

An Act

SENATE BILL 24-224

BY SENATOR(S) Bridges and Kirkmeyer, Zenzinger, Baisley, Priola, Rich, Smallwood;
also REPRESENTATIVE(S) Bird and Taggart, Sirota, Frizell, Joseph, Marshall, Titone.

CONCERNING MECHANISMS TO MANAGE TECHNOLOGY LIFE-CYCLE COSTS.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. In Colorado Revised Statutes, add 24-37.5-126 and 24-37.5-127 as follows:

24-37.5-126. Promulgation of rules - technology life-cycle management plan. ON OR BEFORE DECEMBER 31, 2024, THE OFFICE SHALL PROMULGATE RULES IN ACCORDANCE WITH ARTICLE 4 OF THIS TITLE TO ESTABLISH A TECHNOLOGY LIFE-CYCLE PLAN. THE RULES MAY CONSIDER INFORMATION SECURITY RISK, INFRASTRUCTURE RISK, OPERATING COST MISALIGNMENT, PRODUCTIVITY COST MISALIGNMENT, OR TALENT DEPRECIATION IN CONNECTION WITH AN INFORMATION TECHNOLOGY SYSTEM OR ASSET.

24-37.5-127. Funding for technology life-cycle costs -

Capital letters or bold & italic numbers indicate new material added to existing law; dashes through words or numbers indicate deletions from existing law and such material is not part of the act.

information technology annual depreciation-lease equivalent payments - fiscal impact analysis - definitions. (1) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES:

(a) "APPROPRIATION" MEANS AN APPROPRIATION FROM THE INFORMATION TECHNOLOGY CAPITAL ACCOUNT IN THE CAPITAL CONSTRUCTION FUND TO ANY STATE AGENCY FOR AN INFORMATION TECHNOLOGY CAPITAL PROJECT IN THE CAPITAL CONSTRUCTION SECTION OF THE ANNUAL GENERAL APPROPRIATION ACT.

(b) "CAPITAL CONSTRUCTION FUND" MEANS THE CAPITAL CONSTRUCTION FUND CREATED IN SECTION 24-75-302.

(c) "CASH FUND" DOES NOT INCLUDE:

(I) THE LOTTERY FUND CREATED IN SECTION 44-40-111;

(II) THE LIMITED GAMING FUND CREATED IN SECTION 44-30-701 (1);

(III) MONEY ALLOCATED TO THE DIVISION OF PARKS AND WILDLIFE FROM LOTTERY PROCEEDS AS SPECIFIED IN SECTION 3 OF ARTICLE XXVII OF THE STATE CONSTITUTION;

(IV) THE WILDLIFE CASH FUND CREATED IN SECTION 33-1-112 (1)(a);
OR

(V) THE LEGISLATIVE DEPARTMENT CASH FUND CREATED IN SECTION 2-2-1601 (1)(a) AND THE LEGISLATIVE REDISTRICTING ACCOUNT CREATED IN SECTION 2-2-1601 (2.5).

(d) "DEPRECIATION OR AMORTIZATION" MEANS AN AMOUNT CALCULATED AND RECORDED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

(e) "DEPRECIATION OR AMORTIZATION PERIOD" MEANS A PERIOD DETERMINED IN FISCAL PROCEDURES ISSUED BY THE STATE CONTROLLER OR THE STATE INSTITUTION OF HIGHER EDUCATION.

(f) "INFORMATION TECHNOLOGY ANNUAL DEPRECIATION-LEASE EQUIVALENT PAYMENT" MEANS AN AMOUNT EQUIVALENT TO THE RECORDED

DEPRECIATION OR AMORTIZATION OF THE INFORMATION TECHNOLOGY ASSET ACQUIRED, REPAIRED, IMPROVED, REPLACED, RENOVATED, OR CONSTRUCTED WITH AN APPROPRIATION FROM THE INFORMATION TECHNOLOGY CAPITAL ACCOUNT IN THE CAPITAL CONSTRUCTION FUND BASED ON THE DEPRECIATION PERIOD, AS CALCULATED BY THE STATE AGENCY OR THE STATE INSTITUTION OF HIGHER EDUCATION, WHICH CALCULATION A STATE INSTITUTION OF HIGHER EDUCATION SHALL REPORT TO THE DEPARTMENT OF HIGHER EDUCATION. THE AMOUNT IS CALCULATED FROM THE DATE OF ACQUISITION OR THE DATE OF COMPLETION OF THE REPAIR, IMPROVEMENT, REPLACEMENT, RENOVATION, OR CONSTRUCTION TO JUNE 30 OF THE FISCAL YEAR OF ACQUISITION OR COMPLETION. THE AMOUNT CONTINUES TO BE ANNUALLY CALCULATED ON A FISCAL YEAR BASIS UNTIL THE DEPRECIATION FOR THE INFORMATION TECHNOLOGY ASSET IS NO LONGER RECORDED.

(g) "PROJECT COST" MEANS THE DEPRECIABLE COMPONENTS OF THE TOTAL PROJECT COST AS REFLECTED IN THE APPROPRIATION; EXCEPT THAT, IF THE PROJECT IS FINANCED, THE TOTAL PROJECT COST DOES NOT INCLUDE ANY FINANCING COSTS.

(h) "STATE AGENCY" MEANS ANY DEPARTMENT, COMMISSION, COUNCIL, BOARD, BUREAU, COMMITTEE, INSTITUTION OF HIGHER EDUCATION, AGENCY, OR OTHER GOVERNMENTAL UNIT OF THE EXECUTIVE, LEGISLATIVE, OR JUDICIAL BRANCH OF STATE GOVERNMENT THAT RECEIVES AN APPROPRIATION OR IS OTHERWISE INCLUDED IN THE ANNUAL GENERAL APPROPRIATION ACT OR THE ANNUAL LEGISLATIVE APPROPRIATION ACT.

(i) "TECHNOLOGY RISK PREVENTION AND RESPONSE FUND" MEANS THE TECHNOLOGY RISK PREVENTION AND RESPONSE FUND CREATED IN SECTION 24-37.5-120 (2).

(2) FOR EVERY INITIAL APPROPRIATION FOR AN INFORMATION TECHNOLOGY CAPITAL PROJECT IN THE CAPITAL CONSTRUCTION SECTION OF THE 2025-26 ANNUAL GENERAL APPROPRIATION ACT AND EVERY APPROPRIATION FOR AN INFORMATION TECHNOLOGY CAPITAL PROJECT IN THE CAPITAL CONSTRUCTION SECTION OF EACH ANNUAL GENERAL APPROPRIATION ACT THEREAFTER, ADDITIONAL FUNDING MUST BE SET ASIDE AS FOLLOWS:

(a) IF THE FUNDING SOURCE FOR THE APPROPRIATION IS FROM A CASH FUND, THE STATE AGENCY SHALL ANNUALLY CALCULATE AN AMOUNT EQUAL

TO THE RECORDED DEPRECIATION OF THE INFORMATION TECHNOLOGY ASSETS ACQUIRED, REPAIRED, IMPROVED, REPLACED, RENOVATED, OR CONSTRUCTED WITH THE APPROPRIATION BASED ON THE DEPRECIATION PERIOD, THE GENERAL ASSEMBLY SHALL INCLUDE AN INFORMATION TECHNOLOGY ANNUAL DEPRECIATION-LEASE EQUIVALENT PAYMENT LINE ITEM PAYABLE FROM THE CASH FUND IN THE OPERATING SECTION OF THE ANNUAL GENERAL APPROPRIATION ACT FOR THE STATE AGENCY, AND, ON JULY 1 OF THE STATE FISCAL YEAR TO WHICH THE ACT APPLIES, THE STATE CONTROLLER SHALL CREDIT SUCH AMOUNT FROM THE CASH FUND THAT WAS THE SOURCE OF THE FUNDING FOR THE APPROPRIATION TO AN INFORMATION TECHNOLOGY CAPITAL RESERVE ACCOUNT ESTABLISHED BY THE STATE AGENCY IN THAT CASH FUND AS SPECIFIED IN SECTION 24-75-403 (2.5).

(b) IF THE FUNDING SOURCE FOR THE APPROPRIATION IS FROM THE GENERAL FUND OR THE INFORMATION TECHNOLOGY CAPITAL ACCOUNT IN THE CAPITAL CONSTRUCTION FUND, THE GENERAL ASSEMBLY SHALL INCLUDE AN INFORMATION TECHNOLOGY ANNUAL DEPRECIATION-LEASE EQUIVALENT PAYMENT LINE ITEM PAYABLE FROM THE GENERAL FUND IN THE OPERATING SECTION OF THE ANNUAL GENERAL APPROPRIATION ACT FOR EACH STATE AGENCY, INCLUDING THE DEPARTMENT OF HIGHER EDUCATION. ON JULY 1 OF THE STATE FISCAL YEAR TO WHICH THE ACT APPLIES, THE STATE CONTROLLER SHALL CREDIT THE INFORMATION TECHNOLOGY ANNUAL DEPRECIATION-LEASE EQUIVALENT PAYMENT LINE ITEM TO THE INFORMATION TECHNOLOGY CAPITAL ACCOUNT; EXCEPT THAT, OF THAT PAYMENT, AN AMOUNT EQUAL TO ONE PERCENT OF THE PROJECT COST MUST BE DEDUCTED FROM THE PAYMENT AND CREDITED TO THE PRINCIPAL OF THE TECHNOLOGY RISK PREVENTION AND RESPONSE FUND.

(c) IF THE FUNDING SOURCE FOR THE APPROPRIATION IS A FINANCING ARRANGEMENT, INCLUDING A FINANCED PURCHASE OF AN ASSET OR CERTIFICATE OF PARTICIPATION AGREEMENT ALLOWED PURSUANT TO SECTION 24-82-801, AND THE SOURCE OF THE FUNDING FOR THE FINANCING PAYMENT IS:

(I) FROM A CASH FUND, THEN THE STATE AGENCY SHALL ANNUALLY CALCULATE AN AMOUNT EQUAL TO ONE PERCENT OF THE PROJECT COST AND THE GENERAL ASSEMBLY SHALL INCLUDE AN INFORMATION TECHNOLOGY ANNUAL CONTROLLED MAINTENANCE LINE ITEM PAYABLE FROM THE CASH FUND IN THE OPERATING SECTION OF THE ANNUAL GENERAL APPROPRIATION ACT FOR EACH STATE AGENCY EQUAL TO SUCH AMOUNT. ON JULY 1 OF THE

STATE FISCAL YEAR TO WHICH THE ACT APPLIES, THE STATE CONTROLLER SHALL CREDIT THAT AMOUNT TO AN INFORMATION TECHNOLOGY CAPITAL RESERVE ACCOUNT ESTABLISHED BY THE STATE AGENCY IN THE CASH FUND AS SPECIFIED IN SECTION 24-75-403 (2.5).

(II) FROM THE GENERAL FUND OR THE CAPITAL CONSTRUCTION FUND, THEN THE GENERAL ASSEMBLY SHALL INCLUDE AN INFORMATION TECHNOLOGY ANNUAL CONTROLLED MAINTENANCE LINE ITEM PAYABLE FROM THE GENERAL FUND IN THE OPERATING SECTION OF THE ANNUAL GENERAL APPROPRIATION ACT FOR EACH STATE AGENCY, INCLUDING THE DEPARTMENT OF HIGHER EDUCATION, EQUAL TO ONE PERCENT OF THE PROJECT COST, AS CALCULATED BY THE STATE AGENCY OR THE STATE INSTITUTION OF HIGHER EDUCATION, WHICH CALCULATION A STATE INSTITUTION OF HIGHER EDUCATION SHALL REPORT TO THE DEPARTMENT OF HIGHER EDUCATION. ON JULY 1 OF THE STATE FISCAL YEAR TO WHICH THE ACT APPLIES, THE STATE CONTROLLER SHALL CREDIT SUCH AMOUNT TO THE TECHNOLOGY RISK PREVENTION AND RESPONSE FUND.

(d) IF THE FUNDING SOURCE FOR THE APPROPRIATION IS A COMBINATION OF THE FUNDING SOURCES DESCRIBED IN SUBSECTIONS (2)(a), (2)(b), AND (2)(c) OF THIS SECTION, THEN THE ANNUAL SET ASIDE REQUIRED PURSUANT TO THIS SUBSECTION (2) MUST BE MADE IN PROPORTION TO THE FUNDING SOURCE.

(3) ON JUNE 15, 2025, AND ON EACH JUNE 15 THEREAFTER, THE OFFICE SHALL SUBMIT A FISCAL IMPACT ANALYSIS TO THE OFFICE OF STATE PLANNING AND BUDGETING THAT MUST INCLUDE BUT NEED NOT BE LIMITED TO THE FOLLOWING:

(a) THE ESTIMATED AMOUNT OF GENERAL FUND MONEY REQUIRED TO MAKE THE INFORMATION TECHNOLOGY ANNUAL DEPRECIATION-LEASE EQUIVALENT PAYMENTS FOR THE UPCOMING FISCAL YEAR; AND

(b) THE CURRENT INFORMATION TECHNOLOGY ASSETS TO WHICH THE INFORMATION TECHNOLOGY ANNUAL DEPRECIATION-LEASE EQUIVALENT PAYMENTS ARE BEING APPLIED.

SECTION 2. In Colorado Revised Statutes, **add** 24-37.5-805 as follows:

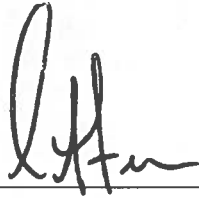
24-37.5-805. Technical debt environment - annual report. ON OR BEFORE NOVEMBER 1, 2025, AND ON OR BEFORE NOVEMBER 1 OF EACH YEAR THEREAFTER, THE OFFICE SHALL SUBMIT A REPORT TO THE JOINT BUDGET COMMITTEE AND THE JOINT TECHNOLOGY COMMITTEE THAT PROVIDES AN ESTIMATE OF THE STATE'S TECHNICAL DEBT ENVIRONMENT.

SECTION 3. In Colorado Revised Statutes, 24-75-403, **add** (2.5) as follows:

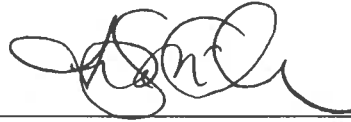
24-75-403. Capital reserve - creation - annual appropriation - definitions. (2.5) FOR EACH CASH FUND FROM WHICH MONEY IS APPROPRIATED FOR AN INFORMATION TECHNOLOGY CAPITAL PROJECT, THE PRINCIPAL DEPARTMENT RESPONSIBLE FOR THE ACCOUNTING RELATED TO THE CASH FUND SHALL IDENTIFY IN THE CASH FUND BALANCE REPORT AN INFORMATION TECHNOLOGY CAPITAL RESERVE, WHICH CONSISTS OF AN AMOUNT EQUAL TO THE DEPRECIATION OF THE DEPRECIABLE COMPONENTS OF THE INFORMATION TECHNOLOGY CAPITAL PROJECT, BASED ON THE DEPRECIATION PERIOD. THE PROVISIONS OF THIS SUBSECTION (2.5) DO NOT APPLY TO CASH FUNDS THAT ARE EXCLUDED FROM THE REQUIREMENTS OF SECTION 24-37.5-127 PURSUANT TO SECTION 24-37.5-127 (1)(c).

SECTION 4. Safety clause. The general assembly finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, or safety or for appropriations for

the support and maintenance of the departments of the state and state institutions.



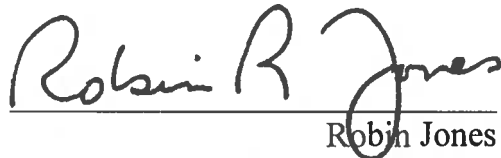
Steve Fenberg
PRESIDENT OF
THE SENATE



Julie McCluskie
SPEAKER OF THE HOUSE
OF REPRESENTATIVES

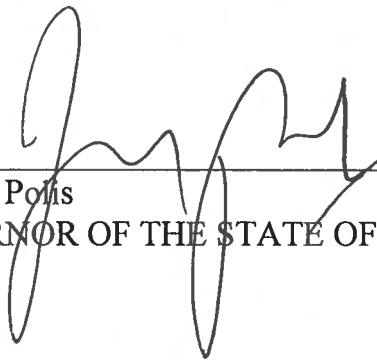


Cindi L. Markwell
SECRETARY OF
THE SENATE



Robin Jones
CHIEF CLERK OF THE HOUSE
OF REPRESENTATIVES

APPROVED Fri Jun 7th 2024 at 12:30 pm
(Date and Time)



Jared S. Polis
GOVERNOR OF THE STATE OF COLORADO