

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1585 (Delegate Kerr)
Government, Labor, and Elections

**Maryland Economic Development Corporation - Major Information Technology
Development Projects - Project Management**

This bill authorizes the Maryland Economic Development Corporation (MEDCO) to participate on the project management team for a major information technology development project (MITDP) by working with the Department of Information Technology (DoIT), State agencies, or vendors. On a pilot basis and as a demonstration project, MEDCO must serve as the primary project manager on an MITDP on behalf of a unit of State government, as specified. The bill also requires MEDCO to evaluate the feasibility of using alternative financing mechanisms for MITDPs; MEDCO must submit a report summarizing its findings and recommendations for financing MITDPs to the Secretary of Information Technology and General Assembly by December 1, 2026. **The bill takes effect June 1, 2026.**

Fiscal Summary

State Effect: No effect assumed for FY 2026. Nonbudgeted expenditures for MEDCO may increase beginning in FY 2027 for operating costs associated with project management of MITDPs depending, in the short-term, on the project ultimately selected for the pilot demonstration required by the bill. MEDCO can likely complete the required study using existing budgeted resources. DoIT can handle the bill's requirements using existing budgeted resources. Revenues are not affected.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: MEDCO is authorized to participate on the project management team for a MITDP by working with DoIT, State agencies, or vendors on:

- defining the scope of the project;
- managing the budget and schedule for the project;
- identifying and mitigating risks;
- providing transparency on the status of the project; and
- successful delivery and implementation of the project.

By July 1, 2026, MEDCO must report to the General Assembly on the identification of the demonstration project, including appropriate details about the project. By October 1, 2026, and quarterly thereafter until project completion, MEDCO must report to the Secretary and General Assembly on the progress of the identified project, including:

- a summary of any problems or issues with the demonstration project MEDCO identifies;
- a review of the initial IT project request and whether the estimates made are reasonable, supported, and in alignment with the status of the project;
- documentation of changes to project scope, schedule, or costs, and the justification for and reasonableness of those changes;
- documentation of the qualifications of the employees and vendors; and
- identification of potential problems that may develop with the project.

MEDCO's evaluation of alternative financing mechanisms required by the bill must include funding mechanisms used in other states that could be used in Maryland.

Current Law:

Major Information Technology Development Projects

For a project to be considered a MITDP, it must (1) be estimated to cost at least \$5.0 million; (2) support critical business functions 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 of Information Technology due to specified reasons.

MITDPs are generally funded through the Information Technology Investment Fund (ITIF). In order to request funding for a project from ITIF, a State agency must follow a specified statutory process. The Secretary of Information Technology must review the

requests and, with the advice of the Secretary of Budget and Management, approve projects and specifications for consistency with all statewide plans, policies, and standards, including a systems development life cycle plan.

Chapters 845 and 846 of 2025 made various changes to the statutory framework governing the oversight of MITDPs by DoIT. Notably and among various other requirements, the Acts created within DoIT the (1) Maryland Office of Digital Experience (MODE); (2) Maryland Digital Service Unit (MDSU); and (3) Major Information Technology Development Project Oversight Division (MIDPOD).

- MODE must (1) provide oversight, leadership, intervention, and strategic modernization for MITDPs, including large-scale, high impact, multi-agency projects, in a transparent manner that ensures a positive return on investment and (2) direct the development of modernized systems in a specified manner;
- as a unit within MODE, MDSU must collaborate with units of State government to support improved service delivery to State residents and agency staff to implement user-centered design, software development, and project management best practices; and
- as a division within MODE, MIDPOD must consult with DoIT to (1) adopt new standards with which MITDPs are required to comply, as specified; (2) monitor the performance of project management teams for MITDPs, as specified; and (3) provide expertise, support, and intervention as necessary for project management teams to successfully implement projects, as specified.

Maryland Economic Development Corporation

MEDCO is a nonbudgeted, quasi-public entity created in 1984 by the General Assembly to, among other purposes, promote economic development in the State through ownership, financing, and development of real and personal property projects. MEDCO purchases or develops property that is leased to others and makes loans to companies throughout the State to maintain or develop facilities. MEDCO has broad powers to finance projects and most often is a conduit issuer of tax-exempt revenue bonds to an eligible tax-exempt borrower. MEDCO has also issued its bonds to finance its own projects, which it owns and operates. MEDCO-owned projects consist mostly of student housing projects. Generally, MEDCO debt is not debt of the State, and there is no implied State guaranty or State obligation to protect bondholders from losses.

State Expenditures: MEDCO advises, and the Department of Legislative Services concurs, that the bill's initial impact on MEDCO's operations and finances depends on the MITDP selected for the pilot demonstration required by the bill. While MEDCO has experience and expertise with project management in a variety of fields, most notably real estate, it may not have the technical knowledge needed to effectively manage a large IT

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project. As a result, MEDCO may need additional expert staff or contractual assistance, increasing its nonbudgeted expenditures accordingly.

Moreover, depending on the results of the pilot and MEDCO's involvement in MITDP management after the pilot is completed, any additional staff and/or contractual assistance engaged by MEDCO may need to become permanent; however, any such impact cannot be reliably estimated without actual experience under the bill.

Additional Information

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

Designated Cross File: SB 787 (Senator Guzzone, *et al.*) - Education, Energy, and the Environment and Finance.

Information Source(s): Department of Information Technology; Maryland Economic Development Corporation; Department of Legislative Services

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