

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 209

(Chair, Finance Committee)(By Request - Departmental -
Commerce)

Finance

Ways and Means

**Economic Development – Maryland Economic Development Commission –
Alterations**

This departmental bill alters several administrative requirements related to the Maryland Economic Development Commission (MEDC). **The bill takes effect July 1, 2024.**

Fiscal Summary

State Effect: The bill does not materially affect State finances or operations. The changes to responsibilities and requirements of MEDC generally align statute with current practice or allow for additional flexibilities; altering the membership of MEDC does not affect commission expenditures.

Local Effect: None.

Small Business Effect: The Department of Commerce has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services (DLS) concurs with this assessment.

Analysis

Bill Summary: MEDC must include at least one representative from the life sciences industry and one representative from the manufacturing industry. The requirement that the Governor consider geographic and industry representation when making appointments is replaced with the requirement that the industries represented by MEDC members be diverse. Overall commission membership is unchanged. Additionally, the bill repeals the requirements that:

- MEDC incorporate the strategic plan that the Maryland Port Administration developed for the Helen Delich Bentley Port of Baltimore into the State economic development strategic plan;
- MEDC seek contributions from the private sector to supplement economic development programs and financial incentives for businesses and that those funds be expended only in accordance with the State budget;
- Commerce's Office of International Trade report to MEDC at least twice per year;
- the Maryland Tourism Development Board (MTDB) submit its marketing and strategic plans to MEDC for review;
- regulations pertaining to financing programs be approved by MEDC before adoption; and
- MEDC review each Commerce budget request before it is submitted.

Current Law:

Maryland Economic Development Commission

MEDC comprises 25 voting members from all regions of the State, appointed by the Governor, the President of the Senate, and the Speaker of the House of Delegates, plus 6 nonvoting members. The appointed members of the commission must have substantial interest or experience in business or knowledge of business and economic development. Commerce provides staff for the commission. The purpose of MEDC is to:

- establish economic development policy in the State;
- advise the Secretary of Commerce on economic development policy in the State;
- oversee the operations of Commerce and its units, including the department's efforts to support the creation of, attract, and retain businesses and jobs; and
- monitor the operations of specified quasi-governmental economic development entities, including the efforts of those entities to support the creation, attraction, and retention of businesses and jobs.

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. In addition to the duties repealed by the bill and others, MEDC must: (1) review the allocation of financing incentives; (2) participate in marketing the State and encouraging new businesses to locate in the State; and (3) carry out other economic development activities that the Governor requests.

Background: Commerce advises that the bill is partially conditioned on the repeal of two existing Commerce boards: the Maryland Life Sciences Advisory Board (LSAB) and the Maryland Manufacturing Advisory Board (MMAB). Among other activities, LSAB

works to expedite the creation of private-sector jobs through the commercialization of life sciences research, and MMAB advises the Secretary of Commerce on ways to encourage new and expanding manufacturing enterprises in the State. The boards have been minimally active in recent years, and Commerce believes the industries are better represented on MEDC. DLS notes that this bill does not repeal either board.

Repealing the requirements related to private-sector contributions, MEDC regulation review, and budget request review conforms to existing practice and allows additional flexibility in setting the State's economic development strategic plan. Repealing the requirement related to the Office of International Trade still allows for flexibility for the office to present to MEDC when necessary. Additionally, since MEDC does not have oversight over MTDB, Commerce believes that requiring MTDB to submit its marketing and strategic plans for review by MEDC is unnecessary.

Additional Information

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

Designated Cross File: None.

Information Source(s): Department of Commerce; Department of Budget and Management; Maryland Department of Transportation; Department of Legislative Services

Fiscal Note History: First Reader - February 2, 2024
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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Economic Development – Maryland Economic Development Commission – Alterations

BILL NUMBER: SB0209

PREPARED BY: Michael Siers

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

The proposal would implement four changes to the Maryland Economic Development Commission (MEDC):

1. Mandate that representatives from manufacturing and life sciences be included as commissioners;
2. Remove two tasks for the commission from statute;
3. Remove the requirement for the Department of Commerce's Office of International Trade to report to MEDC; and
4. Remove requirements for the Maryland Tourism Development Board to submit strategic and marketing plans to MEDC.

Although one of MEDC's objectives is to 'establish economic development policy in the State,' the changes in this proposal will have minimal impacts on Maryland small businesses. To the extent that small businesses are impacted, it will be through efficiencies in MEDC's operations. Ensuring representation from the manufacturing and life sciences industries should also ensure better targeting of state policies. While these changes improve MEDC's ability to improve Maryland's economy, direct benefits to small businesses are not quantifiable.