

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 110 (The President, *et al.*) (By Request – Administration)
Education, Health, and Environmental Affairs Economic Matters and Environmental
Matters

Base Realignment and Closure Subcabinet

This Administration bill creates a 10-member Base Realignment and Closure (BRAC) subcabinet in State government. The subcabinet is primarily staffed by the Department of Business and Economic Development (DBED), but the chair may call on any of the members to provide additional staff assistance as needed.

The bill takes effect June 1, 2007 and terminates December 31, 2011.

Fiscal Summary

State Effect: None. DBED advises that staffing and coordination could be handled by existing personnel in its Office of Military and Federal Affairs with existing resources. Any additional staff support that would need to be provided by other agencies could be handled with existing resources.

Local Effect: Local expenditures would not be directly affected; however, local jurisdictions would benefit from any increased coordination and efficiency resulting from the subcabinet.

Small Business Effect: A small business impact statement was not provided by the Administration in time for inclusion in this fiscal note. A revised fiscal note will be issued when the Administration's assessment becomes available.

Analysis

Bill Summary: The subcabinet includes the Lieutenant Governor, who serves as the chair, the State Superintendent of Schools, and the Secretaries of Budget and Management; Business and Economic Development; Environment; Higher Education; Housing and Community Development; Labor, Licensing and Regulation; Planning; and Transportation. The subcabinet must meet regularly, and report to the Governor and the General Assembly annually on State action to support the mission of military installations.

The subcabinet is charged with several tasks, including:

- coordinating and overseeing the implementation of all State action to support the mission of military installations affected by BRAC, including working with Maryland's congressional delegation to obtain federal funds;
- coordinating and overseeing the development of BRAC-related initiatives in education; workforce readiness; business development; community infrastructure and growth; health care facilities and services; workforce housing; environmental stewardship; and transportation;
- working with local jurisdictions affected by BRAC to facilitate planning, coordination, and cooperation with the State;
- collaborating with and reviewing the recommendations of the Maryland Military Installation Council; and
- making policy and budget recommendations to the Governor and the General Assembly to strengthen State support of military installations.

BRAC includes the U.S. Department of Commerce's Defense Conversion and Defense Economic Adjustment Program.

Current Law: In 1990, Congress created a process known as 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 represented 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 BRAC 2005 and research how jurisdictions have addressed encroachment and partnership formation issues. Chapter 275 of 2005 extended the termination date of the council until December 31, 2008. Chapter 634 of 2006 renamed the council the Maryland Military Installation Council, and extended the council from December 31, 2008 to December 31, 2011. The council must report to the General Assembly by December 31 of each year and issue a final report by December 1, 2011.

Chapter 315 of 2004 requires 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 BRAC Commission finished its work and submitted its recommendations to the President on September 8, 2005. The recommendations were subsequently submitted to the U.S. Congress and took effect November 9, 2005.

In total, Maryland will gain approximately 16,000 Department of Defense military and civilian jobs, phased in from 2005 to 2011. All BRAC recommendations must be implemented by 2011. The bulk of the gains are at Aberdeen Proving Ground, Fort Meade, and the newly renamed Walter Reed National Military Medical Center, and are expected to be highly-skilled, well-paid jobs.

In a December 2006 report, the Maryland Department of Planning (MDP) advised that it anticipates 28,176 new households as a result of BRAC, with 25,312 located in eight jurisdictions that MDP selected for detailed study. Of those 25,312 new households, the majority will be concentrated in Harford (26%), Anne Arundel (18%), and Baltimore counties (14%), followed by Baltimore City (10%), Montgomery (9%), Cecil and Prince George's (8% each) and Howard (7%) counties.

Approximately 53.4% of the new households are projected to be high-income (income over \$75,000 annually) and an additional 28.4% are projected to be middle-income

(\$30,001 to \$75,000 annually). MDP anticipates the highest demand for BRAC-related housing to be from 2009 to 2015.

The U.S. Department of Commerce Defense Conversion and Defense Economic Adjustment Program is administered by the department's Economic Development Administration (EDA). Since 1992, EDA has awarded \$646 million in 385 investments across 38 states affected by 103 base closures.

Additional Information

Prior Introductions: None.

Cross File: HB 133 (The Speaker, *et al.*) (By Request – Administration) – Economic Matters and Environmental Matters.

Information Source(s): Governor's Office; Department of Budget and Management; Department of Business and Economic Development; Maryland Department of the Environment; Higher Education Commission; Department of Housing and Community Development; Department of Labor, Licensing, and Regulation; Maryland Department of Planning, Maryland Department of Transportation, Department of Legislative Services

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