

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 167

(Chair, Health and Government Operations
Committee)(By Request - Departmental - Information
Technology)

Health and Government Operations

State Government - Notices and Communications - Use of Electronic Means

This departmental bill authorizes any principal department or other unit of the Executive Branch of State government to send and receive notices or communication, including orders, receipts, reports, and applications, through electronic means if certain conditions are met.

Fiscal Summary

State Effect: State expenditures (all funds) decrease, potentially significantly, beginning in FY 2019 to the extent the bill reduces postage and mailing costs across Executive Branch departments and agencies. Revenues are not affected.

Local Effect: The bill does not materially affect local governmental operations or finances.

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

Analysis

Bill Summary: The authority to send notices and other communications through electronic means applies broadly to any principal department or other unit of the Executive Branch. Even so, the bill expressly authorizes certain communications to be sent through

electronic means. A principal department or other unit of the Executive Branch of State government may send a notice or communication by electronic means if:

- the unit is required to deliver, give, mail, serve, or otherwise provide the notice or communication in writing;
- the recipient has provided an email address to the unit to receive notices or communications;
- the notice or communication is sent to the email address provided by the recipient; and
- the unit maintains proof that the notice was sent to the recipient at his or her email address.

Additionally, if a person is required to send a unit a notice or communication, the person may send it by electronic means if authorized to do so by the head of the unit.

Subject to the Maryland Uniform Electronic Transactions Act, notices and communications sent in the manner prescribed by the bill are presumed to have been received in the ordinary course.

Current Law:

Maryland Uniform Electronic Transactions Act

The Maryland Uniform Electronic Transactions Act establishes a framework to regulate electronic records and electronic signatures, ensuring that contracts and other business can be conducted electronically in the State. Among other things, the Act set standards for the retention of electronic records, the legal recognition of electronic records, and the admissibility of electronic records in court.

Each governmental agency, including an agency in the Executive, Legislative, and Judicial branches of the State as well as a county, municipality, or other political subdivision of the State, is required by the Act to determine whether and to what extent it will send, accept, create, generate, communicate, store, process, use, and rely upon electronic records and signatures; each agency is also required to give due consideration to the security of this information. An agency is not required by the Act to use or permit the use of electronic records or signatures.

Some Agencies Currently Authorize Communication through Electronic Means

Some State agencies are already able to send certain notices through electronic means, or authorize the sending of notices through electronic means for regulated entities. For

example, Chapters 259 and 260 of 2011 authorize insurance companies to deliver any notice related to cancellations, nonrenewal, premium increases, and reductions in coverage by electronic means if the party receiving the notice consents to that method of delivery. The Maryland Insurance Administration also receives filings from insurance companies using an electronic filing system.

Similarly, Chapter 250 of 2017 authorizes the Department of Labor, Licensing, and Regulation (DLLR) to electronically send any document provided to an individual or employer if it relates to the State unemployment insurance law. Unlike the requirements prescribed for insurance companies, DLLR is required to adopt regulations establishing the methods and means for electronically sending information and documents.

Background: DoIT advises that the bill provides an alternative method for agencies to communicate with each other and with the general public. Maryland law requires many letters and forms to be mailed, which results in additional time and money being spent on communication costs. By allowing, but not requiring, an agency to communicate via email, each agency can save time and money where possible, while still ensuring important communications (such as those that must be notarized) are handled appropriately.

State Expenditures: The effect of the bill depends on the amount and types of communications that departments and agencies choose to send using electronic means under the bill and, therefore, cannot be reliably estimated. Even so, many departments and agencies send large quantities of mail and may save significantly on administrative and mailing costs by sending this mail through electronic means.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Information Technology; Maryland State Archives; Department of Natural Resources; Maryland State Department of Education; Department of General Services; Maryland Insurance Administration; Department of Labor, Licensing, and Regulation; Department of State Police; Department of Public Safety and Correctional Services; Maryland Department of Transportation; University System of Maryland; Carroll, Harford, Montgomery, Queen Anne's, and St. Mary's counties; Department of Legislative Services

Fiscal Note History: First Reader - January 30, 2018
mm/mcr

Analysis by: Richard L. Duncan

Direct Inquiries to:
(410) 946-5510
(301) 970-5510

ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: **Expedited Communications Modernization Bill of 2018**

BILL NUMBER: HB 167

PREPARED BY: Andi Morony

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

USPS and other paper mediums is no longer a common method for transacting business, and electronic communication is now generally accepted as a more secure means of communicating sensitive information. For example, real estate purchases are made online using services like DocuSign, and mobile phones are utilized to make bank deposits.

The bill allows, but does not require, state agencies to utilize electronic communications methods in lieu of postal communication methods. For these businesses the cost of postage alone may impact their budgets in a positive manner.