

## **BILL ANALYSIS**

C.S.H.B. 1096  
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State Affairs  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

There have been calls to upgrade legacy computer systems that are currently in use by state agencies to more modern standards, both for security purposes and to improve the quality of state services. C.S.H.B. 1096 seeks to provide for such upgrades by creating the Texas innovation fund and the state agency technology upgrades account, from which funds may be made available to applicable state agencies for these purposes.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that rulemaking authority is expressly granted to the comptroller of public accounts in SECTION 1 of this bill.

### **ANALYSIS**

C.S.H.B. 1096 amends the Government Code to establish the Texas innovation fund and the state agency technology upgrades account as special funds outside the state treasury. The bill sets out the composition of both the fund and the account and establishes the Texas innovation fund board to administer the fund and the account and to make awards of financial assistance to executive branch state agencies from the fund or account for qualifying information technology modernization projects. The bill establishes that the fund and the account are to be used by the board without further legislative appropriation and provides for the composition of the board, board member terms of office, and the entitlement of board members to expense reimbursement but not compensation.

C.S.H.B. 1096 requires the comptroller of public accounts, in consultation with the Department of Information Resources (DIR), to establish a loan program to authorize the board to use money from the fund to provide loans to executive branch state agencies for qualifying information technology modernization projects that:

- replace the agency's information technology systems;
- transition the agency's legacy information technology systems to a cloud computing service or other innovative commercial platform or technology; or
- develop and implement a method to provide adequate, risk-based, and cost-effective information technology responses to threats to the agency's information security.

The bill sets out, among other terms, definitions for "information technology system" and "legacy information technology system" and assigns to the term "cloud computing service" the meaning assigned for certain state purchases.

C.S.H.B. 1096 requires an applicable state agency to apply to the board for a loan from the fund and requires the application to include a description of the project for which the state agency is requesting a loan. The bill requires a loan agreement between the board and a state agency to require the agency to repay the loan to the board within seven years of the date the loan is made and to make annual reports to the board identifying cost savings realized by the agency as a result of the project.

C.S.H.B. 1096 requires the comptroller, at the end of each state fiscal year and on the written request of an applicable state agency, to deposit to the credit of the account the unexpended balance of any money appropriated to the agency for that state fiscal year that is budgeted by the agency for information technology services or cybersecurity purposes. The bill authorizes an agency to request money from the account from the board at any time for a qualifying information technology modernization project.

C.S.H.B. 1096 requires the comptroller separately to account for the amount of money deposited to the account at the request of each state agency. The unexpended balance deposited to the account, and any interest and other earnings on that balance, may be provided only to the agency for which the comptroller deposited the money and used only for a qualifying information technology modernization project. The bill requires any money deposited to the account at the request of a state agency that is not requested by the agency within three years from the date the money is deposited to be transferred by the comptroller to the general revenue fund to be used in accordance with legislative appropriation.

C.S.H.B. 1096 authorizes a state agency that receives money from the fund or the account to collaborate with one or more state agencies that also receive money from the fund or the account to purchase information technology systems that may be shared between the agencies. The bill authorizes the comptroller to adopt rules to implement and administer the bill's provisions.

#### **EFFECTIVE DATE**

September 1, 2019.

#### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 1096 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute renames the state technology modernization account the state agency technology upgrades account and changes the nature of the account from a dedicated account in the general revenue fund to a special fund outside the state treasury. The substitute revises the composition of the account.

The substitute includes provisions that do the following:

- establish the Texas innovation fund as a special fund outside the state treasury and set out the composition of the fund;
- establish the Texas innovation fund board to administer the fund and the account and to make awards of financial assistance to applicable state agencies from the fund or account for qualifying information technology modernization projects;
- authorize a state agency to request money from the account from the board at any time for a qualifying project; and
- require the comptroller to establish a loan program in consultation with DIR.

The substitute does not include a provision authorizing money in the account to be appropriated

to a state agency for the purpose of reimbursing the account for any money appropriated to an agency that exceeds the amount of money needed by the agency for applicable purposes.

The substitute revises what constitutes an information technology system.

The substitute increases from two years to three years the period within which a state agency must request money deposited to the account at the agency's request before the unrequested money is sent to the general revenue fund to be used in accordance with legislative appropriation.