



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Revised Fiscal Note

(replaces fiscal note dated April 8, 2022)

Drafting Number: LLS 22-0706 Date: April 14, 2022
Prime Sponsors: Sen. Bridges; Priola Bill Status: Senate Appropriations
Rep. Titone; Bernett Fiscal Analyst: Matt Bishop | 303-866-4796
Matt.Bishop@state.co.us

Bill Topic: PROCUREMENT OF INFORMATION TECHNOLOGY RESOURCES

- Summary of Fiscal Impact:
State Revenue
State Expenditure
State Transfer
TABOR Refund
Local Government
Statutory Public Entity

The bill updates information technology procurement processes and makes additional resources available for information technology capital assets. It increases state expenditures and creates an annual transfer on an ongoing basis beginning in FY 2023-24.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The revised fiscal note reflects the introduced bill, as amended by the Senate Business, Labor, and Technology Committee. The bill was recommended by the Joint Technology Committee.

Table 1
State Fiscal Impacts Under SB 22-191

Table with 4 columns: Category, Sub-category, Budget Year FY 2022-23, and Out Year FY 2023-24. Rows include Revenue, Expenditures (General Fund, Total Expenditures), Transfers (General Fund, Cash Funds, Net Transfer), and Other Budget Impacts.

Summary of Legislation

The bill updates the process for information technology capital procurements by requiring the Office of Information Technology (OIT) to initiate procurements on behalf of state agencies, unless an agency has obtained prior approval from OIT, and by specifying that contracts for software licensing for certain products does not restrict the use of hardware. The bill also makes the Technology Risk Prevention and Response Fund continuously appropriated to OIT, authorizes the office to contribute money to the fund from operations and maintenance fees, and requires that any unspent funds from information technology capital improvements that were appropriated from the General Fund be transferred to the cash fund after each fiscal year, rather than revert back to the General Fund.

State Revenue

The modifications to the procurement process may decrease spending and associated administrative fees received by the Supplier Database Cash Fund used by the State Procurement and Contracts Office in the Department of Personnel and Administration by redirecting those fees to the Technology Risk Prevention and Response Fund for use by OIT. This potential revenue change has not been estimated.

State Transfers

Beginning in FY 2023-24, the bill requires a transfer from the General Fund to the Technology Risk Prevention and Response Fund in an amount equal to the prior year's unspent appropriations on information technology procurements. The transfer is estimated at approximately \$1.5 million per year, but may vary considerably as these cost savings accrue on a per-procurement basis.

State Expenditures

The bill increases state General Fund expenditures by up to \$1.5 million beginning in FY 2023-24, for information technology risk prevention.

Risk prevention. The transfer of the previous year's procurement reversions increases the balance of the Technology Risk Prevention and Response Fund, which is available to OIT for responding to emergencies, ensuring compliance with the office's standards, and preventing risk from information technology debt. To the extent additional funds become available, expenditures in OIT will increase from the fund, depending on emerging needs.

Department of Personnel and Administration. The department will be required to adjust allocations to state agencies through common polices, as well as manage additional billing to OIT. Overall, this workload can be accomplished within existing resources.

Workload in DPA may also decrease to the extent that certain information technology procurement work shifts from the state procurement office in DPA to OIT. It is assumed that any change in appropriations from through the Supplier Database Cash Fund to DPA will be adjusted through the annual budget process, if necessary, based on any change in workload that occurs.

All state agencies. Workload may increase for state agencies to coordinate with OIT; however, it is assumed that state agencies already coordinate information technology procurement in collaboration with OIT.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State and Local Government Contacts

All State Agencies