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H.B. 202 136th General Assembly	Fiscal Note & Local Impact Statement
	Click here for H.B. 202's Bill Analysis

Version: As Introduced

Primary Sponsor: Rep. T. Hall

Local Impact Statement Procedure Required: No

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Highlights

- The bill creates the Joint Legislative Information Technology Oversight Committee to review state information technology (IT) expenditures. Neither the House nor the Senate are likely to incur measurable new costs to carry out the duties of the Committee.

- The bill requires the Director of Budget and Management to annually prepare a report on state IT expenditures and present it to the Committee. The Office of Budget and Management is likely to incur minimal administrative expenses to prepare the report.

- The bill may result in savings for the state as an enterprise that could offset any costs incurred by the provisions above. Cost savings could result from better pricing or other improved efficiencies realized by procuring goods and services via online marketplaces.

Detailed Analysis

The bill creates the Joint Legislative Information Technology Oversight Committee, requires the Director of Budget and Management to prepare an annual report on information technology (IT) expenditures by state agencies, and allows state agencies to procure goods and services via online marketplaces when the Director of Administrative Services determines doing so is advantageous for the state. Taken together, these changes may result in some cost saving for the state. The fiscal effects of the individual changes are discussed in more detail below.

Joint Legislative Information Technology Oversight Committee

The bill creates the Joint Legislative Information Technology Oversight Committee with a primary duty of preparing the annual IT expenditure report prepared by the Director of Budget and Management. The Committee consists of six members, three each from the House of Representatives and the Senate. Members are appointed by the Speaker of the House and Senate

President, respectively and serve terms that begin on the day of appointment and end on the last day of the member's term in the General Assembly during which the member was appointed to the Committee. The Committee is chaired in odd-numbered years by a member appointed by the Speaker, and in even-numbered years by a member that is appointed by the Senate President. The bill requires the Committee to meet at least once every six months. The bill does not specify supplemental pay, per-diem rates, or reimbursement for mileage and other expenses incurred by members who serve on the Committee. As such, this fiscal note assumes that the committee's business would be conducted during regularly scheduled session periods and that members would not receive additional compensation for their service on the committee. Therefore, neither the House nor Senate is likely to incur any measurable increase in costs to carry out the duties of the Committee.

Annual IT expenditures report

The Office of Budget and Management (OBM) may incur a small uptick in administrative costs to prepare an annual report on the state's IT expenditures. The bill requires the OBM Director to include the total expenditures of each state agency on IT systems and services for the previous fiscal year. Under the bill, costs for internet service, IT hardware, software, security, services and staff, contracts for any services to maintain and repair IT systems, and projects undertaken with respect to IT must be included in the report. OBM is likely to incur administrative costs to refine IT cost tracking mechanisms currently in place and to prepare the report as required by the bill. Any costs are likely to be minimal at most.

Procurement of goods and services via online marketplaces

The bill may result in some cost savings for state agencies via provisions that allow for the procurement of goods and services through "online marketplaces."[1] Although cost savings may be enjoyed by agencies other than OBM or the General Assembly, cost savings could be enough to offset potential costs mentioned above and result in an overall savings for the state as an enterprise. Specifically, the bill allows the Director of Administrative Services to purchase goods and services and to allow state agencies to purchase goods and services through an online marketplace when advantageous for the state. Presumably, this alternate procurement method would only be employed when prices of goods and services were better through the online marketplace, or some other efficiency was gained by procuring goods and services in this manner. Quantifying any potential savings is difficult due to the uncertainty in what goods and service would be purchased through online marketplaces.

The bill may also result in some cost savings when the state or state agencies procure software specifically. Under the bill, a state agency is prohibited from entering a contract for software that limits the agency's ability to choose the hardware or cloud platform on which the software runs. This appears to allow state agencies greater flexibility in employing existing

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[1] Under continuing law, an "online marketplace" is defined as any person or entity that operates a consumer-directed electronically based or accessed platform that meets all the following criteria: (1) it includes features that allow for, facilitate, or enable third-party sellers to engage in the sale, purchase, payment, storage, shipping, or delivery of a consumer product in this state, (2) it is used by one or more third-party sellers for such purposes, and (3) it has a contractual or similar relationship with consumers governing their use of the platform to purchase consumer products.

hardware or procuring new hardware to run software applications and not be limited to hardware specified by a particular software provider.