

**Department of Legislative Services**  
Maryland General Assembly  
2000 Session

**FISCAL NOTE**  
**Revised**

House Bill 236 (Delegate Zirkin. *et al.*)

Economic Matters

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**Public Technology Center Advisory Commission - Establishment**

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This bill establishes a nine-member Technology Center Advisory Commission (TCAC) within the Department of Business and Economic Development (DBED). The commission will initiate the development of a statewide network of technology centers that focus on educational programs and exhibits devoted to the Internet, virtual reality technology, Internet schooling, and other technological programs. The bill also establishes a Technology Center Development Fund (TCDF) administered by the commission. Beginning in fiscal 2002, the Governor must include funding in the State budget to provide a State contribution towards the establishment of the network of technology centers. Counties may submit proposals to the commission requesting a grant from the TCDF for local technology centers. The commission will evaluate proposals and approve or deny funding.

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**Fiscal Summary**

**State Effect:** Commission start-up costs of approximately \$100,000 would begin in FY 2001. Out-year estimates would include close to \$200,000 per year in administrative costs. State general fund expenditures to finance technology centers in the 23 counties and Baltimore City will depend on the individual needs of each jurisdiction but could conceivably be significant.

**Local Effect:** Revenues from State grants would increase for local jurisdictions that are successful in their bids to receive grants from the TCDF. Counties may be asked to provide matching funds in order to receive grants.

**Small Business Effect:** Potential meaningful.

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**Analysis**

**Current Law:** The TCAC and the TCDF would be new additions to DBED.

**Background:** Following the 1999 session in which three new economic development funds were added to DBED, the department was monitoring 25 development funds. A panel was established to examine a DBED proposal that would combine some of the programs, reducing the overall number of funds to ten. Legislation consolidating several funds may be introduced during the 2000 session.

With the expansion last year of the membership and duties of the Information Technology Board and the introduction of technology legislation this session, Maryland has launched an aggressive campaign to become a leader in technology and electronic commerce (commonly known as e-commerce). The January issue of Government Technology Magazine had Maryland ranked third among the states in e-commerce capability, behind only Georgia and Alaska.

**State Expenditures:** Assuming a three month start-up delay following the bill's effective date, general fund expenditures could increase by an estimated \$100,016 in fiscal 2001. This estimate reflects the cost of hiring one executive director and one administrative assistant to oversee the operations of the TCAC. The executive director will aid the commission in its efforts to: (1) develop a program to implement and maintain a statewide network of technology centers; (2) administer the TCDF; (3) solicit grant proposals from counties; (4) develop criteria for evaluating, and approving or denying, grant proposals; and (5) make grants from the TCDF to counties to implement their proposals. The cost estimate includes salaries, fringe benefits, consulting fees, one-time start-up costs, and ongoing operating expenses for the TCAC. In fiscal 2002, the first full year of administrative costs, operating expenses of \$37,057 plus salaries and fringe benefits of \$147,863 are expected. Future year administrative expenditures would reflect (1) full salaries with 3.5% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

Beginning in fiscal 2002, the State will appropriate general funds to the TCDF and counties may begin receiving grants. The amount of State grant money needed to create centers in the counties cannot be reliably estimated at this time. Actual State grant expenditures will depend on the sites chosen for technology centers, the amount of county matching funds that are required, and the amount of money the counties, with the aid of the TCAC, are able to leverage from private sources. In any event State funding for the creation of viable centers in each county and Baltimore City could be significant.

**Local Fiscal Effect:** The counties and Baltimore City will have the opportunity to respond

to the commission's requests for proposals and could receive funds for the development, implementation, or maintenance of a technology center. Each jurisdiction applying for a grant would likely be asked to provide some matching funds to supplement the State grant. In their proposals, counties must also provide information about the private funds they will receive or will attempt to obtain. The counties are not forced to participate, but it is assumed that most, if not all, would submit proposals.

Any revenue increases resulting from accelerated economic activity and development within the jurisdictions cannot be reliably projected at this time.

**Small Business Effect:** Small firms utilized in the construction, design, and development of the technology centers would benefit. Once completed and operational, the technology centers may help to produce a population that is more comfortable with and knowledgeable about the use of computers, the Internet, and emerging technologies. Maryland web-based businesses could profit from a community that is more at ease with electronic commerce. If the centers result in a more educated or technologically advanced population, small businesses may benefit from a better pool of employment candidates.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Business and Economic Development, Department of Budget and Management, Baltimore City, Montgomery County, Prince George's County, Talbot County, Wicomico County, Department of Legislative Services

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