



**TO:** The Honorable Paul G. Pinsky, Chair  
Members, Senate Education, Health, and Environmental Affairs Committee  
The Honorable J.B. Jennings

**FROM:** Richard A. Tabuteau  
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**DATE:** February 26, 2020

**RE:** **SUPPORT** – Senate Bill 832 – *Procurement – Major Information Technology Development Projects*

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The Maryland Tech Council (MTC) is a collaborative community, actively engaged in building stronger life science and technology companies by supporting the efforts of our individual members who are saving and improving lives through innovation. We support our member companies who are driving innovation through advocacy, education, workforce development, cost savings programs, and connecting entrepreneurial minds. The valuable resources we provide to our members help them reach their full potential making Maryland a global leader in the life sciences and technology industries. On behalf of MTC, we submit this letter of **support** for Senate Bill 832.

Senate Bill 832 requires that each procurement contract for a major information technology (IT) development project include terms and conditions governing the indemnification obligations and limitation of liability of the contract may not exceed in aggregate twice the value of the contract. It also requires Maryland's Chief Procurement Officer and the Secretary of Information Technology to, together with appropriate stakeholders, make recommendations on adjusting the procurement process and associated timeline for major IT projects to ensure personnel with required expertise are available to work on an awarded contract.

Many reputable national and multinational IT firms decline to do business with Maryland, as these firms would not potentially risk their entire business on a single project due to our insistence on unlimited liability in IT contracts. This perspective, however, is not exclusive to just the large firms. MTC represents hundreds of local small to mid-sized IT firms. Though significantly smaller in size, many of these companies are just as capable at developing large IT projects for the State. However, they are similarly unwilling to stake their entire business—that in many cases took years to build—on a single State project due to current unlimited liability and indemnification provisions. As a result, not only does the State not often receive the best value for IT needs, but also misses an opportunity to help grow local IT firms.

By limiting liability and indemnification obligations to no more than twice the value of the contract, the State will likely receive better value from potential IT vendors and may also help cultivate local, responsible, and competent IT firms. As such, MTC urges the Senate Education, Health, and Environmental Affairs Committee to give Senate Bill 832 a favorable report.

**For more information call:**

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