

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE
Revised

Senate Bill 259 (Senator Hogan. *et al.*)

Economic & Environmental Affairs

Division of State Documents - Public On-Line Access

This bill requires the Division of State Documents to make available to the public, at no cost, direct on-line searching of the Code of Maryland Regulation (COMAR), the Maryland Register, and any other material the division determines to be in the public interest. The receipt of any such material must be preceded by a legend stating that the information is for personal use only. The bill prohibits the data or material from being used for any "prohibited commercial purpose." A prohibited commercial purpose does not include incorporating information into documents that comment or advise persons of the legal effect of that information. Violators are subject to a maximum fine of \$1,000.

The bill is effective January 1, 2000.

Fiscal Summary

State Effect: Special fund revenues could decrease by \$91,100 in FY 2000 and by \$150,700 annually thereafter. Special fund expenditures could increase by \$200,000 in FY 2000 and by \$40,000 annually thereafter. Minimal decrease in expenditures for other State agencies.

| (in dollars) | FY 2000 | FY 2001 | FY 2002 | FY 2003 | FY 2004 |
|-----------------|-------------|-------------|-------------|-------------|-------------|
| SF Revenues | (\$91,100) | (\$150,700) | (\$150,700) | (\$150,700) | (\$150,700) |
| SF Expenditures | \$200,000 | \$40,000 | \$40,000 | \$40,000 | \$40,000 |
| Net Effect | (\$291,100) | (\$190,700) | (\$190,700) | (\$190,700) | (\$190,700) |

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - =indeterminate effect

Local Effect: Minimal decrease in expenditures.

Small Business Effect: Minimal.

Fiscal Analysis

Background: Since 1975 the Office of the Secretary of State's Division of State Documents (DSD) has published COMAR and the Maryland Register.

State Revenues: Assuming that on-line access actually became available on January 1, 2000, the bill's requirements would result in: (1) decreased revenue from the decline in hard copy sales of COMAR; (2) decreased revenue from the decline in hard copy sales of the Maryland Register; and (3) decreased revenue from DSD's data licensing agreements.

\$41,600 annual revenue decrease due to 20% decline in hard copy sales of COMAR: Actual revenue from sales of COMAR in fiscal 1998 was \$260,000. Based on the experience of the Wisconsin Code and the Code of Federal Regulations which recently went on-line, COMAR sales are expected to decrease approximately 20%, causing revenues to decline by \$26,000 in fiscal 2000, and \$52,000 annually thereafter. Assuming a 4% offsetting cost savings from the reduction in printing, the net loss of revenue would be \$20,800 in fiscal 2000 and \$41,600 annually thereafter.

\$61,600 annual revenue decrease due to 50% decline in hard copy sales of the Maryland Register: Actual revenue from sales of the Maryland Register in fiscal 1998 was \$134,000. Based on the experience of the Texas Register and the Federal Register which recently went on-line, Maryland Register sales are expected to decrease approximately 50%, causing revenues to decline by \$33,500 in fiscal 2000, and \$67,000 annually thereafter. Assuming a 4% offsetting cost savings from the reduction in printing, the net loss of revenue would be \$30,800 in fiscal 2000 and \$61,600 annually thereafter.

\$47,500 annual revenue decrease due to termination of two DSD data licensing agreements: Two licensing agreements have been approved by the Board of Public Works. These agreements permit commercial publishers to produce COMAR in computer-based formats (on-line, CD-ROM). The State receives a licensing fee of \$20,000 per year and a 3% royalty beginning in the second year of the agreement. One of the firms has also licensed the Maryland Register at \$7,500 each year. Given the Office of the Attorney General's concerns that the bill will impair these contracts, it is likely that DSD will have to terminate both contracts.

The civil penalty provisions of this bill are not expected to significantly affect State revenues.

State Expenditures: Based on its experience with implementing the Maryland Contract Weekly on-line, DSD expects to spend approximately \$200,000 to cover COMAR data base conversion, programming and software purchases, Maryland Register file acquisition, and associated hardware needs. Maintenance of the site in subsequent years is estimated at

\$40,000 annually.

State agencies that currently purchase hard copies of COMAR or the Maryland Register from DSD would realize minimal savings if they chose to utilize the Internet versions instead.

Local Effect: Local governments that currently purchase hard copies of COMAR or the Maryland Register from DSD would realize minimal savings if they chose to utilize the Internet versions instead.

Information Sources: Secretary of State, Department of Budget and Management,
Department of Legislative Services

Fiscal Note History: First Reader - February 23, 1999
Inc/jr Revised - Senate Third Reader - March 24, 1999

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