



**Legislative Council Staff**

*Nonpartisan Services for Colorado's Legislature*

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**Fiscal Note**

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<b>Drafting Number:</b>	LLS 24-1086	<b>Date:</b>	April 29, 2024
<b>Prime Sponsors:</b>	Sen. Bridges; Kirkmeyer Rep. Bird; Taggart	<b>Bill Status:</b>	Senate Appropriations
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**Bill Topic:** **MITIGATE FUTURE STATE TECHNOLOGY DEBT**

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<b>Summary of Fiscal Impact:</b>	<input type="checkbox"/> State Revenue	<input checked="" type="checkbox"/> State Transfer	<input type="checkbox"/> Local Government
	<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> TABOR Refund	<input type="checkbox"/> Statutory Public Entity

The bill requires the Office of Information Technology to adopt rules and requires certain appropriations for information technology capital projects. The bill minimally increases state workload for FY 2024-25, and starting in FY 2025-26, the bill may increase state expenditures and will require transfers from the General Fund.

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**Appropriation Summary:** No appropriation is required.

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**Fiscal Note Status:** The fiscal note reflects the introduced bill, which was recommended by the Joint Budget Committee.

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**Summary of Legislation**

The bill requires the Office of Information Technology (OIT) to promulgate rules that define "technology debt" by December 31, 2024.

Additionally, starting with the Long Bill for FY 2025-26, the bill requires appropriations for information technology capital projects to include an amount sufficient to cover estimated annual depreciation-lease equivalent (ADLE) payments. ADLE payments depend on the source of funding for the capital project and project costs. Of any payments from the General Fund, an amount equal to one percent of the project cost is instead credited to the Technology Risk Prevention and Response Fund.

Each year beginning in 2025, the OIT must report to the Office of State Planning and Budgeting (OSPB) on required ADLE payments for the following year's budget, as well as to the Joint Budget Committee (JBC) and the Joint Technology Committee (JTC) on the state's technology debt.

## **State Transfers**

The bill creates annual transfers beginning in FY 2026-27 via appropriations in the Long Bill from the General Fund to the IT Capital Account in the Capital Construction Fund. The amount each year depends on the number and initial cost of eligible IT projects depreciating that year, and cannot be estimated.

## **State Expenditures**

The bill impacts state expenditures starting in FY 2024-25 as described below.

**Office of Information Technology.** The bill increases workload in the OIT to promulgate rules and ensure required reports are submitted. Overall, this increase is expected to be minimal and no change in appropriations is required.

**Other state agencies.** Beginning in FY 2024-25, to the extent other state agencies initiate information technology capital projects, the bill increases workload to track and report ADLE payments. This can be accomplished within existing appropriations.

**Future appropriations.** Incorporation of ADLE payments into IT project appropriations will occur through the annual budget process. This fiscal note assumes that overall appropriations and spending for information technology capital projects will remain constant relative to current law. In any year when the total amount of ADLE payments to the IT Capital Account exceeds the amount appropriated in the IT capital section of the Long Bill, overall state expenditures will increase.

## **Effective Date**

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

## **State and Local Government Contacts**

Joint Budget Committee Staff

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The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).