

Department of Legislative Services
Maryland General Assembly
2023 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 659

(The President)(By Request - Office of the Comptroller)

Budget and Taxation

Appropriations

**Modernization of State Financial Systems - 21st Century Financial Systems
Enterprise**

This bill requires specified departments, in consultation with the Modernize Maryland Oversight Commission (MMOC), to generally oversee the transformation of the State's Financial Management Information System (FMIS) into the 21st Century Financial Systems Enterprise. By December 31, 2023, and every six months thereafter until a final report is due January 1, 2027, the Office of the Comptroller must report to the General Assembly on the status of the development of the 21st Century Financial Systems Enterprise. **The bill takes effect July 1, 2023.**

Fiscal Summary

State Effect: The bill does not materially affect State operations or finances.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The departments identified by the bill are the:

- Office of the Comptroller;
- Office of the State Treasurer;
- Department of Budget and Management;
- Department of Information Technology; and
- Department of General Services.

“Financial management infrastructure” means the information technology (IT) infrastructure that is used to maintain the general ledger and accountancy for the State, including subledger functions that enable the management of all payments and fund transfers throughout the State.

“21st Century Financial Systems Enterprise” means a modern cloud-based IT infrastructure.

The departments, in consultation with a designated representative from MMOC, must:

- set policies, objectives, and priorities, as specified, for the transformation of the FMIS infrastructure into the 21st Century Financial Systems Enterprise;
- learn the needs and priorities of all FMIS users and future known users of the enterprise;
- collaborate with consultants to create a project proposal for, and oversee implementation of, the enterprise;
- oversee, coordinate, and authorize the assignment of resources for the development of the enterprise;
- establish working groups as needed; and
- recommend any legislative changes considered necessary by the departments to address FMIS issues.

Current Law: Article VI of the Maryland Constitution states that the Comptroller has the general superintendence of the fiscal affairs of the State and must, among other duties:

- digest and prepare plans for the improvement and management of revenues;
- prepare and report estimates of the revenue and expenditures of the State;
- preserve all public accounts; and
- decide on the forms of keeping and stating accounts.

The purpose of MMOC is to:

- ensure the confidentiality, integrity, and availability of information held by the State concerning State residents; and
- advise the Secretary of Information Technology and the State Chief Information Security Officer on appropriate IT and cybersecurity investments and upgrades and other related issues.

Additional Comments: The Maryland Department of Transportation (MDOT) notes that it is not included as a participating department despite the fact that it (1) operates a separate

version of FMIS; (2) has completed the first phase of an FMIS modernization effort; (3) is about to launch the second phase of that effort; and (4) could provide valuable input about its experience to the other departments. Moreover, including MDOT may enhance the opportunity to have a truly integrated financial system for the State.

Additional Information

Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 709 (The Speaker)(By Request - Office of the Comptroller) - Appropriations.

Information Source(s): Comptroller's Office; Maryland State Treasurer's Office; Department of Budget and Management; Department of General Services; Maryland Department of Transportation; Department of Legislative Services

Fiscal Note History: First Reader - March 8, 2023
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