



Senate Budget and Taxation Committee

February 5, 2025

Senate Bill 487 – *Procurement – Major Information Technology Development Projects*

POSITION: SUPPORT

The Maryland Tech Council (MTC), with over 800 members, is the State's largest association of technology companies. Our vision is to propel Maryland to be the country's number one innovation economy for life sciences and technology. MTC brings the State's life sciences and technology communities into a single, united organization that empowers members to achieve their goals through advocacy, networking, and education. On behalf of MTC, we submit this letter of support for Senate Bill 487.

Senate Bill 487 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 of 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 Budget and Taxation Committee to give Senate Bill 487 a favorable report.

For more information call:

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