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SENATE BILL 868/ House Bill 1065 State and Local Cybersecurity

STATEMENT OF INFORMATION

DATE: March 7, 2023 (Senate) and March 8, 2023 (House)

COMMITTEE: Education, Energy & the Environment (Senate); Health & Government Operations (House)

SUMMARY OF BILL: SB 868/HB 1065 establishes a new unit within the Maryland Department of Emergency Management (MDEM). The bill also specifies or revises certain requirements on the Maryland Department of Information Technology (DoIT). This bill imposes a mandated appropriation in the annual budget.

EXPLANATION: This bill has the following provisions:

1. Establishes the Director of Cybersecurity Preparedness in the Cyber Preparedness Unit of the MDEM
2. Removes the mandated funding amount for positions in the Unit (\$357,978 established by the Local Cybersecurity Support Act of 2022) though the related 5 positions are still required as is budget support for the positions,
3. Revises various requirements for DoIT regarding cybersecurity policy implementation,
4. States that the Office of Security Management in DoIT cannot be supported via charge-back model, something the FY 2024 Governor's Allowance already accomplishes,
5. Revises the membership and appointment of certain members of the Modernize Maryland Oversight Commission, and
6. Requires the Governor to each year include 120% of what was budgeted for IT and cybersecurity previously in the Dedicated Purpose Account (DPA) budget.

The primary costs for this bill would be the mandate described in #6 above. Since the intent of the Administration is to move from funding IT expenses through the DPA in future years, this mandate would be quite limiting, virtually requiring that practice in perpetuity to avoid adding to the mandate. It is unclear whether the 120% applies to (a) what is in the DPA or (b) all IT costs plus what is in the DPA.

The Department of Budget and Management (DBM) is charged with submitting a balanced budget to the General Assembly annually and strives to create a structurally balanced budget, in which the growth in spending is less than the growth in revenues. In light of current economic uncertainty and the potential for a downturn, the Department urges caution in passing legislation significantly expanding State required expenditures without offsetting revenues. General fund mandates can have the effect of

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crowding out the State’s ability to fund staffing, salary adjustments, and in general invest strategically and holistically in State government’s human capital and the infrastructure required to carry out State government’s mission. State government must be intentional, disciplined, and strategic with its allocation of State funding to ensure maximum impact toward priority outcomes.

General Fund Budget Outlook, Fiscal 2025 – 2028 (\$ millions)

	Est. 2025	Est. 2026	Est. 2027	Est. 2028
(a) DPA only	\$30.4	\$ 66.9	\$ 110.7	\$163.2
(b) DPA + all IT Costs	\$182.4	\$401.3	\$664	\$979.2

DBM Fiscal Note, Nathan Bowen & Rebecca Bizarri

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