

**First Regular Session
Sixty-ninth General Assembly
STATE OF COLORADO**

PREAMENDED

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

LLS NO. 13-0707.01 Esther van Mourik x4215

SENATE BILL 13-190

SENATE SPONSORSHIP

Steadman, Hodge, Lambert

HOUSE SPONSORSHIP

Gerou, Duran, Levy

Senate Committees
Appropriations

House Committees

A BILL FOR AN ACT

101 **CONCERNING THE IMPLEMENTATION OF THE COLORADO FINANCIAL**
102 **REPORTING SYSTEM MODERNIZATION PROJECT.**

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://www.leg.state.co.us/billsummaries>.)

Joint Budget Committee. The bill authorizes the state to enter into one or more lease-purchase agreements for the implementation costs of the Colorado financial reporting system modernization project.

The bill also requires the office of information technology (office) to ensure that the Colorado financial reporting system include any

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

functionality that the legislative branch deems to be of particular importance, or promptly explain why such functionality cannot be incorporated. The office must also report to the joint budget committee regarding its progress on the project in a format and at time intervals specified by the joint budget committee in writing.

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

2 **SECTION 1. Legislative declaration.** (1) The general assembly
3 finds that:

4 (a) Operating a statewide accounting system is a core function of
5 state government that needs to be supportable, stable, and secure;

6 (b) The existing system is twenty years old and is at the end of its
7 useful, practical life cycle. The system is also highly customized and very
8 few personnel are trained in maintaining, repairing, and updating it.

9 (c) House Bill 12-1335, the annual general appropriation act,
10 appropriated over eight million six hundred thousand dollars (\$8,600,000)
11 from various funding sources of state agencies and the same amount of
12 re-appropriated funds in the governor's office of information technology
13 to begin the modernization. Underlying those appropriations was a
14 ten-year level payment funding plan that included payments in addition
15 to the annual operating cost for eight years after the July 1, 2014,
16 "go-live" date for the system. The level funding plan included an
17 assumption that the system implementation costs, which are expected to
18 occur primarily in the 2012-13 and 2013-14 state fiscal years, be financed
19 in some manner.

20 (d) The treasurer's office has determined the capital costs of the
21 project can be financed at a lower capital cost through a privately placed
22 capital lease-purchase agreement.

23 (2) It is therefore in the best interest of the citizens of Colorado to

1 authorize the state of Colorado, acting by and through the state treasurer,
2 to enter into one or more lease-purchase agreements and other agreements
3 as necessary to finance the implementation costs of the Colorado financial
4 reporting system modernization project.

5 **SECTION 2. Lease-purchase agreement.** (1) (a) The state of
6 Colorado, acting by and through the state treasurer, is authorized to
7 execute one or more lease-purchase agreements for up to nine years to
8 finance the implementation costs of the Colorado financial reporting
9 system modernization project. The total amount of the principal
10 component of said lease-purchase agreement, including reasonable and
11 necessary closing costs, shall not exceed thirty-three million dollars
12 (\$33,000,000).

13 (b) Enactment of this act shall satisfy the requirements of section
14 24-82-801, Colorado Revised Statutes.

15 (2) (a) The lease-purchase agreement authorized in subsection (1)
16 of this section shall provide that all of the obligations of the state under
17 the agreement shall be subject to the action of the general assembly in
18 annually making moneys available for all payments thereunder. The
19 agreement shall also provide that the obligations shall not be deemed or
20 construed as creating an indebtedness of the state within the meaning of
21 any provision of the state constitution or the laws of the state of Colorado
22 concerning or limiting the creation of indebtedness by the state of
23 Colorado and shall not constitute a multiple fiscal-year direct or indirect
24 debt or other financial obligation of the state within the meaning of
25 section 20 (4) of article X of the state constitution. In the event the state
26 of Colorado does not renew the lease-purchase agreement authorized in
27 subsection (1) of this section, the sole security available to the lessor shall

1 be the property that is the subject of the lease-purchase agreement.

2 (b) (I) The lease-purchase agreement authorized in subsection (1)
3 of this section may contain such terms, provisions, and conditions as the
4 state treasurer, acting on behalf of the state of Colorado, may deem
5 appropriate, including all optional terms; except that the lease-purchase
6 agreement shall specifically authorize the state of Colorado to:

7 (A) Receive all personal property that is the subject of the
8 lease-purchase agreement on or prior to the expiration of the terms of the
9 lease-purchase agreement; and

10 (B) Reduce the term of the lease through prepayment of rental and
11 other payments.

12 (II) Any personal property received under the lease-purchase
13 agreement by the state on or prior to the expiration of the terms of the
14 lease-purchase agreement shall be held for the benefit and use of the state.

15 (III) Such lease-purchase agreements may further provide for the
16 issuance, distribution, and sale of instruments evidencing rights to receive
17 rentals and other payments made and to be made under the agreement.
18 Such instruments shall not be notes, bonds, or any other evidence of
19 indebtedness of the state within the meaning of any provision of the state
20 constitution or the laws of the state concerning or limiting the creation of
21 indebtedness of the state.

22 (c) The state of Colorado, acting through the state treasurer, with
23 the consent of the chief information officer of the governor's office of
24 information technology, is authorized to enter into ancillary agreements
25 and instruments as are deemed necessary or appropriate in connection
26 with the lease-purchase agreements.

27 (3) The provisions of section 24-30-202 (5) (b), Colorado Revised

1 Statutes, shall not apply to the lease-purchase agreement authorized in
2 subsection (1) of this section or any ancillary agreement entered into
3 pursuant to paragraph (c) of subsection (2) of this section. Any provision
4 of the fiscal rules promulgated pursuant to section 24-30-202 (1) and
5 (13), Colorado Revised Statutes, that the state controller deems to be
6 incompatible or inapplicable with respect to said lease-purchase
7 agreements or any ancillary agreement may be waived by the controller
8 or his or her designee.

9 **SECTION 3.** In Colorado Revised Statutes, **add** 24-37.5-114 as
10 follows:

11 **24-37.5-114. Colorado financial reporting system**
12 **modernization project - reporting.** IN THE EVENT THAT THE EXECUTIVE
13 COMMITTEE OF THE LEGISLATIVE COUNCIL, THE JOINT BUDGET
14 COMMITTEE, OR THE LEGISLATIVE AUDIT COMMITTEE DEEM CERTAIN
15 FUNCTIONALITY OF THE COLORADO FINANCIAL REPORTING SYSTEM TO BE
16 OF PARTICULAR IMPORTANCE TO THE LEGISLATIVE BRANCH, THIS WILL BE
17 CONVEYED IN WRITING TO THE OFFICE AND THE GOVERNOR. THE OFFICE
18 MUST ENSURE THAT SUCH FUNCTIONALITY IS INCORPORATED OR MUST
19 PROMPTLY EXPLAIN WHY SUCH FUNCTIONALITY CANNOT BE
20 INCORPORATED. IF THE FUNCTIONALITY CANNOT BE INCLUDED BECAUSE
21 SUCH A CHANGE WOULD REQUIRE ADDITIONAL APPROPRIATIONS, THE
22 OFFICE MUST EXPLAIN WHY ADDITIONAL APPROPRIATIONS ARE
23 NECESSARY. THE OFFICE MUST REPORT TO THE JOINT BUDGET COMMITTEE
24 AND THE CAPITAL DEVELOPMENT COMMITTEE REGARDING ITS PROGRESS
25 ON THE PROJECT IN A FORMAT AND AT TIME INTERVALS SPECIFIED BY THE
26 JOINT BUDGET COMMITTEE AND THE CAPITAL DEVELOPMENT COMMITTEE
27 IN WRITING. IF A MEETING IS NECESSARY FOR ANY REPORT REQUIRED BY

1 THIS SECTION, WHEN POSSIBLE THE MEETING MAY BE A JOINT MEETING OF
2 THE JOINT BUDGET COMMITTEE AND THE CAPITAL DEVELOPMENT
3 COMMITTEE.

4 **SECTION 4. Safety clause.** The general assembly hereby finds,
5 determines, and declares that this act is necessary for the immediate
6 preservation of the public peace, health, and safety.