

Letter of Information – Senate Bill 982
Information Technology - Modernization of Information Technology Projects
Budget and Tax Committee
February 22, 2024

We thank Senator Hester for her ongoing and proactive communication with the Office of the Comptroller. Modernizing aging IT systems, of which our agency has several, is of paramount importance. This letter of information is specifically focused on the legacy technology within the state and the associated costs and risks of maintaining legacy systems.

Currently, the Comptroller of Maryland manages the mainframe for the State through the Annapolis Data Center (ADC). This mainframe houses and maintains applications for most agencies and the university systems. Currently, there are over 100 applications from approximately 65 agencies living in the mainframe.

Currently, many critical state infrastructure applications run on the ADC mainframe, and we agree with Sen. Hester that removing applications from the mainframe should be a state priority for operational, security, and modernization reasons, among others.

Currently, maintaining the mainframe and associated ADC costs requires an investment of \$28 million annually. This includes hardware, software, personnel, facility costs and more. Modernizing our legacy systems requires an initial investment that will recoup the investments over the medium and long term.

Some examples of significant legacy systems that run on the mainframe which are unique to the Comptroller's Office include payroll for state employees, our financial management information system, and our tax processing systems.

The Comptroller's Office houses and manages the revenue collection technology for the state. This is critical state infrastructure. The current system is called SMART and is a mainframe application. SMART is utilized for all business and personal tax processing as well as some related fees. SMART is currently being migrated to the cloud with a new build called Compass (internally) and Maryland Tax Connect (externally). SMART (and soon Compass) collects around \$40 billion annually so this modernization efforts needs to happen correctly.



The Central Payroll Bureau (CPB) is in the process of being moved to the cloud in a deliberate and planned fashion. CPB is the payer for over 110,000 state employees including workers at state agencies and universities and it is a complex operation that runs three separate payroll jobs each pay cycle.

Finally, a critical legacy system that touches numerous agencies is the Financial Management Information System (FMIS). Although the hardware of FMIS is not managed by the Comptroller, FMIS is internally directed by the Comptroller. Once FMIS is replaced, it will be completely housed within the Office of the Comptroller. FMIS is responsible for all payments, invoices, transfers, tracking, etc. The current system has about \$65 billion pass through it annually and a new, modernized system is currently being discussed via legislation passed by the General Assembly in 2023 (HB709/SB659).

Thank you again to the bill sponsors and, should this bill pass, we look forward to working in concert with the sponsor and the General Assembly to ensure the bill is implemented as intended.

As always, the Comptroller's Office remains committed to supporting initiatives that benefit the community and look forward to working with you on this matter. Please contact Justin Hayes, Director of State Affairs at jhayes@marylandtaxes.gov or 410-260-7696, with any questions.