

Department of Legislative Services
 Maryland General Assembly
 2026 Session

FISCAL AND POLICY NOTE
 Third Reader - Revised

Senate Bill 867
 Finance

(Senator A. Washington)

Economic Matters

Economic Development - Maryland Aerospace and Technology Commission -
 Alterations

This bill makes various changes to the membership, purpose, staffing, duties, and responsibilities of the Maryland Aerospace and Technology Commission within the Department of Commerce. Among other changes, the bill authorizes the commission to provide grants to eligible entities for the development of emerging aerospace-related technologies, research, workforce training, and the development of specified local infrastructure improvements. **The bill takes effect July 1, 2026.**

Fiscal Summary

State Effect: General fund expenditures increase by \$144,900 to hire an executive director in FY 2027, as required by the bill. Beginning in FY 2028, general fund expenditures increase by \$5.0 million annually, under the assumptions discussed below. Grant revenues and expenditures may increase beginning as early as FY 2028 to the extent any State entities apply for and receive grants (not reflected in the table below).

(\$ in millions)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0.1	5.0	5.0	5.0	5.0
Net Effect	(\$0.1)	(\$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 government revenues and expenditures may increase beginning as early as FY 2028 to the extent that any local government entities apply for and receive grants from the commission.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary:

Purpose and Staffing

The purpose of the commission is expanded to include the promotion of innovation in the fields of space science, space technology, and aeronautics.

Subject to the approval of the Governor, the commission must appoint an executive director that serves at the pleasure of the commission; the commission must determine the salary of the executive director. The bill specifies the duties and responsibilities of the executive director, including that the executive director serve as the chief administrative officer of the commission and manage execution of all projects and initiatives as considered necessary by the commission.

The bill requires commission staff to (1) attend all commission meetings; (2) act as secretary of the commission; (3) keep minutes of commission proceedings; and (4) connect the commission to other relevant organizations within Commerce, other State departments, the Maryland Technology Development Corporation, the Maryland Economic Development Corporation, and local agencies.

Duties and Responsibilities

The bill modifies the duties of the commission by:

- repealing the requirement that the commission identify research and funding opportunities for entities in the State that integrate the aerospace industry into the economy of the State;
- requiring the commission to identify research and funding opportunities for entities in the State that (1) attract investment into the State's aerospace industry with an emphasis on commercialization; (2) provide tangible recommendations; and (3) capitalize, promote, and assist in the development *and training* of a *diverse* workforce, as specified; and
- requiring the commission to develop policy proposals to improve the State's attractiveness for the growth of a vibrant aerospace industry.

The bill also changes the due date of the commission's annual report from October 1 each year to July 1 each year.

Grant Awards

The commission may provide grants to eligible entities for:

- development of emerging aerospace-related technologies;
- research involving advancement of aerospace-related topics in accordance with the strategic plan;
- workforce training to enable the execution of the advancement of aerospace-related topics in accordance with the strategic plan; and
- development of local infrastructure improvements that enhance the State's ability to compete in the aerospace industry.

A grant awarded by the commission must be consistent with the strategic plan developed by the commission (a strategic plan is already required to be developed).

Eligible entities include (1) businesses or nonprofit entities involved in aerospace-related technologies; (2) government entities; or (3) institutions of higher education that conduct aerospace research and development within the State.

The commission must adopt regulations to establish a competitive grant application process, criteria and procedures for making grant awards, as specified, and processes and metrics for monitoring the success and impact of grant awards.

Current Law: Chapters 622 and 623 of 2024 established the Maryland Aerospace and Technology Commission within Commerce to promote innovation in the fields of space exploration and commercial aerospace opportunities consisting of specified State government and industry members, along with nonvoting federal members. The commission and its members are subject to the Maryland Public Ethics Law. Commission members may not receive compensation but are entitled to reimbursement for travel expenses. Commerce must provide staff support to the commission. The commission may retain consultants as necessary. Among other requirements, the commission must:

- 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 aerospace-related educational opportunities within the State in coordination with local educational institutions;
- develop and annually update a strategic plan to implement the goals of the commission;
- designate and determine the boundaries of aerospace and technology zones 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 zones; and
- partner with local communities to promote local aerospace education opportunities within each zone and implement strategies to connect local aerospace facilities within the zone to surrounding communities.

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 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.

By October 1 each year, the commission must report to the Governor, the Maryland Economic Development Commission, and the General Assembly on its activities and strategic plan.

State Expenditures: The bill requires the commission to *appoint* an executive director who, among other things, must (1) manage the execution of all projects and initiatives; (2) ensure that all grant proposals comply with statute and regulations; and (3) approve all expenses of the commission and oversee those incidental to its operation. Commerce advises that the role also requires significant coordination with commission leadership to manage the additional duties required by the new grant making process.

Accordingly, general fund expenditures increase by \$144,930 in fiscal 2027, which accounts for a 90-day start-up delay from the bill’s July 1, 2026 effective date. This estimate reflects the cost of *hiring* an executive director, as the commission does not have staff assigned exclusively to it who could be appointed to the position. (Existing Commerce staff absorbed duties related to the commission when it was established). It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Position	1.0
Salary and Fringe Benefits	\$135,789
Operating Expenses	<u>9,141</u>
Total FY 2027 State Expenditures	\$144,930

Future year expenditures associated with the executive director position (which range from \$174,635 in fiscal 2028 to \$198,979 in fiscal 2031), reflect a full salary with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

The commission is required to develop and annually update a strategic plan to implement its goals, and the bill requires grant awards to be consistent with the strategic plan. Thus, this analysis assumes that the update for fiscal 2027 encompasses the expanded purposes of the bill to allow for grant awards to be made in fiscal 2028.

Although the bill does not indicate an intended level of funding for the grant program, this analysis assumes that approximately \$5.0 million is needed each year to operate a viable program. Thus, general fund expenditures increase by \$5.0 million annually beginning in fiscal 2028 – which covers the ongoing costs for the executive director position (discussed above) and allows up to \$4.8 million to be awarded as grants each year. Even so, as funding for the grant program is discretionary, the actual amount appropriated for the program in any given year may vary from this estimate. This estimate further assumes there is no offset for discretionary funding that has been provided for aerospace-related activities within Commerce even before the commission was established.

The bill specifies that government entities and institutions of higher education that conduct aerospace research and development within the State are eligible to apply for grants. Accordingly, some State agencies and public institutions of higher education may apply for and receive grant funding – for purposes such as the development of emerging technologies, research, or workforce training – beginning as early as fiscal 2028. However, any such impact cannot be predicted in advance.

Local Fiscal Effect: As noted above, government entities are eligible to apply for grants under the bill. Accordingly, some local government entities may apply for and receive grant awards – for purposes such as workforce training or the development of local infrastructure improvements – beginning as early as fiscal 2028 under the funding assumptions above. However, any such impact cannot be predicted in advance.

Small Business Effect: The bill specifies that a business involved in aerospace-related technologies is eligible to apply for grants. To the extent small businesses apply for and receive grants, they benefit from additional funding for the development of emerging aerospace-related technologies, research, and other authorized uses.

Additional Information

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

Designated Cross File: None.

Information Source(s): Maryland Economic Development Corporation; Maryland Technology Development Corporation; Department of Commerce; Department of Budget and Management; University System of Maryland; Morgan State University; Maryland Independent College and University Association; Department of Legislative Services

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