

HOUSE BILL REPORT

HB 1122

As Reported by House Committee On:
Technology, Energy & Communications

Title: An act relating to the authority of the department of information services to provide services to public agencies.

Brief Description: Regarding the department of information services' authority to provide services to public agencies.

Sponsors: Representatives Frockt, McCoy and Kenney; by request of Department of Information Services.

Brief History:

Committee Activity:

Technology, Energy & Communications: 1/25/11, 2/4/11 [DPS].

Brief Summary of Substitute Bill

- Authorizes the Department of Information Services to provide information technology services to state and local governments located in other states.

HOUSE COMMITTEE ON TECHNOLOGY, ENERGY & COMMUNICATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives McCoy, Chair; Jacks, Vice Chair; Anderson, Billig, Carlyle, Eddy, Frockt, Hasegawa, Kelley, Liias and Morris.

Minority Report: Without recommendation. Signed by 7 members: Representatives Crouse, Ranking Minority Member; Short, Assistant Ranking Minority Member; Dahlquist, Haler, Harris, McCune and Nealey.

Staff: Kara Durbin (786-7133).

Background:

The Department of Information Services (DIS) is a cabinet level agency that provides technology-based services to state agencies and local governments, as well as public benefit

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non-profit corporations, on a cost-recovery basis. Some examples of the type of services that the DIS provides include: telecommunications or computer services; procurement of technology equipment through master contracts; information technology support; and other related technology-based products and services.

State agencies may procure information technology services through the DIS, but are not required to do so if other alternatives are more cost-effective or provide better service.

Summary of Substitute Bill:

The Department of Information Services (DIS) may provide information technology services to any public agency located in this state or in other states, including units of local government. In establishing rates and fees for services, the DIS must consider the total cost of ownership and the net cost to Washington taxpayers of enabling the state to deliver services to state and local public agencies.

When providing information services to public agencies located in the state, the DIS may price its services at rates below full-cost recovery levels if the service offerings will provide cost savings to Washington taxpayers over time. However, the DIS may not price its services to public agencies located in Washington at rates above full-cost recovery levels.

When providing information services to public agencies located in another state, the DIS must use best efforts to ensure the state is recovering all direct and indirect costs associated with the service, plus some additional return.

The term "public agency" is defined.

Substitute Bill Compared to Original Bill:

The substitute bill modifies the current requirement that the Department of Information Services (DIS) offer services on a full cost-recovery basis. It allows the DIS to price services at rates below full-cost recovery levels when providing services to public agencies located in the state, if the service offering will provide overall cost savings to taxpayers over time. It also specifies that the DIS must use best efforts when providing services to public agencies located in another state to recover all direct and indirect costs associated with the service, plus some additional return.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) This bill allows the Department of Information Services (DIS) to host redundancy services in other states. There is some spare capacity in the new State Data Center that the DIS could make available. It is important that we maximize the investment in the State Data Center moving forward. The DIS has been looking at this issue for several years as other states have inquired as to the potential for the DIS to provide services to them. Under current law, it is not clear whether the DIS has the authority to serve other states. When the State Data Center becomes available, the DIS would have the option of hosting other states with services such as disaster recovery capability and electronic mail vault services.

(With concerns) There is a fine line between a state agency offering services to state and local agencies as compared to competing with the private sector for services. At what point is the DIS providing services within our state as well as competing against private enterprise throughout the region? The Technology, Energy and Communications Committee would be upset if an Oregon agency was providing service to state and local agencies here. If the newly proposed Department of Enterprise Services becomes a public agency operating like a business, then this would be unfair, especially since the agency will not have to pay business and occupation tax and other taxes, which would give them a competitive advantage. It is important that this authority granted to the DIS not be overly broad.

(Opposed) None.

Persons Testifying: (In support) Representative Frockt, prime sponsor; and Blake Chard, Department of Information Services.

(With concerns) Jim King, Independent Business Association; and Ron Main, Broadband Communication Association of Washington.

Persons Signed In To Testify But Not Testifying: None.