

**Department of Legislative Services**  
 Maryland General Assembly  
 2005 Session

**FISCAL AND POLICY NOTE**  
**Revised**

House Bill 498

(Delegate Morhaim, *et al.*)

Health and Government Operations      Education, Health, and Environmental Affairs and  
 Finance

**Procurement - eMaryland Marketplace**

This bill provides for a new cost structure to fund the eMaryland Marketplace (eMM) system. The bill provides that: (1) the Department of Budget and Management (DBM) may not charge a unit of State government a fee to use eMM; (2) DBM may assess a fee to local jurisdictions that use eMM to advertise procurement contracts; and (3) a unit of State government may not charge a fee to access eMM.

The bill is effective July 1, 2006.

**Fiscal Summary**

**State Effect:** Expenditures (all funds) would increase by \$1.4 million in FY 2007 to account for State assumption of the costs of the eMM system. Additionally, general fund expenditures will increase for reprogramming the eMM system for free access (from subscription access).

(in dollars)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	848,400	856,900	865,500	874,100
SF Expenditure	0	282,800	285,600	288,500	291,400
FF Expenditure	0	282,800	285,600	288,500	291,400
Net Effect	\$0	(\$1,414,000)	(\$1,428,100)	(\$1,442,500)	(\$1,456,900)

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

**Local Effect:** Local expenditures will increase in FY 2007 for DBM-imposed fees on usage of the eMM system. Local revenues would not be affected.

**Small Business Effect:** Minimal.

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## **Analysis**

**Current Law:** Chapter 515 of 2004, effective on July 1, 2005, required DBM to impose a fee on each procurement contract to fund eMM. This fee would be included in procurement costs, as contractors would include this fee in the bids submitted.

**Background:** Operating costs for the eMM State procurement clearinghouse are currently funded through the subscription revenues generated by the system. The original contract with Science Applications International Corporation to develop and maintain eMM provided for only subscription-based access to eMM. The basic level of access (\$150) to eMM allows a subscriber to enter his company's goods and services, view State Requests for Proposals (RFPs), and enter bids. The higher level of access (\$225) includes a feature to have the system notify a contractor by email of newly issued RFPs for the goods and services his or her company provides.

**State Fiscal Effect:** The proposed fiscal 2006 State budget does not include funds necessary to create the eMM regulatory and rate-setting process as required under Chapter 515 of 2004. DBM would have to submit a general fund budget amendment in fiscal 2006 for \$65,300 to cover these costs, until this bill (HB 498) takes effect July 1, 2006.

As this bill prohibits DBM from assessing fees against State units for eMM costs, DBM proposes to fund this system in a similar manner as used to fund the Office of Administrative Hearings (OAH), telecommunications services, and the Annapolis Data Center (ADC). Based on usage levels, each State agency budget includes funds for the explicit purpose of funding OAH, telecommunications, and ADC. The fiscal 2007 allowance will include funds in each agency budget to fund eMM in the manner described. DBM will also establish regulations to provide for charging local jurisdictions a fee to advertise contracts on eMM. An estimate of revenue to be generated cannot be reliably determined at this time.

General fund expenditures in the Department of General Services would increase to provide for modification, reprogramming, and testing on the eMM system. As the system was built for subscription access only, eMM would have to be reprogrammed for free outside access. A reliable estimate of these costs is not available.

**Local Fiscal Effect:** Local expenditures could increase to the extent that local governments use eMM to advertise local procurement contracts.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Secretary of State, Department of General Services, Maryland Department of Transportation, Department of Budget and Management, Department of Legislative Services

**Fiscal Note History:** First Reader - February 22, 2005  
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