

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

Senate Bill 217 (The President) (Administration)

Budget and Taxation

Referred to Commerce and Government Matters

Information Technology

This amended Administration bill creates an Information Technology Investment Fund (ITIF) within the Department of Budget and Fiscal Planning and establishes procedures for the review and approval of information technology projects.

The bill is effective July 1, 1996.

Fiscal Summary

State Effect: The FY 1997 budget includes an appropriation of \$1.0 million for the ITIF. An estimated \$3.6 million of additional revenue could be available for the fund in FY 1997. Out-years could yield substantial revenues as reflected in **Exhibit 1**.

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:

- information technology projects related to education;
- 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 Information Technology Investment Fund would consist of funds appropriated to it in the State budget. Revenue for the fund may also come from: the sale, lease, or exchange of communication sites or frequencies; monies received from commissions, rebates, refunds, rate reductions, or telecommunication bypass agreements resulting from information technology services or purposes; certain commissions from pay phones on State property; and any gifts, contributions, or grants. The fund is capped each fiscal year as enacted in the State budget; any revenue above the cap is to be credited to the general fund. For fiscal 1997, the cap is \$4.0 million.

The Department of Transportation (DOT), the Maryland Transportation Authority, and the Maryland Public Broadcasting Commission would not contribute any monies to the fund. MDOT must have any information technology projects approved by the Chief of Information Technology as being consistent with the State information technology master plan.

Executive branch agencies must notify the Chief of Information Technology of any information technology proposal involving resource sharing, exchange of goods or services, and gifts. If the value of such items exceeds \$100,000, information on the proposal must be submitted to the Legislative Policy Committee. The committee may recommend that the proposal be treated as a procurement contract under Division II of the State Finance and Procurement Article. After the period for review and comment, the Board of Public Works must approve the project.

State Effect: The fiscal 1997 budget includes \$1.0 million of general funds to be deposited in the fund. Exhibit 1 shows the estimated revenue for the fund from the various sources. The revenues from rate reductions are contingent upon expected rate reductions for current telecommunications contracts. If this contingency does not occur, the monies would not be transferred to the fund from the various State agencies to which they have been budgeted. The estimated revenues from bypass agreements are unbudgeted, and are normally credited to the general fund. The audit refund reflects the amount expected to be received from the periodic audit of State telephone bills. This revenue is not included in the fiscal 1997 budget. Revenues from the pay phone commissions (not including the revenues distributed to the Department of Transportation, the University of Maryland System and the Inmate Welfare Fund) are also normally credited to the general fund. Thus, in fiscal 1997, \$723,600 of general fund revenues would be transferred to the Information Technology Fund, and \$500,000 of anticipated unbudgeted revenues would be credited to the fund.

The bill has an indeterminate fiscal impact through its resource-sharing provisions, by which the private sector may use State resources in exchange for a communication service or other consideration. Through such arrangements, increases in revenues or decreases in

communications-related expenditures could be achieved.

Exhibit 1
Estimated Revenue for Information Technology Investment Fund

Revenue Source	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
General Fund Appropriation	\$1,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
Payphone Commissions	603,601	603,601	603,601	603,601	603,601
Bypass Agreements	120,000	120,000	120,000	120,000	120,000
Audit Refund	500,000	0	0	0	0
Rate Reductions	307,000	1,807,500	2,557,500	2,557,500	2,557,500
Sale of Frequencies	100,000		Indeterminate		
Federal Grants ⁽¹⁾	2,000,000		Indeterminate		
Total	\$4,630,601	\$4,531,101	\$5,281,101	\$5,281,101	\$5,281,101

Notes: (1)The Administration advises that \$2.0 million in federal grants are being requested for fiscal 1997

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

Fiscal Note History: First Reader - February 28, 1996
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