

Department of Legislative Services
 Maryland General Assembly
 2006 Session

FISCAL AND POLICY NOTE

House Bill 1576 (Delegate Rudolph, *et al.*)
 Economic Matters

Base Realignment and Closure (BRAC) Marketing and Infrastructure
 Improvement Program

This bill creates the BRAC Marketing and Infrastructure Improvement Program in the Department of Business and Economic Development. It also specifies that the Governor must include at least \$150,000 in funding for the program in the fiscal 2008 and 2009 budget bills.

Fiscal Summary

State Effect: General fund expenditures would increase by \$150,000 in FY 2008 and FY 2009 due to the mandated appropriation. Staffing and coordination could be handled with existing resources. Revenues would not be affected.

(in dollars)	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	150,000	150,000	0	0
Net Effect	\$0	(\$150,000)	(\$150,000)	\$0	\$0

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

Local Effect: No direct impact; however, local governments could be affected by the results of the marketing and infrastructure coordination among counties.

Small Business Effect: Minimal.

Analysis

Bill Summary: The purpose of the program is to:

- establish a collaborative effort between DBED and other organizations to promote Baltimore, Cecil, and Harford counties (the Tri-County region) to companies, contractors, and employees transferred through BRAC as sites for relocation, by marketing the I-95 corridor and the Aberdeen Proving Ground;
- increase marketing efforts for the Tri-County region; and
- facilitate improvement in local infrastructure to meet BRAC-related growth.

The program must provide financial assistance for infrastructure improvements to accommodate military personnel relocating to the Tri-County region resulting from base closures in other regions. The program must also coordinate program-related costs among the three counties and operate for the equal benefit of each. An advisory committee on funding decisions for the program is established, consisting of specified members.

DBED must administer the program in consultation with an authorized coordinating organization selected by the department. This organization must be a nonprofit civic organization that acts as a coordinating body for various other organizations that promote the economic viability of the Aberdeen Proving Ground region, and has expertise on economic issues in the region.

Current Law: In 1990 Congress created a process known as Base Realignment and Closure (BRAC) to address an excess capacity of military facilities. BRAC allows for the appointment of an independent commission that evaluates the military's needs and offers recommendations. The 2005 BRAC represents the first major base closure and realignment activity in 10 years.

Chapter 335 of 2003 established the 19-member Military Installation Strategic Planning Council to examine issues related to the expansion of military installations. The council was charged with identifying:

- 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 could 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 was also charged with reviewing State policies to identify actions needed to prepare for the U.S. Department of Defense (DOD) Facilities Initiative that began in 2005 and research how jurisdictions have addressed encroachment and partnership formation issues. Chapter 240 of 2005 extended the termination date of the council until December 31, 2007.

Chapter 315 of 2004 required the Secretary of Business and Economic Development to designate an entity within DBED as the single contact for issues relating to realignment and closure of federal military installations in the State. The council serves as that point of contact.

Background: The federal Base Realignment and Closure Commission finished its work and submitted its recommendations to the President on September 8, 2005. The recommendations were subsequently submitted to Congress and took effect November 9, 2005.

In total, Maryland gained approximately 17,000 DOD military and civilian jobs, which will be phased in over a five- to six-year period. With the bulk of the gains at Aberdeen Proving Ground, Fort Meade, and the new Walter Reed National Military Medical Center, most of these jobs are projected to be medical professionals, engineers, and management positions. According to DBED, the total number of new jobs could exceed 40,000, many of which could go to existing Maryland residents.

In addition to new jobs, new residents could approach 50,000 individuals, concentrated primarily in Harford, Anne Arundel, and Montgomery counties. DBED advises that there needs to be infrastructure investment and improvement; however, it has not finalized any specific needs.

State Expenditures: General fund expenditures would increase by \$150,000 in fiscal 2008 and 2009. DBED advises that existing staff capacity would be sufficient to provide the technical and coordinating assistance required.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Cecil County, Harford County, Baltimore County, Department of Business and Economic Development, Department of Legislative Services

Fiscal Note History: First Reader - March 12, 2006

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Analysis by: Nora C. McArdle

Direct Inquiries to:

(410) 946-5510

(301) 970-5510