



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 25-1310: PURCHASING TRANSPARENCY INFO TECH. PROCUREMENT

Prime Sponsors:

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Fiscal note status: The fiscal note reflects the introduced bill, which was recommended by the Joint Technology Committee. Due to time constraints, this analysis is preliminary and will be updated following further review and any additional information received.

Summary Information

Overview. The bill modifies procedures for the procurement of information technology resources.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis:

- State Expenditures

Appropriations. For FY 2025-26, the bill requires an appropriation of \$163,729 to the Office of Information Technology.

Table 1
State Fiscal Impacts

Type of Impact¹	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue	\$0	\$0
State Expenditures	at least \$190,641	at least \$183,971
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	at least 1.0 FTE	at least 1.0 FTE

¹ Fund sources for these impacts are shown in the tables below.

**Table 1A
 State Expenditures**

Fund Source	Budget Year FY 2025-26	Out Year FY 2026-27
General Fund	\$0	\$0
Cash Funds	at least \$163,729	at least \$157,059
Federal Funds	\$0	\$0
Centrally Appropriated	at least \$26,912	at least \$26,912
Total Expenditures	at least \$190,641	at least \$183,971
Total FTE	at least 1.0 FTE	at least 1.0 FTE

Summary of Legislation

The bill modifies procedures for the procurement of information technology (IT) resources.

Procurement Process

Current law generally requires the Office of Information Technology (OIT) to initiate, approve, or supervise the procurement process for IT resources for state agencies. As part of this process, any procurement agreements must allow for the OIT to enforce technology and security standards or conduct due diligence or audits of providers. Additionally, the OIT must oversee IT vendors on behalf of state agencies.

Under the bill, state agencies can independently administer the procurement process, with the OIT being a party to procurement agreements if requested by a state agency. Also, the OIT must establish standards regarding components of procured IT resources rather than directly supervising the application of these standards in the procurement process.

Additionally, state agencies must issue a request for information (RFI) prior to contracting for a major IT project, or conduct market research prior to contracting for other IT projects. This information must be provided as part of a budget request for an IT project, which must also be provided to the Joint Technology Committee (JTC) through the Office of State Planning and Budgeting (OSPB).

Finally, the JTC may specifically request responses to RFIs from state agencies, which must be discussed in executive session. The JTC is also authorized to conduct an annual review of all rates the OIT charges to state agencies. The OIT must present rate information to the JTC either publicly or in executive session, as determined in an executive session of the JTC.

Information Technology Revolving Fund

The Information Technology Revolving Fund in the Office of Information Technology (OIT) is continuously appropriated under current law. It is used to pay for the direct and indirect costs of the office, and for IT consolidation, maintenance, and upgrades for state agencies. The fund receives user fees for certain IT services provided to state agencies, which occurs via reappropriations from other state agencies in the annual Long Bill. These reappropriations fund various Long Bill line items for the OIT. The bill makes the fund subject to annual appropriation.

State Expenditures

The bill increases state expenditures in the OIT by at least \$190,000 in FY 2025-26 and \$184,000 in FY 2026-27, as shown in Table 2. Costs are paid from the Information Technology Revolving Fund. The bill also potentially increases workload and costs in other agencies that seek to conduct procurement independently from the OIT. Given the discretionary nature of this new authority, costs for other agencies to shift to this new mode of procurement, and potential costs savings in the OIT, cannot be estimated and are assumed to be addressed through the annual budget process. These impacts are discussed below.

Table 2
State Expenditures
Office of Information Technology

Cost Component	Budget Year FY 2025-26	Out Year FY 2026-27
Personal Services	\$155,779	\$155,779
Operating Expenses	\$1,280	\$1,280
Capital Outlay Costs	\$6,670	\$0
Centrally Appropriated Costs	\$26,912	\$26,912
Total Costs	at least \$190,641	at least \$183,971
Total FTE	at least 1.0 FTE	at least 1.0 FTE

Office of Information Technology

The OIT requires at least 1.0 FTE at the director level to implement the bill. Staff will coordinate the transition of the OIT's duties regarding IT resource procurement, address ongoing implementation of the bill, and develop standards for use in IT procurement by other agencies. If additional funding is required by the OIT for more staff or other costs necessary to implement the bill, this will be addressed through the annual budget process. Amounts include standard operating and capital outlay costs and assume a July 1, 2025 start date.

Other Agency Impacts

The bill impacts other state agencies as discussed below.

Agencies Consolidated under the OIT

Except as discussed below, most state agency IT functions are consolidated under the OIT. The bill increases workload in these agencies to implement the bill, but does not require a change in appropriations at this time. To the extent that agencies perform IT procurement apart from OIT, their expenditures may increase, and expenditures in OIT will correspondingly decrease.

Depending on procurement decisions made by agencies, the OIT may adjust the user fees it charges to agencies, which may require an adjustment in those agencies' appropriations. These shifts in appropriations and reappropriations will be addressed through the annual budget process. The fiscal note assumes that agencies will continue to rely on OIT for procurement services unless they otherwise have resources to conduct the procurement themselves.

Generally, it is assumed that agencies that wish to conduct IT procurement independent of the OIT will need to submit a budget request outlining their plan and the resources needed to shift to this alternate form of procurement before it takes effect.

Agencies Not Consolidated Under the OIT

The bill does not impact state agencies that do not have their IT functions consolidated under the OIT, which includes the:

- Legislative Department;
- Judicial Department;
- Department of Education;
- Department of Law;
- Department of State;
- Department of the Treasury; and
- state institutions of higher education.

Centrally Appropriated Costs

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are shown in the expenditure table above.

Effective Date

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

State Appropriations

For FY 2025-26, the bill requires an appropriation of \$163,729, and 1.0 FTE, to the Office of Information Technology from reappropriated funds in the Information Technology Revolving Fund.

Departmental Difference

The fiscal note differs with the estimates provided for this bill by the OIT, and the CDEC and the CDLE as discussed below.

OIT

The OIT estimates that the bill increases expenditures by about \$1.8 million, and 7.3 FTE, in FY 2025-26. This includes staff to respond to issues that arise under the bill's more decentralized IT landscape, and monitor the independent procurement of IT resources by state agencies. The OIT also estimates an increase in legal services costs and costs for annual risk and compliance assessments conducted by a third-party provider.

The fiscal note assumes that state agencies will generally adhere to the OIT's standards for IT procurement. The fiscal note acknowledges that the bill increases workload for the OIT to monitor independent IT procurement by state agencies and to otherwise implement the bill, but instead estimates that 1.0 FTE is sufficient for these efforts at this time, and that any increase in workload from monitoring agency procurement is offset by the workload saved by not participating directly in the procurement process. If additional resources are required, they will be addressed as necessary through the annual budget process once more is known about how agencies will proceed with their discretionary authority to pursue IT procurement independent from the OIT.

CDEC and CDLE

The CDEC and the CDLE both estimate that the bill increases their respective workloads relative to current law regarding procurement of IT resources. For FY 2025-26, the CDEC estimates \$547,708, and 4.0 FTE, and the CDLE estimates \$489,835, and 3.4 FTE, both paid from the General Fund. These staff would be responsible for directly administering procurement of IT resources rather than the OIT, and for complying with other requirements of the bill.

The fiscal note assumes that since the bill allows agencies to independently procure IT resources, but does not require them to do so, the CDEC and the CDLE will either continue to utilize the OIT for IT procurement or independently engage in IT procurement, whichever results in the least-cost implementation of the bill. It is also assumed that any change in appropriations that may be required to pursue independent IT procurement by agencies will be requested through the annual budget process based on a specific plan developed by these agencies. Based on this, the fiscal note does not include the costs identified by the CDEC and the CDLE.

State and Local Government Contacts

All State Agencies

Legislative Council Staff

Information Technology