



**ARIZONA STATE SENATE**  
*Fifty-Second Legislature, Second Regular Session*

**VETOED**

**FINAL REVISED**

**AMENDED**

FACT SHEET FOR S.B. 1434

information technology; consolidated purchasing

Purpose

Specifies standards and practices relating to state information technology (IT) infrastructure and cloud computing and requires budget units to submit IT infrastructure plans to the Joint Legislative Budget Committee (JLBC)

Background

Laws 2012, Chapter 298 established the Automation Projects Fund (APF), administered by the ADOA. Monies in the APF are intended to be used for automation and IT projects for any state agency. Pursuant to A.R.S. § 41-714, before monies are expended from the APF, the ADOA must receive approval from JLBC. The APF consists of monies appropriated by the Legislature and the ADOA must submit quarterly reports to the JLBC regarding projects funded through the APF.

Pursuant to A.R.S. § 41-3504, any IT projects in the APF with a total cost greater than \$5,000,000 must receive independent analysis before receiving approval from the Information Technology Authorization Committee (ITAC).

APF provided funding to replace the Arizona Financial Information System (AFIS) and the Adult Inmate Management System (AIMS) at the Department of Corrections along with a number of other large IT projects.

Provisions

1. Requires ADOA to identify opportunities for IT consolidation and shared services.
2. Establishes a two-year hardware, platform and software refresh cycle that requires each budget unit to investigate migrating their IT assets to a cloud computing system or cloud model as defined by the National Institute of Standards and Technology.

3. Requires budget units to consider purchasing and using a cloud computing system before making any new IT or telecommunications investment.
4. Establishes guidelines for the purchase and utilization of IT and telecommunications hardware and materials.
5. Requires government-utilized off-premises IT environments to conform to applicable federal regulations, depending on the attributes of the data being stored in the off-premises environment.
6. Requires budget units to establish cyber security protocols that conform to regulations in National Institute of Standards and Technology publications and the National Institute of Standards and Technology Cyber Security Framework.
7. Requires budget units to conduct data categorization before migration. Categorization must conform to certain federal government standards.
8. Requires third parties to conform to certain federal government standards.
9. Requires economic analysis of consolidating IT assets to consider a period of not less than five years of ownership of the IT assets.
10. Requires budget units to use IT environments in which all data will reside in the United States.
11. Requires budget units to utilize IT data security that conforms to certain federal government standards.
12. Requires budget units to report their IT infrastructure migration plan to the ADOA on or before January 1, 2017.
13. Requires budget units, beginning in 2017, to report to the ADOA, the Chief Information Officer and the Chairperson of the JLBC on or before January 1 and July 1 of each year the budget unit's progress in transferring data to a cloud computing system.
14. Requires a budget unit to submit each IT infrastructure plan to JLBC for approval before awarding any contract. JLBC may meet in executive session to consider the plan, which shall include the project investment justification, the name of each bidder and the amounts and conditions of the bids, and the name and bid amount of the successful bidder.
15. Requires ADOA to solicit at least two written bids for any IT project that exceeds \$100,000 before awarding the contract.
16. Requires budget units to submit IT infrastructure plans to the JLBC for review within 90 days after awarding any IT infrastructure contract if the contract exceeds \$2,500,000.
17. Allows the JLBC to meet in executive session to review IT infrastructure plans.

18. Requires IT infrastructure plans to include a project investment justification or request for proposal, the name of each bidder that was requested to bid and each bidder that submitted a bid along with amounts and conditions of the bids. Plans must also include the name and bid amount of the successful bidder.
19. Becomes effective on the general effective date.

Amendments Adopted by Committee of the Whole

- Beginning January 1, 2017, requires each budget unit to report to ADOA regarding its plan for migrating its IT structure to an off-site data center and report to ADOA and JLBC on its progress in transferring data and any factors delaying or inhibiting the expansion of cloud usage.

Amendments Adopted by the House of Representatives

- Requires ADOA to adopt policies regarding hardware refresh, platform evaluation and software evaluation.

Governor’s Veto Message

The Governor indicates in his veto message that the bill appears to add extra layers of bureaucracy that are unnecessary and will stall needed advancements in technology.

Senate Action

House Action

GOV	2/17/16	DP	6-1-0	APPROP	3/23/16	DP	10-1-0-3
APPROP	2/16/16		7-0-0	3 <sup>rd</sup> Read	5/6/16		55-0-5
3 <sup>rd</sup> Read	3/10/16		25-4-1				

Vetoed by the Governor 5/17/16

Prepared by Senate Research

May 24, 2016

CS/lr