

Second Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 24-1086.01 Nicole Myers x4326

SENATE BILL 24-224

SENATE SPONSORSHIP

Bridges and Kirkmeyer, Zenzinger

HOUSE SPONSORSHIP

Bird and Taggart, Sirota

Senate Committees
Appropriations

House Committees

A BILL FOR AN ACT

101 CONCERNING MECHANISMS TO MITIGATE THE CREATION OF FUTURE
102 STATE TECHNOLOGY DEBT.

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.

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 to define technology debt.**

5 ON OR BEFORE DECEMBER 31, 2024, THE OFFICE SHALL PROMULGATE
6 RULES THAT DEFINE "TECHNOLOGY DEBT". IN DEFINING "TECHNOLOGY
7 DEBT", THE OFFICE MAY DESCRIBE "TECHNOLOGY DEBT" AS AN
8 INFORMATION TECHNOLOGY SYSTEM OR ASSET CHARACTERIZED BY
9 INFORMATION SECURITY RISK, INFRASTRUCTURE RISK, OPERATING COST
10 MISALIGNMENT, PRODUCTIVITY COST MISALIGNMENT, OR TALENT
11 DEPRECIATION.

12 **24-37.5-125. Funding for technology debt - information**
13 **technology annual depreciation-lease equivalent payments - fiscal**
14 **impact analysis - definitions.** (1) AS USED IN THIS SECTION, UNLESS THE

1 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) "DEPRECIATION OR AMORTIZATION" MEANS AN AMOUNT
10 CALCULATED AND RECORDED IN ACCORDANCE WITH GENERALLY
11 ACCEPTED ACCOUNTING PRINCIPLES.

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

15 (e) "INFORMATION TECHNOLOGY ANNUAL DEPRECIATION-LEASE
16 EQUIVALENT PAYMENT" MEANS AN AMOUNT EQUIVALENT TO THE
17 RECORDED DEPRECIATION OR AMORTIZATION OF THE INFORMATION
18 TECHNOLOGY ASSET ACQUIRED, REPAIRED, IMPROVED, REPLACED,
19 RENOVATED, OR CONSTRUCTED WITH AN APPROPRIATION FROM THE
20 INFORMATION TECHNOLOGY CAPITAL ACCOUNT IN THE CAPITAL
21 CONSTRUCTION FUND BASED ON THE DEPRECIATION PERIOD, AS
22 CALCULATED BY THE STATE AGENCY OR THE STATE INSTITUTION OF
23 HIGHER EDUCATION, WHICH CALCULATION A STATE INSTITUTION OF
24 HIGHER EDUCATION SHALL REPORT TO THE DEPARTMENT OF HIGHER
25 EDUCATION. THE AMOUNT IS CALCULATED FROM THE DATE OF
26 ACQUISITION OR THE DATE OF COMPLETION OF THE REPAIR, IMPROVEMENT,
27 REPLACEMENT, RENOVATION, OR CONSTRUCTION TO JUNE 30 OF THE

1 FISCAL YEAR OF ACQUISITION OR COMPLETION. THE AMOUNT CONTINUES
2 TO BE ANNUALLY CALCULATED ON A FISCAL YEAR BASIS UNTIL THE
3 DEPRECIATION FOR THE INFORMATION TECHNOLOGY ASSET IS NO LONGER
4 RECORDED.

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

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

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

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

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

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

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

1 FUND.

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

7 (I) FROM A CASH FUND, THEN THE STATE AGENCY SHALL
8 ANNUALLY CALCULATE AN AMOUNT EQUAL TO ONE PERCENT OF THE
9 PROJECT COST AND THE GENERAL ASSEMBLY SHALL INCLUDE AN
10 INFORMATION TECHNOLOGY ANNUAL CONTROLLED MAINTENANCE LINE
11 ITEM PAYABLE FROM THE CASH FUND IN THE OPERATING SECTION OF THE
12 ANNUAL GENERAL APPROPRIATION ACT FOR EACH STATE AGENCY EQUAL
13 TO SUCH AMOUNT. ON JULY 1 OF THE STATE FISCAL YEAR TO WHICH THE
14 ACT APPLIES, THE STATE CONTROLLER SHALL CREDIT THAT AMOUNT TO AN
15 INFORMATION TECHNOLOGY CAPITAL RESERVE ACCOUNT ESTABLISHED BY
16 THE STATE AGENCY IN THE CASH FUND AS SPECIFIED IN SECTION 24-75-403
17 (2.5).

18 (II) FROM THE GENERAL FUND OR THE CAPITAL CONSTRUCTION
19 FUND, THEN THE GENERAL ASSEMBLY SHALL INCLUDE AN INFORMATION
20 TECHNOLOGY ANNUAL CONTROLLED MAINTENANCE LINE ITEM PAYABLE
21 FROM THE GENERAL FUND IN THE OPERATING SECTION OF THE ANNUAL
22 GENERAL APPROPRIATION ACT FOR EACH STATE AGENCY, INCLUDING THE
23 DEPARTMENT OF HIGHER EDUCATION, EQUAL TO ONE PERCENT OF THE
24 PROJECT COST, AS CALCULATED BY THE STATE AGENCY OR THE STATE
25 INSTITUTION OF HIGHER EDUCATION, WHICH CALCULATION A STATE
26 INSTITUTION OF HIGHER EDUCATION SHALL REPORT TO THE DEPARTMENT
27 OF HIGHER EDUCATION. ON JULY 1 OF THE STATE FISCAL YEAR TO WHICH

1 THE ACT APPLIES, THE STATE CONTROLLER SHALL CREDIT SUCH AMOUNT
2 TO THE TECHNOLOGY RISK PREVENTION AND RESPONSE FUND.

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

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

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

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

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

20 **24-37.5-805. Technology debt - annual report.** ON OR BEFORE
21 NOVEMBER 1, 2025, AND ON OR BEFORE NOVEMBER 1 OF EACH YEAR
22 THEREAFTER, THE OFFICE SHALL SUBMIT A REPORT TO THE JOINT BUDGET
23 COMMITTEE AND THE JOINT TECHNOLOGY COMMITTEE THAT PROVIDES AN
24 ESTIMATE OF THE STATE'S TECHNOLOGY DEBT, AS DEFINED BY RULES
25 PROMULGATED BY THE OFFICE PURSUANT TO SECTION 24-37.5-124.

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

1 **24-75-403. Capital reserve - creation - annual appropriation**
2 **- definitions.** (2.5) FOR EACH CASH FUND FROM WHICH MONEY IS
3 APPROPRIATED FOR AN INFORMATION TECHNOLOGY CAPITAL PROJECT, THE
4 PRINCIPAL DEPARTMENT RESPONSIBLE FOR THE ACCOUNTING RELATED TO
5 THE CASH FUND SHALL IDENTIFY IN THE CASH FUND BALANCE REPORT AN
6 INFORMATION TECHNOLOGY CAPITAL RESERVE, WHICH CONSISTS OF AN
7 AMOUNT EQUAL TO THE DEPRECIATION OF THE DEPRECIABLE COMPONENTS
8 OF THE INFORMATION TECHNOLOGY CAPITAL PROJECT, BASED ON THE
9 DEPRECIATION PERIOD.

10 **SECTION 4. Safety clause.** The general assembly finds,
11 determines, and declares that this act is necessary for the immediate
12 preservation of the public peace, health, or safety or for appropriations for
13 the support and maintenance of the departments of the state and state
14 institutions.