



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **HB 891** HLS 22RS 1622
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 12, 2022 9:05 AM	Author: DESHOTEL
Dept./Agy.: Division of Administration - Office of Technology Services	
Subject: Internet Services, Wide Area Network Services and Systems	Analyst: Monique Appeaning

TECHNOLOGY RE SEE FISC NOTE GF EX See Note Page 1 of 1
 Provides relative to the procurement of internet services and wide area networks services and systems by state agencies

Proposed law removes the exclusive authority of the office of technology services (OTS) or the office of telecommunication to provide internet services and wide area network systems or services. Proposed law removes "wide area network systems and services" from the "telecommunications systems" definition.

Proposed law provides that "nothing in the proposed law shall prevent the office of technology service from exercising its authority over information technology security systems."

EXPENDITURES	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total						
REVENUES	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

Proposed law may result in a net increase in IAT expenditures for state agencies to contract with vendors outside of OTS. OTS anticipates that the fiscal impact on agencies will be SGF and Federal. Based on information provided by OTS, a reduction in operating expenses represents the net impact of removing costs for internet purchase and delivery across the OTS network and replacing them with commercial internet commodity rates. An increase in equipment costs represents the cost of in-network modifications necessary to secure commodity internet traffic from individual locations and maintain compliance with federal regulations, state statutes, and policies. The cost assumes all 950 locations currently utilizing OTS for internet service will need to be updated. OTS reports the following expenditure impact that is spread across five fiscal years.

	FY 23	FY 24	FY 25	FY 26	FY 27
Operating Services	(\$1.2 M)	(\$1.2 M)	(\$1.2 M)	(\$1.2 M)	(\$1.2 M)
Equipment	<u>\$5.4 M</u>	<u>\$5.4 M</u>	<u>\$5.4 M</u>	<u>\$5.4 M</u>	<u>\$5.4 M</u>
Total	<u>\$4.2 M</u>	<u>\$4.2 M</u>	<u>\$4.2 M</u>	<u>\$4.2 M</u>	<u>\$4.2 M</u>

NOTE: The Legislative Fiscal Office (LFO) cannot corroborate the needs identified by OTS. Proposed law allows agencies to choose other internet services or wide area network systems or service providers.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate	Dual Referral Rules	House
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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