a catalyst to spur the redevelopment of entire neighborhoods.

House Bill 742 is a positive step for the State of Maryland toward developing a more competitive business climate. The legislation seeks to harness the power and impact presented by Maryland's anchor institutions by allowing them to submit to the Department of Business and Economic Development for certification as a qualified organization with the intent to create a Regional Institution Strategic Enterprise (RISE) Zone. To qualify, the applicant must specify a designated area in which the applicant intends to make a significant financial investment, develop a target plan for the specified area, create a significant number of jobs, and use the resources of the institution to spur economic revitalization and community development.

Once the organization/institution is qualified, businesses that elect to locate in the specified RISE Zone are eligible for a number of credits including property tax credits, income tax credits, and income tax modification as well as financial assistance programs provided in the portfolio of the Department of Business and Economic Development.

Many of the communities in which anticipated qualified institutions/organizations are located are neighborhoods that would greatly benefit from the targeted development strategy offered through the RISE Zones. The establishment of a RISE Zone and the outlining of targeted development plans and financial commitment by the qualified institutions/organizations that have designated the geographic limits of the zones, would provide businesses with the necessary information to assist them in the planning of its future development and with a more in-depth understanding of how their business could fit into the master plan of the RISE Zone.

The passage of this legislation is a powerful "tool in the toolbox" for economic and community development. The synergy that naturally occurs when a business locates near a qualified institution/organization as defined in this

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legislation is only enhanced by the financial incentive extended to the business for its location and job creation in the designated RISE Zones. This is a particularly powerful tool for companies that are interested in the research product being produced within higher education institutions and will likely lead to greater collaboration and increased commercialization. Additionally, in this changing global economy, the establishment of RISE Zones will prove to be an attraction to one of our newest industry growth sectors - innovation and entrepreneurship.

In the Greater Baltimore Committee's report, *Gaining a Competitive Edge*, eight core pillars of economic growth and job creation were identified by economic professionals and business executives from across the state. One of those pillars called for:

Strategic and effective state investments in business growth

The state must commit to substantive strategic investments, leveraged with capital assets, to nurture business and job growth. Investments should include competitive and effective tax credits, business development incentives, and tactical initiatives to nurture private investment in industry growth.

The intent of HB 742, the focus on one of the state's economic development strengths (public education and higher education institutions), and the connection with financial incentives to spur economic and community development epitomizes the principle set forth in that core pillar for economic growth and job creation.

For the reasons stated above, the Greater Baltimore Committee **urges a favorable report on House Bill 742.**