



Senate Bill 600

Regional Institution Strategic Enterprise Zone Program

MACo Position: **SUPPORT**
WITH AMENDMENTS

To: Budget & Taxation Committee

Date: March 5, 2014

From: Natasha Mehu

The Maryland Association of Counties **SUPPORTS** SB 600, **WITH AMENDMENTS**. This bill provides a tool to spur economic development and revitalization surrounding anchor educational institutions and nonprofit entities. Counties suggest that a local approval mechanism, specifically over the incentives drawn from local revenues, would improve the local buy-in for these projects, and support amendments to create this process.

SB 600 would allow qualified institutions and nonprofit entities who have a strong and demonstrated history of commitment to economic development and revitalization within the communities in which they are located, to apply to the Department of Business and Economic Development for designation as a Regional Institution Strategic Enterprise Zone (RISE Zone). Upon designation, the institutions and businesses located within the RISE Zones would receive county and State tax credits and benefits.

While MACo appreciates the efforts to spur targeted economic development, SB 600 would impose a mandate on a county government to provide property tax credits within the RISE Zone, without affording the counties the ability to approve or disapprove the designation of the zone or the tax credit.

To address these concerns, MACo proposes that the RISE Zones are treated in a manner that is consistent with other successful State economic development programs including Enterprise Zones. More specifically, the county or municipality in which the RISE Zone is located should have the authority to approve or disapprove designation of the zone and the accompanying tax credits. Additionally, local government reimbursement from the State for 50% of the property taxes that are not collected due to the program should be included, as they are in Enterprise Zones.

MACo suggests the following language:

On page 6, after line 17, insert:

“(4) THE LOCAL GOVERNING BODY OF THE COUNTY OR MUNICIPAL CORPORATION IN WHICH THE RISE ZONE IS LOCATED, SHALL APPROVE OR REJECT BY RESOLUTION THE DESIGNATION OF THE RISE ZONE.”

On page 9, in line 6, after “(B)” insert: **(1)**.

On page 9, in line 7, after “corporation”, strike “shall” and substitute “**MAY.**”

On page 9, in after line 9, insert:

“(2) UNLESS THE COUNTY IN WHICH A MUNICIPAL CORPORATION IS LOCATED AGREES TO THE DESIGNATION OF THE RISE ZONE IN THE MUNICIPAL CORPORATION, QUALIFIED PROPERTY IN THE MUNICIPAL CORPORATION MAY NOT RECEIVE A TAX CREDIT AGAINST COUNTY PROPERTY TAX.”

On page 11, after line 5, insert:

“(G) AS PROVIDED IN THE STATE BUDGET, THE STATE SHALL REMIT TO EACH COUNTY OR MUNICIPAL CORPORATION AN AMOUNT EQUAL TO ONE-HALF OF THE FUNDS THAT WOULD HAVE BEEN COLLECTED IF THE PROPERTY TAX CREDIT UNDER THIS SECTION HAD NOT BEEN GRANTED.

(1) REIMBURSEMENTS.

(I) QUARTERLY OR MORE FREQUENTLY, THE COUNTY OR MUNICIPAL CORPORATION SHALL SUBMIT A REQUEST TO THE DEPARTMENT OF ASSESSMENTS AND TAXATION FOR THE AMOUNT REQUIRED BY SUBSECTION (G) OF THIS SECTION.

(II) WITHIN 5 WORKING DAYS AFTER THE DEPARTMENT OF ASSESSMENTS AND TAXATION RECEIVES THE REQUEST FROM THE COUNTY OR MUNICIPAL CORPORATION, THE DEPARTMENT SHALL CERTIFY TO THE COMPTROLLER THE REIMBURSEMENT DUE TO EACH COUNTY OR MUNICIPAL CORPORATION.

(III) WITHIN 5 WORKING DAYS AFTER THE COMPTROLLER RECEIVES THE CERTIFICATION FROM THE DEPARTMENT, THE COMPTROLLER SHALL REIMBURSE EACH COUNTY OR MUNICIPAL CORPORATION.”

With these amendments, the RISE Zone designation promises to be a targeted tool to leverage the resources and expertise of qualified institutions and to incentivize job creation and financial investment in the communities in which the institutions serve. For these

reasons MACo urges the committee to issue a **FAVORABLE WITH AMENDMENTS** report on Senate Bill 600. MACo would welcome an opportunity to work with the Committee to help further refine the process and incentives envisioned in the bill.