

**Second Regular Session  
Seventy-third General Assembly  
STATE OF COLORADO**

**PREAMENDED**

*This Unofficial Version Includes Committee  
Amendments Not Yet Adopted on Second Reading*

LLS NO. 22-1029.01 Nicole Myers x4326

**HOUSE BILL 22-1385**

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**HOUSE SPONSORSHIP**

**Titone,**

**SENATE SPONSORSHIP**

**(None),**

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**House Committees**

Business Affairs & Labor  
Finance

**Senate Committees**

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**A BILL FOR AN ACT**

101 **CONCERNING THE IMPLEMENTATION OF THE COLORADO OPERATIONS**  
102 **RESOURCE ENGINE UPGRADE PROJECT.**

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**Bill Summary**

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)*

The bill authorizes the state to enter into one or more financed purchase of an asset or certificate of participation agreements for the implementation costs of the Colorado operations resource engine upgrade and continuous improvement project.

The bill also requires the office of information technology (office) to ensure that the Colorado operations resource engine system includes

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
Capital letters or bold & italic numbers indicate new material to be added to existing statute.  
Dashes through the words indicate deletions from existing statute.

any functionality that the legislative branch deems to be of particular importance or promptly explain why such functionality cannot be incorporated. The office must also report to the joint technology committee and the joint budget committee regarding its progress on the project in a format and at time intervals specified by the joint technology committee and the joint budget committee in writing.

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

2 **SECTION 1. Legislative declaration.** (1) The general assembly  
3 hereby finds and declares that:

4 (a) The department of personnel, in accordance with section  
5 24-30-202 (12), operates a statewide accounting, procurement, and  
6 budget system, which is a core function of state government that needs to  
7 be supportable, stable, and secure;

8 (b) The existing system is ten years old and in need of updates and  
9 upgrades for the anticipated needs of the next ten-year cycle of the  
10 system; and

11 (c) The treasurer's office has determined that the capital costs of  
12 the project can be financed at a lower capital cost through a privately  
13 placed capital financed purchase of an asset or certificate of participation  
14 agreement.

15 (2) It is therefore in the best interest of the citizens of Colorado to  
16 authorize the state, acting by and through the state treasurer, to enter into  
17 one or more financed purchase of an asset or certificate of participation  
18 agreements and other agreements as necessary to finance the  
19 implementation costs of the Colorado operations resource engine upgrade  
20 and continuous improvement project.

21 **SECTION 2. Financed purchase of an asset or certificate of**  
22 **participation agreement.** (1) (a) The state of Colorado, acting by and

1 through the state treasurer, is authorized to execute one or more financed  
2 purchase of an asset or certificate of participation agreements [redacted] to  
3 finance the implementation costs of the Colorado operations resource  
4 engine upgrade and continuous improvement [redacted] project in an amount up  
5 to nine million seven hundred eighty-seven thousand dollars (\$9,787,000)  
6 plus reasonable and necessary administrative, monitoring, and closing  
7 costs and interest, including capitalized interest and credit enhancement  
8 costs such as a debt service reserve fund or bond insurance.

9 (b) The anticipated annual state-funded payments for the principal  
10 and interest components of the amount payable under the financed  
11 purchase of an asset or certificate of participation agreement entered into  
12 pursuant to subsection (1)(a) of this section shall not exceed one million  
13 six hundred thousand dollars.

14 (c) The enactment of this act satisfies the requirements of section  
15 24-82-801, Colorado Revised Statutes.

16 (d) The state, acting by and through the state treasurer, at the state  
17 treasurer's sole discretion, may enter into the financed purchase of an  
18 asset or certificate of participation agreement authorized by subsection  
19 (1)(a) of this section with any for-profit or nonprofit corporation, trust, or  
20 commercial bank as a trustee as the lessor.

21 (2) (a) The financed purchase of an asset or certificate of  
22 participation agreement authorized in subsection (1) of this section must  
23 provide that all of the obligations of the state under the agreement are  
24 subject to the action of the general assembly in annually making money  
25 available for all payments thereunder. Payments under any financed  
26 purchase of an asset or certificate of participation agreement must be  
27 made subject to annual appropriation by the general assembly, as

1 applicable, from the general fund or from any other legally available  
2 source of money. The agreement must also provide that the obligations  
3 shall not be deemed or construed as creating an indebtedness of the state  
4 within the meaning of any provision of the state constitution or the laws  
5 of the state concerning or limiting the creation of indebtedness by the  
6 state and do not constitute a multiple fiscal year direct or indirect debt or  
7 other financial obligation of the state within the meaning of section 20 (4)  
8 of article X of the state constitution. If the state does not renew the  
9 financed purchase of an asset or certificate of participation agreement  
10 authorized in subsection (1) of this section, the sole security available to  
11 the lessor shall be the property that is the subject of the financed purchase  
12 of an asset or certificate of participation agreement.

13 (b) (I) The financed purchase of an asset or certificate of  
14 participation agreement authorized in subsection (1) of this section may  
15 contain such terms, provisions, and conditions as the state treasurer,  
16 acting on behalf of the state, may deem appropriate, including all optional  
17 terms; except that the financed purchase of an asset or certificate of  
18 participation agreement shall specifically authorize the state to:

19 (A) Receive all personal property that is the subject of the  
20 financed purchase of an asset or certificate of participation agreement on  
21 or prior to the expiration of the terms of the financed purchase of an asset  
22 or certificate of participation agreement; and

23 (B) Reduce the term of the lease through prepayment of rental and  
24 other payments.

25 (II) Any personal property received under the financed purchase  
26 of an asset or certificate of participation agreement by the state on or prior  
27 to the expiration of the terms of the agreement shall be held for the

1 benefit and use of the state.

2 (III) A financed purchase of an asset or certificate of participation  
3 agreement may further provide for the issuance, distribution, and sale of  
4 instruments evidencing rights to receive rentals and other payments made  
5 and to be made under the agreement. The instruments may be issued,  
6 distributed, or sold only by the lessor or any person designated by the  
7 lessor and not by the state. The instruments do not create a relationship  
8 between the purchasers of the instruments and the state or create any  
9 obligation on the part of the state to the purchasers. Such instruments  
10 shall not be notes, bonds, or any other evidence of indebtedness of the  
11 state within the meaning of any provision of the state constitution or the  
12 laws of the state concerning or limiting the creation of indebtedness of the  
13 state and such instruments are not multiple fiscal-year direct or indirect  
14 debt or other financial obligations of the state within the meaning of  
15 section 20 (4) of article X of the state constitution.

16 (c) The state, acting through the state treasurer with the consent  
17 of the chief information officer of the governor's office of information  
18 technology, is authorized to enter into ancillary agreements and  
19 instruments as are deemed necessary or appropriate in connection with  
20 the financed purchase of an asset or certificate of participation agreement.

21 (d) Interest paid under a financed purchase of an asset or  
22 certificate of participation agreement authorized pursuant to subsection  
23 (1)(a) of this section, including interest represented by the instruments, is  
24 exempt from Colorado income tax.

25 (3) The provisions of section 24-30-202 (5)(b), Colorado Revised  
26 Statutes, do not apply to the financed purchase of an asset or certificate  
27 of participation agreement authorized in subsection (1) of this section or

1 any ancillary agreement entered into pursuant to subsection (2)(c) of this  
2 section. Any provision of the fiscal rules promulgated pursuant to section  
3 24-30-202 (1) and (13), Colorado Revised Statutes, that the state  
4 controller deems to be incompatible or inapplicable with respect to said  
5 financed purchase of an asset or certificate of participation agreements or  
6 any ancillary agreement may be waived by the controller or the  
7 controller's designee.

8 **SECTION 3.** In Colorado Revised Statutes, **add** 24-37.5-123 as  
9 follows:

10 **24-37.5-123. Colorado operations resource engine upgrade**  
11 **and continuous improvement project - reporting.** IF THE EXECUTIVE  
12 COMMITTEE OF THE LEGISLATIVE COUNCIL, THE JOINT BUDGET  
13 COMMITTEE, THE JOINT TECHNOLOGY COMMITTEE, OR THE LEGISLATIVE  
14 AUDIT COMMITTEE DEEM CERTAIN FUNCTIONALITY OF THE COLORADO  
15 FINANCIAL REPORTING SYSTEM TO BE OF PARTICULAR IMPORTANCE TO THE  
16 LEGISLATIVE BRANCH, THIS WILL BE CONVEYED IN WRITING TO THE OFFICE,  
17 THE DEPARTMENT OF PERSONNEL, AND THE GOVERNOR. THE OFFICE AND  
18 THE DEPARTMENT OF PERSONNEL MUST ENSURE THAT SUCH  
19 FUNCTIONALITY IS INCORPORATED OR MUST PROMPTLY EXPLAIN WHY  
20 SUCH FUNCTIONALITY CANNOT BE INCORPORATED. IF THE FUNCTIONALITY  
21 CANNOT BE INCLUDED BECAUSE SUCH A CHANGE WOULD REQUIRE  
22 ADDITIONAL APPROPRIATIONS, THE OFFICE AND THE DEPARTMENT OF  
23 PERSONNEL MUST EXPLAIN WHY ADDITIONAL APPROPRIATIONS ARE  
24 NECESSARY. THE OFFICE AND THE DEPARTMENT OF PERSONNEL MUST  
25 REPORT TO THE JOINT TECHNOLOGY COMMITTEE AND THE JOINT BUDGET  
26 COMMITTEE REGARDING ITS PROGRESS ON THE PROJECT IN A FORMAT AND  
27 AT TIME INTERVALS SPECIFIED BY THE JOINT TECHNOLOGY COMMITTEE

1 AND THE JOINT BUDGET COMMITTEE IN WRITING. IF A MEETING IS  
2 NECESSARY FOR ANY REPORT REQUIRED BY THIS SECTION, WHEN POSSIBLE,  
3 THE MEETING MAY BE A JOINT MEETING OF THE JOINT TECHNOLOGY  
4 COMMITTEE AND THE JOINT BUDGET COMMITTEE.

5 **SECTION 4. Safety clause.** The general assembly hereby finds,  
6 determines, and declares that this act is necessary for the immediate  
7 preservation of the public peace, health, and safety.