

**Department of Legislative Services**  
Maryland General Assembly  
2024 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

Senate Bill 516  
Finance

(Senator A. Washington)

---

**Economic Development - Maryland Aerospace and Technology Commission**

---

This bill establishes the Maryland Aerospace and Technology Commission as an instrumentality of the State to promote innovation in the fields of space exploration and commercial aerospace opportunities. The bill further establishes a board of directors, a special fund, and a related collaborative, which has its own responsibilities. Among other requirements, the commission must establish a Maryland Aerospace and Technology Zone, develop and annually update a strategic plan, establish advisory committees as needed, staff the collaborative, and develop and implement educational opportunities. The commission may also provide grants to eligible entities, including governmental entities and certain institutions of higher education.

---

**Fiscal Summary**

**State Effect:** General fund expenditures increase by \$1.5 million in FY 2025 and by \$5.0 million annually thereafter. Special fund revenues and expenditures for the Maryland Aerospace and Technology Fund (MATF) increase correspondingly. Higher education revenues and expenditures may increase beginning in FY 2026 (not shown). The bill does not mandate or otherwise specify funding levels; assumptions are discussed below.

| (\$ in millions) | FY 2025 | FY 2026 | FY 2027 | FY 2028 | FY 2029 |
|------------------|---------|---------|---------|---------|---------|
| SF Revenue       | \$1.5   | \$5.0   | \$5.0   | \$5.0   | \$5.0   |
| GF Expenditure   | \$1.5   | \$5.0   | \$5.0   | \$5.0   | \$5.0   |
| SF Expenditure   | \$1.5   | \$5.0   | \$5.0   | \$5.0   | \$5.0   |
| Net Effect       | (\$1.5) | (\$5.0) | (\$5.0) | (\$5.0) | (\$5.0) |

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

**Local Effect:** Local revenues (grants) and expenditures (matching funds) may increase beginning in FY 2026, as discussed below.

**Small Business Effect:** Potential meaningful. Some small businesses may receive grant funds, potentially subject to a matching requirement, beginning in FY 2026.

---

## Analysis

**Bill Summary:** The Maryland Aerospace and Technology Commission is established as a body politic and corporate and a public instrumentality of the State, subject to specified conditions and requirements. The purpose of the commission is to promote innovation in the fields of space exploration and commercial aerospace opportunities, including the integration of space, aeronautics, and aviation industries into the economy of the State.

### *General Administration*

A board of directors is established to manage the commission and exercise its powers, subject to specified requirements. The board has several federal members, along with State government and industry members. Board members may not receive compensation but are entitled to reimbursement of travel expenses.

Subject to approval of the Governor, the board must appoint an executive director, who is the chief administrative officer of the commission, with specified related duties. The board must employ any additional professional and clerical staff as necessary and may retain consultants as necessary.

The commission may enter into a memorandum of understanding (MOU) with the Department of Commerce for provision of administrative support to the commission by individuals employed within the department's Division of Business and Industry Sector Development. The commission must reimburse Commerce for any expenses incurred for such support.

The commission is exempt from specified provisions of State law related to employment and procurement, although the commission, board, and commission employees are still subject to procurement policies and procedures for exempt units. The commission is also subject to the Public Information Act and the Open Meetings Act, while the board, officers and employees of the commission and any members of any advisory committee are subject to the Public Ethics Law and must disclose specified employment or financial interests to the State Ethics Commission. The commission is also exempt from State and local taxes.

### *Specific Commission Duties*

Among other requirements, the commission must:

- establish the appropriate standards and executive bodies to ensure the proper use of funds authorized under the bill for research;
- identify research and funding opportunities for entities in the State that (1) strengthen and enhance the State's leadership position in civil, commercial, and

- military aerospace research and development; (2) integrate the aerospace industry into the economy of the State; (3) capitalize, promote, and assist in the development of workforce training to further the development of emerging technologies required for all aspects of space exploration; and (4) develop public-private partnerships that advance both the State's aerospace industry and the surrounding community;
- establish advisory committees as needed;
  - develop and implement aerospace-related educational opportunities within the State in coordination with local educational institutions;
  - employ and annually update a strategic plan, developed as further specified;
  - employ a chief compliance officer;
  - designate and determine the boundaries of a Maryland Aerospace and Technology Zone within the State for specified purposes;
  - provide staff for the Maryland Aerospace Research and Space Economy Collaborative;
  - administer MATF; and
  - submit an annual report by October 1 each year to the Governor, the Maryland Economic Development Commission, and the General Assembly, as specified.

#### *Maryland Aerospace and Technology Fund*

MATF is established for the purpose of providing funding to promote the growth of the space exploration and aerospace technology industries in the State in a manner consistent with the commission's strategic plan. The commission may use the fund to award grants in accordance with the bill and pay the costs necessary to implement the bill and to administer the fund. The Governor must include in the annual budget bill an appropriation to the fund (no amount is specified). The bill specifies other conditions for the use and administration of MATF.

#### *Strategic Plan*

The commission must develop and annually update a strategic plan for promoting space, aeronautics, and aviation economic development in the State. The plan must include a list of potential projects that further the commission's purposes. For each project, the plan must also describe the estimated total cost for completion, including any potential State matching costs, and an assessment of the availability of external funding sources. The strategic plan may also encompass any other information the commission deems relevant to advancing its objectives.

### *Grant Program*

Subject to specified requirements, the commission may provide grants to eligible entities for the purpose of:

- development of emerging technologies required for any aspect of human space flight;
- research involving space exploration and space flight;
- workforce training to promote space exploration and space flight; and
- development of local infrastructure improvements that enhance the State's ability to compete in the aerospace industry.

“Eligible entity” means a business or nonprofit involved in space exploration, a governmental entity, or an institution of higher education that conducts aerospace research within the State. The commission must adopt regulations to establish a competitive application process, criteria and procedures for making awards, including private leverage requirements for awards, and processes and metrics for monitoring the success and impact of awards.

### *Zone and Collaborative*

The commission must designate a Maryland Aerospace and Technology Zone within the State for the purpose of encouraging business development, facilitating land acquisition, providing educational opportunities, and promoting the aerospace industry within the boundaries of the zone.

The Maryland Aerospace Research and Space Economy Collaborative is established, consisting of specified membership, to advise the commission and recommend and promote actions and opportunities in partnership with the local community within the Maryland Aerospace and Technology Zone designated by the commission. Collaborative members may not receive compensation but are entitled to reimbursement of travel expenses. The commission must provide staff for the collaborative. The collaborative must develop plans to:

- improve local aerospace education opportunities within the zone;
- upgrade and improve physical infrastructure surrounding specified locations;
- ensure that public transportation to and from local aerospace leaders is accessible and affordable to the local community;
- work with businesses and residents within the zone to develop and implement strategies to connect the National Aeronautics and Space Administration's Goddard Space Flight Center to the surrounding community; and
- assess and improve public safety within all areas of the zone.

The collaborative must report to the commission on its plans by October 1, 2025, and every two years thereafter.

**Current Law:** The State and local governments operate and fund a number of economic development entities. At the State level, in particular, the Maryland Technology Development Corporation (better known as TEDCO) operates multiple programs related to innovation, such as the Maryland Innovation Initiative (MII). MII promotes technology transfer from Maryland's public and private nonprofit research institutions to the private sector. The initiative is authorized to provide grant funding or equity investment financing to a qualifying university, qualifying university-based entrepreneur, or other start-up entity to promote the commercialization of technology developed in whole or in part by a qualifying university.

Eligible universities must contribute specified amounts each year (\$100,000 or \$200,000, depending on the university) to qualify for the program. The eligible universities are The Johns Hopkins University; the University of Maryland, Baltimore Campus; the University of Maryland, College Park Campus (UMCP); Morgan State University (MSU); and the University of Maryland Baltimore County (UMBC).

**State Fiscal Effect:** The following estimate is preliminary only, as expenditures associated with creating the commission cannot be reliably determined without actual experience under the bill. Actual expenditures will depend in large part on the scope of the activities undertaken by the commission. The following are considerations for, and assumptions used, in the preliminary estimate:

- The bill establishes MATF as a special fund, administered by the commission, which may be used to award grants and pay for the commission's administrative costs.
- The bill requires the Governor to include in the annual budget bill an appropriation to MATF, although no amount is specified, so the requirement is not a mandated appropriation. This estimate assumes discretionary general funds are provided in an amount necessary to cover basic implementation of the bill.
- The commission must be created, staffed, and its other basic administrative costs funded. This estimate assumes \$1.0 million annually beginning in fiscal 2025 is sufficient.
- The bill establishes clear intent for the commission to provide grant funding to eligible recipients. Grants may be provided for technology development, research, workforce training, and local infrastructure improvements. Private matching requirements must be adopted by regulation. This estimate assumes \$3.5 million annually is provided for such purposes beginning in fiscal 2026, after the commission has had time to get established.

- The commission has additional, significant, responsibilities, such as the development and annual updating of a strategic plan and the designation of the Maryland Aerospace and Technology Zone. Such responsibilities may require consultant services. This estimate assumes \$0.5 million annually beginning in fiscal 2025 is sufficient for these and other consultant needs.
- The Maryland Aerospace Research and Space Economy Collaborative, which must be staffed by the commission, must develop additional plans related to educational opportunities, public transit, and public safety. This estimate assumes commission staff can develop such plans in consultation with collaborative membership.
- State entities and local governments are assumed to be able to serve on the commission and/or the collaborative with existing budgeted resources.
- The bill mentions investments (as opposed to grants) one time – in a provision about disclosures of related interests to the State Ethics Commission. This estimate does not assume any investment activity by the commission.
- The bill authorizes, but does not require, the commission to enter into an MOU with Commerce for provision of administrative support to the commission, subject to reimbursement. This estimate does not account for such an agreement or reimbursement of any costs to the Department of Commerce, although an agreement could potentially reduce, modestly, administrative expenditures related to the commission.

Under these assumptions, general fund expenditures increase by \$1.5 million in fiscal 2025 and \$5.0 million annually thereafter. Special fund revenues and expenditures for MATF increase correspondingly as funds are received and used for eligible purposes. Higher education revenues may increase beginning in fiscal 2026 if State institutions of higher education receive grants from the commission. Local governments and small businesses are similarly affected.

Expenditures may vary *significantly* from this estimate, which should be interpreted to only provide a general sense of funding necessary for basic implementation. State expenditures could easily exceed the above estimate under relatively modest changes to assumptions about the future scope of the commission and its operations.

**Additional Comments:** An initial review of the websites of institutions of higher education in the State indicates that UMCP, UMBC, MSU, the U.S. Naval Academy, and The Johns Hopkins University conduct aerospace research. Other institutions may also conduct aerospace research currently or in the future.

## **Additional Information**

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

**Designated Cross File:** HB 685 (Delegates Harris and Chang) - Ways and Means.

**Information Source(s):** Department of Commerce; University System of Maryland; Prince George's County; Prince George's County Public Schools; City of Greenbelt; Department of Legislative Services

**Fiscal Note History:** First Reader - February 14, 2024  
js/ljm

---

Analysis by: Stephen M. Ross

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