

**Department of Legislative Services**

Maryland General Assembly

2003 Session

**FISCAL AND POLICY NOTE**

**Revised**

House Bill 888

(Delegate Bohanan, *et al.*)

Health and Government Operations

Education, Health, and Environmental Affairs

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**Maryland Military Installation Strategic Planning Council**

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This bill establishes a 19-member Maryland Military Installation Strategic Planning Council to examine issues related to expansion of military installations. The council must report its findings and recommendations to the Governor and the General Assembly by December 31, 2003. The bill is effective from June 1, 2003 to December 31, 2005.

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**Fiscal Summary**

**State Effect:** None. The bill can be implemented with existing resources.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Bill Summary:** The council is responsible for identifying the following, as funds allow:

- public infrastructure and other community support necessary to improve mission efficiencies and develop existing installations in the State;
- existing and potential impacts of encroachment on military installations in Maryland;
- potential State and community actions that can minimize the impacts of encroachment and enhance the long-term potential of military installations; and
- opportunities for collaboration among military contractors, academic institutions, local governments, the State, and military departments.

The council must also review State policies to identify actions needed to prepare for the U.S. Department of Defense (DOD) Facilities Initiative that will begin in 2005 and research how jurisdictions have addressed encroachment and partnership formation issues.

The bill directs the Department of Business and Economic Development (DBED) to provide staffing for the task force.

**Current Law:** None applicable.

**Background:** Eight federal military installations, in addition to the U.S. Naval Academy, operate in Maryland, including three Army and three naval facilities, one Coast Guard station, and one Air Force base. DBED advises that these installations employ approximately 100,000 people. Three facilities were closed during the last round of base closures following the recommendations of the Base Closure and Realignment Commission (BRAC); however, several bases in the State were expanded and Maryland experienced a net gain.

Following the closures, DBED established the Office of Military Affairs to create alliances in communities that may be affected by the next realignment (also known as the Efficient Facilities Initiative) and conduct economic impact analyses. The next round of defense adjustments will begin in 2005. According to DOD, military bases nationwide have an excess capacity of 20% to 25%.

The Maryland Economic Adjustment Fund (MEAF), which operates under DBED, provides funds to new or existing companies in communities adversely affected by defense adjustments – the funds help companies modernize their manufacturing operations, develop commercial applications for technology, or enter into and compete in new economic markets. MEAF can also be used to provide grants to capitalize local revolving funds in jurisdictions where military installations have either closed or shrunk. The fiscal 2004 allowance for the program, which is self-supporting, is approximately \$1 million.

**State Expenditures:** DBED advises that it expects to be able to provide staffing for the task force with existing resources. However, it also advises that the Office of Military Affairs has only two staff members, which could potentially limit implementation of certain tasks.

The Department of Legislative Services observes that the Office of Military Affairs is already conducting some of the work described in the bill – in fiscal 2002, it incurred \$226,880 for contracts to foster collaborative efforts such as the Southern Maryland Navy

Alliance and the Army Alliance that focus on minimizing the effects of defense adjustments. A consultant has also conducted an inventory of federal military installations in the State.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Business and Economic Development,  
Department of Legislative Services

**Fiscal Note History:** First Reader - February 18, 2003  
mld/jr Revised - House Third Reader - March 21, 2003  
Revised - Enrolled Bill - April 23, 2003

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Analysis by: Ann Marie Maloney

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510