

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 685
Ways and Means

(Delegates Harris and Chang)

Finance

Economic Development - Maryland Aerospace and Technology Commission

This bill establishes the Maryland Aerospace and Technology Commission within the Department of Commerce to promote innovation in the fields of space exploration and commercial aerospace opportunities. Among other requirements, the commission must (1) identify research and funding opportunities for entities in the State, as specified; (2) develop and annually update a strategic plan; (3) designate aerospace and technology zones; (4) partner with local communities, as specified; and (5) develop educational opportunities. By October 1 each year, the commission must report to the Governor, the Maryland Economic Development Commission (MEDC), and the General Assembly on its activities and strategic plan.

Fiscal Summary

State Effect: General fund expenditures for Commerce increase by \$161,400 in FY 2025. Future years reflect annualization and the elimination of one-time costs. Revenues are not directly affected.

Table with 6 columns: (in dollars), FY 2025, FY 2026, FY 2027, FY 2028, FY 2029. Rows include Revenues, GF Expenditure, and Net Effect.

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: While the commission must coordinate and partner with local entities with respect to certain duties, the bill does not materially affect local government finances or operations.

Small Business Effect: Minimal.

## Analysis

**Bill Summary:** The Maryland Aerospace and Technology Commission is established in Commerce, consisting of specified State government and industry members, along with nonvoting federal members. The commission and its members are subject to the Maryland Public Ethics Law. Commission members may not receive compensation but are entitled to reimbursement for travel expenses. The bill specifies the appointment procedures and terms of commission members. Commerce must provide staff support to the commission. The commission may retain consultants as necessary.

Among other requirements, the commission must:

- identify research and funding opportunities for entities in the State that (1) strengthen and enhance the State's leadership position in civil, commercial, and military aerospace research and development; (2) integrate the aerospace industry into the economy of the State; (3) capitalize, promote, and assist in the development of workforce training to further the development of emerging technologies required for all aspects of space exploration; and (4) develop public-private partnerships that advance both the State's aerospace industry and the surrounding community;
- establish advisory committees as needed;
- develop aerospace-related educational opportunities within the State in coordination with local educational institutions;
- develop and annually update a strategic plan (as discussed further below) to implement the goals of the commission;
- designate and determine the boundaries of aerospace and technology zones within the State for the purpose of encouraging business development, facilitating land acquisition, providing educational opportunities, and promoting the aerospace industry within the boundaries of the zones; and
- partner with local communities to promote local aerospace education opportunities within each zone and implement strategies to connect local aerospace facilities within the zone to surrounding communities.

The commission must develop and annually update a strategic plan for promoting space, aeronautics, and aviation economic development in the State. The plan must include a list of potential projects that further the commission's purposes. For each project, the plan must also describe the estimated total cost for completion, and an assessment of the availability of external funding sources. The strategic plan may also encompass any other information the commission deems relevant to advancing its objectives. During the first two years of the commission's existence, the commission may hire a consultant to aid in the development of the strategic plan.

**Current Law:** Commerce’s mission is to strengthen the Maryland economy. The department develops and implements programs that aim to generate new jobs or retain existing jobs, attract business investment in new or expanding companies, and promote the State’s strategic assets. Business assistance is provided through a combination of investments, loans, conditional loans, grants, and tax credits.

The duties of the Maryland Aerospace and Technology Commission established by the bill are similar to some of the duties of MEDC, which is likewise staffed by Commerce. For example, MEDC must develop and update an economic development strategic plan for the State and recommend to the Governor and the Secretary of Commerce the program and spending priorities needed to implement the plan.

The State and local governments operate and fund a number of economic development entities. At the State level, in particular, the Maryland Technology Development Corporation (better known as TEDCO) operates multiple programs related to innovation, such as the Maryland Innovation Initiative (MII). MII promotes technology transfer from Maryland’s public and private nonprofit research institutions to the private sector. The initiative is authorized to provide grant funding or equity investment financing to a qualifying university, qualifying university-based entrepreneur, or other start-up entity to promote the commercialization of technology developed in whole or in part by a qualifying university.

**State Expenditures:** Commerce advises that the department anticipates hiring a program manager to handle the staffing and other responsibilities of the commission in conjunction with existing staff. Commerce also expects to hire a consultant to assist with initial development of the strategic plan at a one-time cost of approximately \$75,000; this estimate assumes consultant costs are incurred in fiscal 2025, although some portion of or all such costs may be incurred in fiscal 2026, depending on the speed of implementation. Future annual updates to the strategic plan will be handled by Commerce staff.

Accordingly, general fund expenditures for Commerce increase by \$161,397 in fiscal 2025, which accounts for the bill’s October 1, 2024 effective date. This estimate reflects the cost of hiring one program manager to staff the commission and handle related duties. It includes a salary, fringe benefits, one-time start-up costs, ongoing operating expenses, and a one-time consultant expense.

Position	1.0
Salary and Fringe Benefits	\$79,141
Consultant Costs	75,000
Operating Expenses	<u>7,256</u>
<b>Total FY 2025 State Expenditures</b>	<b>\$161,397</b>

Future year expenditures reflect a full salary with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

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### **Additional Information**

**Recent Prior Introductions:** Similar legislation has not been introduced within the last three years.

**Designated Cross File:** SB 516 (Senator A. Washington) - Finance.

**Information Source(s):** Department of Commerce; University System of Maryland; Prince George's County; Prince George's County Public Schools; City of Greenbelt; Department of Legislative Services

**Fiscal Note History:** First Reader - February 14, 2024  
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