

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

PREAMENDED

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

LLS NO. 24-1086.01 Nicole Myers x4326

SENATE BILL 24-224

SENATE SPONSORSHIP

Bridges and Kirkmeyer, Zenzinger, Baisley, Priola, Rich, Smallwood

HOUSE SPONSORSHIP

Bird and Taggart, Sirota

Senate Committees
Appropriations

House Committees
Appropriations

A BILL FOR AN ACT

101 **CONCERNING MECHANISMS TO MANAGE TECHNOLOGY LIFE-CYCLE**
102 **COSTS.**

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/>.)

Joint Budget Committee. On or before December 31, 2024, the governor's office of information technology (office) is required to promulgate rules that define technology debt. In defining technology debt, the office may describe technology debt as an information technology system or asset characterized by information security risk, infrastructure risk, operating cost misalignment, productivity cost misalignment, or

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

SENATE
3rd Reading Unamended
May 2, 2024

SENATE
Amended 2nd Reading
May 1, 2024

talent depreciation.

For every appropriation for an information technology capital project in the information technology capital section of the annual general appropriation act for the 2025-26 state fiscal year and each state fiscal year thereafter, the bill requires the general assembly to set aside additional funding for information technology annual depreciation-lease equivalent payments.

On or before November 1, 2025, and on or before November 1 of each year thereafter, the office is required to submit a report to the joint budget committee and the joint technology committee that provides an estimate of the state's technology debt, as defined by rules promulgated by the office pursuant to the bill.

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 fund is required to identify in the 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.

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

2 **SECTION 1.** In Colorado Revised Statutes, **add 24-37.5-124 and**
3 **24-37.5-125** as follows:

4 **24-37.5-124. Promulgation of rules - technology life-cycle**
5 **management plan.** ON OR BEFORE DECEMBER 31, 2024, THE OFFICE
6 SHALL PROMULGATE RULES IN ACCORDANCE WITH ARTICLE 4 OF THIS TITLE
7 TO ESTABLISH A TECHNOLOGY LIFE-CYCLE PLAN. THE RULES MAY
8 CONSIDER INFORMATION SECURITY RISK, INFRASTRUCTURE RISK,
9 OPERATING COST MISALIGNMENT, PRODUCTIVITY COST MISALIGNMENT, OR
10 TALENT DEPRECIATION IN CONNECTION WITH AN INFORMATION
11 TECHNOLOGY SYSTEM OR ASSET.

12 **24-37.5-125. Funding for technology life-cycle costs -**
13 **information technology annual depreciation-lease equivalent**
14 **payments - fiscal impact analysis - definitions.** (1) AS USED IN THIS

1 SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES:

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

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

9 (c) "CASH FUND" DOES NOT INCLUDE:

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

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

12 (1);

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

16 (IV) THE WILDLIFE CASH FUND CREATED IN SECTION 33-1-112

17 (1)(a); OR

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

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

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

27 (f) "INFORMATION TECHNOLOGY ANNUAL DEPRECIATION-LEASE

1 EQUIVALENT PAYMENT" MEANS AN AMOUNT EQUIVALENT TO THE
2 RECORDED DEPRECIATION OR AMORTIZATION OF THE INFORMATION
3 TECHNOLOGY ASSET ACQUIRED, REPAIRED, IMPROVED, REPLACED,
4 RENOVATED, OR CONSTRUCTED WITH AN APPROPRIATION FROM THE
5 INFORMATION TECHNOLOGY CAPITAL ACCOUNT IN THE CAPITAL
6 CONSTRUCTION FUND BASED ON THE DEPRECIATION PERIOD, AS
7 CALCULATED BY THE STATE AGENCY OR THE STATE INSTITUTION OF
8 HIGHER EDUCATION, WHICH CALCULATION A STATE INSTITUTION OF
9 HIGHER EDUCATION SHALL REPORT TO THE DEPARTMENT OF HIGHER
10 EDUCATION. THE AMOUNT IS CALCULATED FROM THE DATE OF
11 ACQUISITION OR THE DATE OF COMPLETION OF THE REPAIR, IMPROVEMENT,
12 REPLACEMENT, RENOVATION, OR CONSTRUCTION TO JUNE 30 OF THE
13 FISCAL YEAR OF ACQUISITION OR COMPLETION. THE AMOUNT CONTINUES
14 TO BE ANNUALLY CALCULATED ON A FISCAL YEAR BASIS UNTIL THE
15 DEPRECIATION FOR THE INFORMATION TECHNOLOGY ASSET IS NO LONGER
16 RECORDED.

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

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

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

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

11 (a) IF THE FUNDING SOURCE FOR THE APPROPRIATION IS FROM A
12 CASH FUND, THE STATE AGENCY SHALL ANNUALLY CALCULATE AN
13 AMOUNT EQUAL TO THE RECORDED DEPRECIATION OF THE INFORMATION
14 TECHNOLOGY ASSETS ACQUIRED, REPAIRED, IMPROVED, REPLACED,
15 RENOVATED, OR CONSTRUCTED WITH THE APPROPRIATION BASED ON THE
16 DEPRECIATION PERIOD, THE GENERAL ASSEMBLY SHALL INCLUDE AN
17 INFORMATION TECHNOLOGY ANNUAL DEPRECIATION-LEASE EQUIVALENT
18 PAYMENT LINE ITEM PAYABLE FROM THE CASH FUND IN THE OPERATING
19 SECTION OF THE ANNUAL GENERAL APPROPRIATION ACT FOR THE STATE
20 AGENCY, AND, ON JULY 1 OF THE STATE FISCAL YEAR TO WHICH THE ACT
21 APPLIES, THE STATE CONTROLLER SHALL CREDIT SUCH AMOUNT FROM THE
22 CASH FUND THAT WAS THE SOURCE OF THE FUNDING FOR THE
23 APPROPRIATION TO AN INFORMATION TECHNOLOGY CAPITAL RESERVE
24 ACCOUNT ESTABLISHED BY THE STATE AGENCY IN THAT CASH FUND AS
25 SPECIFIED IN SECTION 24-75-403 (2.5).

26 (b) IF THE FUNDING SOURCE FOR THE APPROPRIATION IS FROM THE
27 GENERAL FUND OR THE INFORMATION TECHNOLOGY CAPITAL ACCOUNT IN

1 THE CAPITAL CONSTRUCTION FUND, THE GENERAL ASSEMBLY SHALL
2 INCLUDE AN INFORMATION TECHNOLOGY ANNUAL DEPRECIATION-LEASE
3 EQUIVALENT PAYMENT LINE ITEM PAYABLE FROM THE GENERAL FUND IN
4 THE OPERATING SECTION OF THE ANNUAL GENERAL APPROPRIATION ACT
5 FOR EACH STATE AGENCY, INCLUDING THE DEPARTMENT OF HIGHER
6 EDUCATION. ON JULY 1 OF THE STATE FISCAL YEAR TO WHICH THE ACT
7 APPLIES, THE STATE CONTROLLER SHALL CREDIT THE INFORMATION
8 TECHNOLOGY ANNUAL DEPRECIATION-LEASE EQUIVALENT PAYMENT LINE
9 ITEM TO THE INFORMATION TECHNOLOGY CAPITAL ACCOUNT; EXCEPT
10 THAT, OF THAT PAYMENT, AN AMOUNT EQUAL TO ONE PERCENT OF THE
11 PROJECT COST MUST BE DEDUCTED FROM THE PAYMENT AND CREDITED TO
12 THE PRINCIPAL OF THE TECHNOLOGY RISK PREVENTION AND RESPONSE
13 FUND.

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

19 (I) FROM A CASH FUND, THEN THE STATE AGENCY SHALL
20 ANNUALLY CALCULATE AN AMOUNT EQUAL TO ONE PERCENT OF THE
21 PROJECT COST AND THE GENERAL ASSEMBLY SHALL INCLUDE AN
22 INFORMATION TECHNOLOGY ANNUAL CONTROLLED MAINTENANCE LINE
23 ITEM PAYABLE FROM THE CASH FUND IN THE OPERATING SECTION OF THE
24 ANNUAL GENERAL APPROPRIATION ACT FOR EACH STATE AGENCY EQUAL
25 TO SUCH AMOUNT. ON JULY 1 OF THE STATE FISCAL YEAR TO WHICH THE
26 ACT APPLIES, THE STATE CONTROLLER SHALL CREDIT THAT AMOUNT TO AN
27 INFORMATION TECHNOLOGY CAPITAL RESERVE ACCOUNT ESTABLISHED BY

1 THE STATE AGENCY IN THE CASH FUND AS SPECIFIED IN SECTION 24-75-403
2 (2.5).

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

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

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

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

27 (b) THE CURRENT INFORMATION TECHNOLOGY ASSETS TO WHICH

1 THE INFORMATION TECHNOLOGY ANNUAL DEPRECIATION-LEASE
2 EQUIVALENT PAYMENTS ARE BEING APPLIED.

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

5 **24-37.5-805. Technical debt environment - annual report.** ON
6 OR BEFORE NOVEMBER 1, 2025, AND ON OR BEFORE NOVEMBER 1 OF EACH
7 YEAR THEREAFTER, THE OFFICE SHALL SUBMIT A REPORT TO THE JOINT
8 BUDGET COMMITTEE AND THE JOINT TECHNOLOGY COMMITTEE THAT
9 PROVIDES AN ESTIMATE OF THE STATE'S TECHNICAL DEBT ENVIRONMENT.

10 ==

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

13 **24-75-403. Capital reserve - creation - annual appropriation**
14 **- definitions.** (2.5) FOR EACH CASH FUND FROM WHICH MONEY IS
15 APPROPRIATED FOR AN INFORMATION TECHNOLOGY CAPITAL PROJECT, THE
16 PRINCIPAL DEPARTMENT RESPONSIBLE FOR THE ACCOUNTING RELATED TO
17 THE CASH FUND SHALL IDENTIFY IN THE CASH FUND BALANCE REPORT AN
18 INFORMATION TECHNOLOGY CAPITAL RESERVE, WHICH CONSISTS OF AN
19 AMOUNT EQUAL TO THE DEPRECIATION OF THE DEPRECIABLE COMPONENTS
20 OF THE INFORMATION TECHNOLOGY CAPITAL PROJECT, BASED ON THE
21 DEPRECIATION PERIOD. THE PROVISIONS OF THIS SUBSECTION (2.5) DO NOT
22 APPLY TO CASH FUNDS THAT ARE EXCLUDED FROM THE REQUIREMENTS OF
23 SECTION 24-37.5-125 PURSUANT TO SECTION 24-37.5-125 (1)(c).

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

- 1 the support and maintenance of the departments of the state and state
- 2 institutions.