



Larry Hogan | Governor  
Boyd Rutherford | Lt. Governor  
Kelly M. Schulz | Secretary of Commerce

**DATE:** January 14, 2021      **COMMITTEE:** Senate Judicial Proceedings  
**BILL NO:** Senate Bill 339  
**BILL TITLE:** Department of Commerce – Sister-State Relationships – Maintenance and Development  
**POSITION:** Support

The Maryland Department of Commerce supports Senate Bill 339 – Transfer of Maryland Sister-State Program

**Bill Summary:**

SB 339 transfers the existing Sister States program by reassigning the program from the Office of the Secretary of State (OSOS) to the Maryland Department of Commerce (Commerce). The transfer will not have any fiscal impact as the staff associated with the program have already been reassigned to Commerce as of July 1, 2020 utilizing existing vacant pins, as part of cost-saving measures approved by the Board of Public Works.

**Background:**

The Sister States Program is the conduit for the formal Governor to Governor relationship between Maryland and its international Sister States. The Program is a vital and active network of Marylanders, which serves as a clearinghouse of international resources. The Program oversees an array of international exchanges, promoting a balance of business, educational and cultural interests.

**The Sister States Program:**

- Maintains diplomatic relations with our Sister States.
- Matchmakes between Marylanders and the Sister States.
- Works with Marylanders and the Sister States to develop and maintain business, cultural and educational exchanges.
- Hosts and co-sponsors networking and informational events.
- Serves as a clearinghouse for information and contacts related to the Sister States.

Working with Committees organized for each Sister State, the Sister States Program strategically develops exchanges to create well-balanced relationships. Exchanges can be initiated by Maryland citizens or organizations, the international Sister States or the Sister States Program.

The Maryland Sister States Program works with Maryland companies, educational institutions, non-profit organizations and individual citizens. Through high-level government connections and the history and friendship that tie Sister State relationships together, Marylanders enjoy an international entrée on a local level that is unparalleled.

The program in Maryland was established in 1980. Maryland currently has sister-state relationships with 18 countries through 21 partnerships in Brazil, Belgium, China, Estonia, France, Ireland, Israel, Japan, Liberia, Mexico, Nigeria, Peru, Russia, South Africa, South Korea, Turkey, and Vietnam.

The program was run contractually by the World Trade Center Institute (WTCI) from FY1998 until 2003. Prior to 1998, the day-to-day operations were handled by DBED (the predecessor to the Department of Commerce). In 2004, the program was transferred to the Office of the Secretary of State. The program's only funds were for the two staff who have since been reassigned to Commerce as of July 1, 2020 utilizing existing vacant pins, as part of cost-saving measures approved by the Board of Public Works, thus triggering the need to align the statute with current operations.

**Rationale:**

Commerce and the former International Division within the OSOS have always worked collaboratively. Commerce has provided resources to support the Sister States program in the past, and both offices have found much overlap in their activities over the years. Given the history that this program has with Commerce, we feel our agency is a logical fit for this program in the long term. In fact, the transfer of the staff has been a very smooth process and the two teams work together even better now as a single team. In addition, the reassignment of the staff from the International Division of the OSOS has helped to streamline the international activities of the State as we have found more efficiency by merging similar activities, can ensure more complete documentation of State international programs, can coordinate better coverage for international activities, and can eliminate duplicative activities when working as a single team. Commerce is also able to provide more substantive resources to this program than existed within the OSOS, utilizing existing budget from the Office of International Investment and Trade.

We feel strongly that the collaboration that is possible by transferring this program within the State's existing International Office would have many benefits, beyond increasing efficiencies. The Sister States program focuses on cultural, diplomatic, and educational activities in addition to economic activities. The Maryland Office of Tourism, the Maryland Office of Film, the Maryland State Arts Council, and the Office of Strategic Industries are all key resources for furthering Sister States programs, and these all housed within Commerce. This would strengthen the opportunities for cultural programs. In addition, the Sister States program has positive economic impacts on the State – through tourism expenditures, increasing awareness of Maryland overseas, and overall marketing of the State (a core function of the Office of International Investment and Trade). Therefore, the tracking and reporting of these positive outcomes with other State offices focused on these activities would also be enhanced by the completion of this transfer.

At the Board of Public Works meeting held July 1, 2020, the Board decided as part of the budget reductions to eliminate the International Division within the Office of the Secretary of State. The two staff members covering the Sister States program were reassigned to Commerce's Office of International Investment and Trade. However, the Sister States Program remains legislatively assigned to the OSOS, which is disruptive and inefficient for day-to-day operations as the associated staff required to manage the program are located within another agency. This has

resulted in the program having a de facto split management, as the staff now report to Commerce but must also report to the OSOS as that office manages the program that they support.

We are seeking this transfer in order to support the continuity of operations of the Sister State program, which has demonstrated benefits to the State of Maryland. We would like to assure the legislature that if the Sister states program relocates to Commerce, it would continue to have the freedom to pursue other diplomatic, cultural, and educational activities, just as it did when it was previously housed within the State's economic agency. Commerce recognizes and values these non-Commerce functions of the Sister State program, because it open doors to not only the partner regions, but also to entire countries, which has numerous benefits for the State of Maryland including, for example, identifying investment deals through these long-lasting friendships.

However, as there is no longer budget assigned to the OSOS to support the staff required to manage the Sister States program, if SB 339 does not pass, this would threaten the long term viability of the program as Maryland would no longer have a clear organizational structure for the program. We feel that this program has numerous benefits, across a wide range of sectors, and serves the people of the State of Maryland through the cultivation of deep international ties.

**Commerce respectfully requests a favorable report on Senate Bill 339.**