

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 260 (The Speaker) (Administration)
Commerce and Government Matters

Information Technology Investment Fund

This Administration bill creates an Information Technology Investment Fund within the Department of Budget and Fiscal Planning. It also requires the Department of Transportation to establish an Information Technology Investment Program and account for information technology related resources within the Transportation Trust Fund.

The bill is effective July 1, 1996.

Fiscal Summary

State Effect: The FY 1997 budget allowance includes \$2.0 million of general funds for the implementation of this bill. The \$2.0 million allowance is not contingent upon the passage of this bill.

Local Effect: None.

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

Fiscal Analysis

Bill Summary: This bill creates an Information Technology Investment Fund within the Department of Budget and Fiscal Planning (DBFP). The fund would be used for:

- educationally related information technology projects;
- State information technology projects that include pilots, prototypes, kiosk systems, and graphical user interface for citizen access to government services;
- document imaging systems;

- State and campuswide networks; and
- the Maryland Electronic Capital.

The Technology Investment Fund would consist of funds appropriated to it, a portion of any savings or revenues from information technology projects, and any commissions, discounts, rebates, or refunds received from information technology services. Savings or revenues from information technology projects would be distributed one-third to the agency, one-third to the Technology Investment Fund, and one-third to the general fund.

The Department of Transportation and the Maryland Transportation Authority would not contribute any savings to the fund, but would be required to establish an information technology investment program and account for information technology related resources within the Transportation Trust Fund.

State Effect: While this bill would result in increased expenditures, no additional funding would be needed. The Governor’s fiscal 1997 budget allowance includes \$2.0 million of general funds to be deposited in the fund. In addition, the fiscal 1997 budget bill authorizes this fund to use funds appropriated in the budgets of other agencies which reflect savings and revenues associated with information technology. DBFP estimates that \$1.8 million from pay phone commissions, changes in information technology contracts, changes in network management, tower rental, and savings on telecommunications costs would be deposited into the fund by State agencies. Accordingly, the fund’s revenue for fiscal 1997 should total approximately \$3.8 million. It is assumed that the full \$3.8 million would be spent on information technology projects in fiscal 1997. **Exhibit 1** shows the anticipated deposits into the fund for fiscal 1997 - 2001.

Exhibit 1
Information Technology Investment Fund
FY 1997 - FY 2001

(\$ in millions)	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
GF Appropriation	\$2.0	\$2.0	\$2.0	\$2.0	\$2.0
Savings	<u>1.8</u>	<u>2.4</u>	<u>2.9</u>	<u>2.9</u>	<u>2.9</u>
Total	\$3.8	\$4.4	\$4.9	\$4.9	\$4.9

While the Governor's fiscal 1997 budget allowance includes \$2.0 million of general funds for the Information Technology Investment Fund, the allowance is not contingent upon the passage of this bill. It is unclear for what purpose these funds will be used if this bill is not enacted.

Information Source(s): Department of Budget and Fiscal Planning, Department of Fiscal Services

Fiscal Note History: First Reader - February 7, 1996

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