

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE

Senate Bill 196 (The President. *et al.*)
(Administration)

Finance

eMaryland Initiative

This Administration bill establishes a CEO Board of Advisors for E-Commerce and an “eMaryland” Application Service Provider (ASP) Consortium to assist in Maryland’s efforts to create the most advanced electronic business environment in the nation and become an international leader in the deployment of new Internet technologies. The bill also provides the consortium with a funding stream through the Information Technology Investment Fund (ITIF).

The bill is effective July 1, 2000.

Fiscal Summary

State Effect: The establishment of the board and the consortium could be handled with existing resources in FY 2001. Any additional out-year expenditures necessary for the ITIF to support the consortium are dependent on the number and types of projects the consortium pursues.

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 fiscal note will be issued when the Administration’s assessment becomes available.

Analysis

Bill Summary: The CEO Board of Advisors for E-Commerce is made up of 12 members who are appointed by the Governor upon the advice and consent of the Senate and who serve at the Governor's pleasure. Board members serve three-year terms and may be reappointed to the board. The board is required to meet at least twice a year and is charged with advising the Governor on ways to advance Maryland's world-wide standing in electronic commerce and on economic development policies that will promote the use of electronic commerce in Maryland. Though they are not paid for their participation on the board, members are entitled to reimbursement for expenses incurred in their participation.

The "eMaryland" ASP Consortium is stationed at the University of Maryland, College Park and is headed by a five-member management committee. The consortium will promote the deployment of Internet-based technologies in Maryland with the aid of partnerships established with the State, universities and colleges, federal agencies, and technology companies.

The bill also provides for an ASP account in the ITIF. The ASP account is made up of funds appropriated for ASP initiatives, funds received for ASP projects, and funds received from federal programs or private contributions. Funds in the ASP account may be used for ASP initiatives.

Current Law: The board and consortium are not provided for in Maryland law. Resources from the ITIF are only used for educational information technology projects and State information technology projects.

Background: The bill responds in part to recommendations made by the Maryland Information Technology Board (ITB) in a November 1999 report entitled *Internet Policy Recommendations*. The ITB recommends that Maryland create alliances with successful technology companies and "recruit technology executives into long-term partnerships" with State government and Maryland's universities and businesses. The coalitions will, in the board's estimation, enable Maryland to accelerate the utilization of e-commerce in the State and brand Maryland as a national leader in e-commerce.

Electronic commerce, or e-commerce as it is commonly called, is the practice of providing information and conducting business over the Internet. For Maryland, the objective of enhanced e-commerce is to provide citizens with the means for more convenient interactions with State agencies. A positive e-commerce environment also furnishes businesses with a more attractive climate in which to function. The January 2000 edition of *Government Technology Magazine* has Maryland ranked third among the states in e-commerce accomplishments, behind only Georgia and Alaska.

The ITB report also encouraged Maryland lawmakers to support an emerging ASP industry in Maryland. An ASP is a relatively new business service that rents out software applications and provides technical assistance in the utilization of the applications to their clients.

Maryland is currently home to at least two ASP companies, US Internetworking in Annapolis and Digex in Beltsville. According to the ITB report, the market for ASPs will grow from \$150 million to \$2 billion over the next four years.

State Fiscal Effect: The Department of Budget and Management Office of Information Technology advises that expenses for the CEO Board of Advisors for E-Commerce could be absorbed within the budgets of the Governor's Office, the Department of Budget and Management, and possibly the Department of Business and Economic Development.

According to the Office of Information Technology, additional fiscal 2001 appropriations for the ITIF to support the eMaryland ASP Consortium will not be needed. The office may request additional funds in the out-years depending on the direction of the consortium and the revenues that the consortium is able to acquire through ASP projects and other means.

Any increases in State revenues due to accelerated economic development cannot be reliably estimated at this time.

Additional Information

Prior Introductions: None.

Cross File: HB 276 (The Speaker, *et al.*) - Commerce and Government Matters.

Information Source(s): Department of Budget and Management, University of Maryland, Department of Legislative Services

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