

Department of Legislative Services
 Maryland General Assembly
 2016 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 1589 (Delegate Reilly, *et al.*)
 Rules and Executive Nominations

Economic Development - Northeastern Maryland Additive Manufacturing
 Innovation Authority

This bill requires the Governor to appropriate at least \$150,000 annually to partially support the Northeastern Maryland Additive Manufacturing Innovation Authority. The bill also alters the voting membership of the authority’s executive board. The authority, when submitting its annual budget request as required under current law, must include a specific request to the Department of Economic Competitiveness and Commerce (DOC) for financial support in the following fiscal year. The bill further specifies that the authority may also be known as the Regional Additive Manufacturing Partnership of Maryland (RAMP MD) and the associated special fund as the RAMP Fund.

The bill takes effect July 1, 2016.

Fiscal Summary

State Effect: General fund expenditures increase by \$150,000 annually beginning in FY 2017, as discussed below. Special fund revenues and expenditures for the Northeastern Maryland Manufacturing Innovation Authority Fund increase by \$225,000 annually beginning in FY 2017 from general funds and contributions from Cecil and Harford counties. **This bill establishes a mandated appropriation beginning in FY 2018.**

| (in dollars) | FY 2017 | FY 2018 | FY 2019 | FY 2020 | FY 2021 |
|----------------|-------------|-------------|-------------|-------------|-------------|
| SF Revenue | \$225,000 | \$225,000 | \$225,000 | \$225,000 | \$225,000 |
| GF Expenditure | \$150,000 | \$150,000 | \$150,000 | \$150,000 | \$150,000 |
| SF Expenditure | \$225,000 | \$225,000 | \$225,000 | \$225,000 | \$225,000 |
| Net Effect | (\$150,000) | (\$150,000) | (\$150,000) | (\$150,000) | (\$150,000) |

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

Local Effect: Cecil and Harford county expenditures increase by a combined \$75,000 annually beginning in FY 2017, as discussed below.

Small Business Effect: Minimal.

Analysis

Current Law/Background: Chapters 570 and 571 of 2014 established the Northeastern Maryland Additive Manufacturing Innovation Authority and Fund. DOC, the Cecil County Office of Economic Development, and the Harford County Office of Economic Development jointly must provide staff, office space, and operational support for the authority. To further the purposes of the Acts, the authority must, among other things:

- foster collaborative efforts, including public-private partnerships and memoranda of understanding, among government agencies, military installations, educational institutions, businesses, nonprofits, individuals, and other entities for specified purposes;
- facilitate the involvement of specified institutions of higher education in developing and sustaining a skilled additive manufacturing workforce through degree, certification, specialized training, and continuing education programs;
- obtain, coordinate, and disseminate marketing resources to promote and enhance additive manufacturing opportunities and investment in the region; and
- pursue federal, State, local, and other public and private funding and collaboration initiatives.

The authority may (1) employ, as regular employees or as independent contractors, additional staff that the authority considers necessary; (2) retain any professional consultants that the authority considers necessary; and (3) select and retain its own legal counsel or use the Attorney General as its legal counsel. The authority may also make grants from the fund to further the purposes of the Acts.

State and Local Funding

The Acts specified that the Governor *may* include in the State budget an appropriation beginning in fiscal 2016 to partially support the authority, and the governing bodies of Cecil and Harford counties *may* appropriate funds to the authority annually to promote the purposes of the authority. Any State appropriation is contingent upon the commitment of

Cecil and Harford counties to contribute funds to the authority, and *legislative intent* is that an appropriation be at least two times the total amount contributed by the counties during the same fiscal year. A county appropriation may be a designated portion of the budget of the county's Office of Economic Development. The authority may accept additional money from any other public or private source.

RAMP MD

The authority established by Chapters 570 and 571 of 2014 is also known as the Regional Additive Manufacturing Partnership of Maryland (RAMP MD). It describes itself as a consortium of private businesses, educational institutions, governmental agencies, and representatives of U.S. Army Aberdeen Proving Ground that are working together to expand Maryland's capabilities in additive manufacturing. The authority received \$15,000 in State funding in fiscal 2015. The fiscal 2017 State budget includes no funding for the authority.

Additive Manufacturing

According to a report by the Society of Manufacturing Engineers, additive manufacturing is generally a process where thin horizontal slices of material are stacked progressively on top of one another to form a three-dimensional object. The process can involve several unique technologies. A well-known form of additive manufacturing is "3D printing," which is when a machine spreads layers of plaster or resin powder in a similar fashion to an inkjet printer and then binds them together.

State Fiscal Effect: A bill may establish a mandated appropriation no earlier than the fiscal year following the budget year currently under consideration by the General Assembly. In practical terms, this means no mandated appropriations may be established earlier than fiscal 2018 for bills considered in the 2016 legislative session. As such, this analysis assumes that the bill's mandated appropriation provision does not apply until fiscal 2018.

While the bill does not establish a mandated appropriation until fiscal 2018, this analysis assumes that the Governor appropriates the minimum required amount of \$150,000 annually beginning in fiscal 2017. Consistent with legislative intent, this estimate assumes that the State contribution is at least two times the contribution of Cecil and Harford counties. Therefore, special fund revenues and expenditures for the Northeastern Maryland Manufacturing Innovation Authority Fund increase by \$225,000 annually beginning in fiscal 2017 from general funds and contributions from the counties.

Local Expenditures: This estimate assumes that the State contribution is at least two times the contribution of Cecil and Harford counties. Therefore, Cecil and Harford county expenditures increase by a combined \$75,000 annually beginning in fiscal 2017. As discussed below, the combined contribution could be less.

Additional Comments: The Department of Legislative Services notes that State funding is contingent on the commitment of Cecil and Harford counties to contribute funds to the authority, but the *level* of local contribution is not mandated. Presumably, while not reflected in the above estimate, the counties could fund the authority with a minimal amount and still trigger the State funding mandate.

Additional Information

Prior Introductions: None.

Cross File: SB 882 (Senator Jennings, *et al.*) - Finance.

Information Source(s): Department of Commerce, Cecil County, Northeastern Maryland Manufacturing Innovation Authority, Society of Manufacturing Engineers, Department of Legislative Services

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min/rhh

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