

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 40

(Chair, Education, Health, and Environmental Affairs
Committee)(By Request - Departmental - Stadium
Authority)

Education, Health, and Environmental Affairs

Health and Government Operations

Maryland Stadium Authority - Exemption From Department of Information
Technology Oversight

This departmental bill excludes the Maryland Stadium Authority (MSA) from Department of Information Technology (DoIT) oversight related to the purchase, lease, and rental of information technology (IT). **The bill takes effect July 1, 2018.**

Fiscal Summary

State Effect: The bill is not expected to affect State finances or operations, as discussed below.

Local Effect: None.

Small Business Effect: MSA has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment.

Analysis

Current Law:

Department of Information Technology and IT Project Funding

DoIT and the Secretary of Information Technology are, among other things, responsible for (1) developing and enforcing IT policies, procedures, and standards; (2) providing

technical assistance, advice, and recommendations to any unit of State government; and (3) developing and maintaining a statewide IT master plan. The following agencies/institutions are exempt from oversight by DoIT:

- public institutions of higher education solely for academic or research purposes;
- the Maryland Port Administration;
- the University System of Maryland;
- St. Mary's College of Maryland; and
- Morgan State University.

In order to centralize State oversight and funding for major Executive Branch IT projects, Chapters 467 and 468 of 2002 established a review and approval process for major IT development projects and the related Major IT Development Project Fund (MITDPF). The process and fund are both managed by DoIT. MITDPF is used to pay for major IT development projects in general funded agencies. Among other sources of revenue, the fund consists of money received from IT agreements involving resource sharing, but proceeds from resource-sharing agreements entered into by the Maryland Department of Transportation, Maryland Transportation Authority, Maryland Public Broadcasting Commission, as well as the Legislative Branch and the Judiciary are not paid into the fund. Special funded agencies manage funding for their major IT projects, although their projects remain subject to the review, approval, and oversight of DoIT.

For a project to be eligible for funding through MITDPF, it must (1) be estimated to cost at least \$1 million; (2) support critical business function associated with the public health, education, safety, or financial well-being of the citizens of Maryland; or (3) be determined to require special attention and consideration by the Secretary.

Maryland Stadium Authority and Project Funding

MSA was established in 1986 as an independent unit in the Executive Department responsible for the construction, operation, and maintenance of facilities for professional baseball and football teams, although the scope of its responsibilities has subsequently been expanded to include cultural, commercial, and educational facilities in Baltimore City and other jurisdictions.

MSA is authorized to use the Camden Yards Financing Fund (CYFF) to pay all expenses and make all expenditures related to the Camden Yards facilities (which includes both Camden Yards and M&T Bank Stadium). Authorized expenditures include IT-related purchases and upgrades. MSA receives virtually no general fund appropriations for its operating expenses; however, MSA does have multiple resource-sharing agreements for

communication equipment space (*i.e.*, satellite dishes, cell antennae, and fiber cabling) within the Camden Yards facilities.

Background: MSA advises that the bill is needed to address findings from a recent legislative audit of resource-sharing agreements by State agencies; as of publication of this fiscal and policy note, the audit has not been published by the Office of Legislative Audits. According to MSA, the audit concludes that MSA, among several other State agencies, has resource-sharing agreements whose revenues should be credited to MITDPF. MSA has not previously paid into MITDPF; instead MSA has credited the resource-sharing revenue to the CYFF to use for its own purposes. Specifically, MSA advises that the resource-sharing revenue has been committed to pay principal and interest on various bonds issued for the Camden Yards facilities. MSA advises that the question of whether the resource-sharing revenue should be credited to MITDPF is being considered by the Office of the Attorney General's (OAG) Division of Opinions and Advice, but no decision has been reached as of the publication of this fiscal and policy note.

MSA advises that oversight of its IT program by DoIT is not appropriate because its technology needs are unique to the business of professional sports venues with large public attendance. Its technology upgrades are most often required by the sports' governing organizations (National Football League and Major League Baseball) and broadcasters, and timely upgrades are important to maintaining its contracts and obligations to those organizations.

State Fiscal Effect: As previously discussed, MSA has not historically remitted its resource-sharing revenue into MITDPF, and whether MSA must do so moving forward depends on the OAG pending decision on that matter. Therefore, the bill is not expected to affect State operations or finances because it codifies the current practice of MSA keeping its resource-sharing revenue. Absent the bill and if OAG finds that MSA should credit this revenue to MITDPF, MSA's nonbudgeted revenues would decrease by approximately \$600,000 annually, with a commensurate special fund revenue increase for MITDPF. Furthermore, because MSA has committed its resource-sharing revenue to various outstanding bonds, it is unclear whether MSA would have to immediately begin remitting the revenue to MITDPF or whether MSA would begin remittance only after the bonds reach their maturity date, which is estimated to be in 2025.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Information Technology; Maryland Stadium Authority; Office of Legislative Audits; Department of Legislative Services

Fiscal Note History: First Reader - January 9, 2018
md/mcr Third Reader - January 18, 2018

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: DoIT - Information Processing - Maryland Stadium Authority

BILL NUMBER: SB 40

PREPARED BY: Linda Pohuski, Legislative Liaison

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS