

Department of Legislative Services  
Maryland General Assembly

FISCAL NOTE  
Revised

House Bill 523 (Delegate Petzold. *et al.*)  
(Maryland Digital Signature Task Force)

Economic Matters

---

**Maryland Digital Signature Pilot Program**

---

This bill establishes a digital signature pilot program that applies only to communications within or between State agencies or between agencies and governmental entities. The following agencies may participate: the Secretary of State, State Archives, Department of General Services (DGS), Department of Budget and Management (DBM), and any other agency authorized by the Governor. The bill defines digital signature as an electronic identifier created by a computer that: (1) is intended by the authorized signer to have the same force and effect as the use of a manual signature; (2) is unique to the authorized signer; (3) is capable of verification; (4) is under the sole control of the authorized signer; (5) is linked to data in such a manner that if the data are changed, the signature is invalidated; and (6) conforms to regulations adopted by the Secretary of State. The Secretary of State must adopt regulations to implement and administer a method used under the pilot to conduct authenticated electronic transactions using digital signatures. The use of a digital signature must conform to State regulations governing electronic records adopted by the State Archives. State agencies participating in the pilot program must submit an interim report to the Governor and the General Assembly by January 1, 1999 and submit a final report by October 1, 1999.

This bill takes effect June 1, 1998.

---

**Fiscal Summary**

**State Effect:** Indeterminate effect on expenditures. Revenues would not be affected.

**Local Effect:** None.

**Small Business Effect:** None.

---

**Fiscal Analysis**

**State Expenditures:** The Office of the Secretary of State advises that it would need to hire an individual to perform an internal evaluation of all statutory responsibilities, assess all functions within the office, and determine the best methods to implement the process. Legislative Services advises that while additional personnel may be necessary, particularly in light of the technical nature of the pilot program, such expenses would depend on the extent of the pilot program throughout State government and the level of involvement by the Secretary of State's office. It is possible that the requirement to adopt regulations could be met with temporary contractual personnel.

Expenditures for other agencies that participate could increase initially, but the increases may be offset to some extent by savings that result from more efficient processing of internal paperwork that requires signatures.

DGS manages the final disposition of personal property for the State, which involves a high volume of paper documents (approximately 350-500 transactions per month requiring five or more signatures per transaction). DGS advises that the pilot program would be utilized for excess property declaration and would be funded using existing budgeted resources. The pilot program would allow all agencies' authorized personnel access to excess property information. This is expected to reduce costs and increase accountability and productivity among State agencies with respect to excess property.

DBM advises that the pilot program would be utilized to implement a modified Telecommunications Service Request (TSR) system and would be funded with reimbursable funds. The department receives about 12,000 TSRs annually from the various State agencies. DBM estimates costs at \$10,000-\$15,000 for a mid-range server and application software.

The State Archives receives about 260 records retention schedules annually. The State Archives advises that under the pilot program it would utilize existing equipment and staff to provide for the certification of images and to provide for the submission of State agencies' records retention schedules that are sent to the State Archives from DGS. The agency estimates costs for contractual assistance and software at about \$13,000. It is expected that the costs of furnishing information among State agencies would be reduced.

---

**Information Source(s):** Office of the Secretary of State, State Archives, Department of General Services, Department of Budget and Management, Department of Legislative Services

**Fiscal Note History:** First Reader - February 16, 1998  
nncs Revised - House Third Reader - March 18, 1998  
Revised - Enrolled Bill - April 13, 1998

---

Analysis by: Sarah Dickerson

Reviewed by: John Rixey

Direct Inquiries to:

John Rixey, Coordinating Analyst

(410) 841-3710

(301) 858-3710