

Department of Legislative Services

Maryland General Assembly

2001 Session

FISCAL NOTE

House Bill 1228 (Delegate Walkup)

Appropriations

Telecommunication and Computer Network Access - Underserved Areas

This bill requires the State's telecommunication and computer network, established by the Department of Budget and Management, to include: (1) one or more connection facilities for telecommunication and computer connection in each Local Access and Transport Area (LATA) in the State, sited to provide suitable access for rural as well as urban and suburban areas; (2) changes the standard for the inter-LATA techniques from DS3 to OC3; and (3) on request of a county or municipal corporation, points of presence (POPs) in growth areas, as designated in the county or municipal master plan, that are adjacent to the backbone. The bill also requires the Governor to include funds in the State budget sufficient to construct, operate, maintain, and upgrade the State's telecommunication and computer network.

The bill requests that the Governor include in the State budgets for fiscal 2003 through 2006 an appropriation sufficient to construct or lease, operate, maintain, and upgrade the State's telecommunication and computer network, including construction of a fiber-optic backbone in rural areas not currently served by the technology.

The bill is effective July 1, 2001.

Fiscal Summary

State Effect: Potential significant increase in capital and operating expenditures beginning in FY 2003.

Local Effect: Potential significant decrease in expenditures for local jurisdictions that participate in the State's telecommunication and computer network to the extent that the bill changes the current cost-sharing model.

Small Business Effect: Minimal.

Analysis

Current Law: The Department of Budget and Management (DBM) is responsible for establishing a telecommunication and computer network in the State. The network must consist of: (1) at least one connection facility in each Local Access and Transport Area (LATA) in the State; (2) a backbone comprising of at least one inter-LATA fiber-optic link between each telecommunication facility, adhering to the DS3 standard or better, to allow communications rates of at least 45 megabits per second, and multiplexing for transmission of video, voice, and data; and (3) facilities, auxiliary equipment, and services required to support the network in a reliable and secure manner. The network must be accessible through direct connection and through local intra-LATA telecommunications to State and local governments, and public and private educational institutions.

Background: During the 2000 interim, DBM's Office of Information Technology (OIT) met with all 23 counties and Baltimore City to determine their proposed POP locations for the State's high-speed data network, known as net.work.Maryland. POPs are the endpoint of the network, where users connect to the network. To date, 11 counties have defined their POP locations.

Funds in the fiscal 2002 budget are intended to provide equipment at various hub locations throughout the State. In turn, the hubs will be connected with fiber-optic cable. The system consists of 15 high-speed backbone nodes, including 7 established in fiscal 2002, and 44 local access nodes. The backbone nodes are core connection points for transmitting high-speed information along the network. The local access nodes will allow local government and citizen access to net.work.Maryland. The fiscal 2002 allowance includes approximately \$10 million in general fund PAYGO capital expenditures for the network.

The State's construction contractor and resource-sharing partner is scheduled to complete the installation of fiber-optic cable and conduit along major Interstate Highway routes and major State spurs (approximately 300 miles) by early March 2001. By October 2001, services will be available among Baltimore, College Park, and Annapolis. Service delivery for western and northern Maryland is planned for February 2002. Service delivery for the Eastern Shore and southern Maryland is planned for fall 2002. DBM is currently in negotiation with a potential contractor and resource-sharing partner to install fiber optic cable in the Eastern Shore counties.

State Expenditures: The bill requires the State to construct, operate, maintain, and upgrade the network, changing the current funding model in which local jurisdictions share part of the cost with the State. Currently, net.work.Maryland is scheduled to include one POP per county. Additional funding would be required to increase the number of POPs. Each POP requires approximately \$250,000 in one-time expenditures for hardware and approximately \$72,000 in annual recurring service fees for the leased OC-3 circuit connection. For illustrative purposes, if each of the 23 counties and Baltimore City added one POP, the cost to the State merely to construct and maintain the POPs would be \$6 million in one-time construction expenditures and \$1.728 million in service fees. These figures do not include fiber-optic cable installation costs. DBM advises that the cost per mile for fiber-optic cable installation could be as much as \$125,000, depending on soil conditions. In addition, the State's costs for consultant services would increase to perform additional engineering and design work, and to develop additional cost-sharing procedures.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Budget and Management; Baltimore City; Calvert, Caroline, Montgomery, and Prince George's counties; Department of Legislative Services

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