

# Senate Bill 1089

Sponsored by Senator WOODS

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: Tells state agencies to buy common software through an online portal. Allows the agencies to buy the software through normal buying processes. Tells a state agency to start a program to give grants and loans to other state agencies so that they can replace their old computers and software, and for other purposes. Says that the agencies must pay back the moneys from cost savings. (Flesch Readability Score: 64.2).

Requires contracting agencies to purchase common off-the-shelf software or other information technology products or services that do not require customization through an information technology marketplace portal. Authorizes the State Chief Information Officer to select and preapprove an information technology marketplace portal for use. Specifies features that the information technology marketplace portal must have. Exempts purchases through the information technology marketplace portal from the application of certain provisions of the Public Contracting Code.

Requires the Oregon Department of Administrative Services to create a program to award grants and provide loans to state agencies for replacing outdated information technology and for certain other purposes. Creates an advisory board that the department must consult in awarding grants and providing loans. Establishes the Technology Modernization Fund and appropriates moneys in the fund to the department for the purpose of the department's program.

Declares an emergency, effective on passage.

## A BILL FOR AN ACT

Relating to information technology; and declaring an emergency.

**Be It Enacted by the People of the State of Oregon:**

**SECTION 1. Section 2 of this 2025 Act is added to and made a part of ORS chapter 279B.**

**SECTION 2. (1) As used in this section:**

(a) "Common off-the-shelf software" means a predeveloped software product or service that is commercially available for a broad user base, has a standardized set of features and does not otherwise require extensive customization for use on most common information technology platforms or in most common information technology environments.

(b) "Information technology marketplace portal" means a structured and curated digital catalog from which a contracting agency can identify, select, purchase and obtain or receive delivery of common off-the-shelf software and other standardized information technology products and services at predetermined prices and discounts.

(2) A contracting agency shall purchase common off-the-shelf software, or other information technology products or services that do not require extensive customization to meet the contracting agency's specifications, from an information technology marketplace portal if:

(a) The State Chief Information Officer has preapproved the information technology marketplace portal for use under subsection (3) of this section;

(b) The contracting agency's specifications for the information technology do not require extensive customization;

(c) The price, applicable discounts, time of delivery or other terms and conditions related

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 to the purchase are more favorable to the contracting agency than other purchase methods  
2 would be; and

3 (d) The total value of the purchase does not exceed a cap that the State Chief Informa-  
4 tion Officer specifies by rule.

5 (3) The State Chief Information Officer shall select by means of a competitive process,  
6 and preapprove for use by contracting agencies, one or more information technology mar-  
7 ketplace portals that the State Chief Information Officer determines will provide the best  
8 value to the state. An information technology marketplace portal that the State Chief In-  
9 formation Officer selects and preapproves must, at a minimum, offer:

10 (a) Software, data and services that contracting agencies require for common business  
11 tasks;

12 (b) Products and services from both the person that provides and maintains the infor-  
13 mation technology marketplace portal and, on an equal basis and without favor or discrimi-  
14 nation, from third parties, including third parties that are headquartered in, have a principal  
15 place of business in or are otherwise based in this state;

16 (c) Competitive pricing and a sufficiently large and wide range of products or services  
17 necessary to meet the needs of contracting agencies in this state, including software, soft-  
18 ware as a service, professional services, large datasets, machine learning algorithms and  
19 images;

20 (d) Extensive capability for searching and filtering by price, features, vendor or product  
21 name, platform, feature set, compliance standard and other appropriate selection criteria;

22 (e) Transactional capability for immediate purchases that allows for accepting purchase  
23 orders, negotiated contracts and a variety of payment instruments;

24 (f) A high level of security and confidentiality and an ability to view and verify the use  
25 of security protocols that apply to searches and purchases; and

26 (g) Any other features the State Chief Information Officer specifies by rule.

27 (4) A contracting agency's purchase by means of an information technology marketplace  
28 portal under subsection (2) of this section is not subject to the provisions of ORS 279B.055,  
29 279B.060, 279B.070 or 279B.075.

30 **SECTION 3.** (1) The Oregon Department of Administrative Services shall create a pro-  
31 gram to make loans and grants to state agencies for the following purposes:

32 (a) To improve, retire or replace existing information technology systems for the purpose  
33 of:

34 (A) Providing and enhancing adequate, risk-based and cost-effective cybersecurity sol-  
35 utions to respond to evolving threats to information security;

36 (B) Transitioning legacy information technology systems to cloud computing and other  
37 innovative commercial platforms and technologies; and

38 (C) Improving the efficiency and effectiveness of information technology that state  
39 agencies use to conduct public business;

40 (b) To improve service delivery to residents of this state; and

41 (c) To fund projects that develop or implement artificial intelligence or that develop  
42 otherwise innovative approaches to fulfilling the purposes identified in paragraph (a) of this  
43 subsection.

44 (2)(a) In implementing the program described in subsection (1) of this section, the de-  
45 partment shall consult with and obtain the approval of an advisory board with respect to

1 decisions to award a grant or loan. The advisory board must have nine members who must  
2 be appointed as follows:

3 (A) The Governor shall appoint seven members who are:

4 (i) The State Chief Procurement Officer or an individual whom the State Chief Procure-  
5 ment Officer designates as a representative;

6 (ii) The State Chief Information Officer or an individual whom the State Chief Informa-  
7 tion Officer designates as a representative;

8 (iii) The Director of the Oregon Department of Emergency Management, or an individual  
9 whom the director designates as a representative; and

10 (iv) Four high-level employees of state agencies with extensive knowledge and experience  
11 in information technology development, financial management, cybersecurity and privacy  
12 protection and technology acquisition.

13 (B) The Legislative Fiscal Officer shall appoint an employee of the office who ordinarily  
14 serves as staff support for the Joint Committee on Information Management and Technol-  
15 ogy.

16 (C) The State Court Administrator shall appoint a member that represents the judicial  
17 department.

18 (b) A member of the advisory board described in paragraph (a) of this subsection is not  
19 entitled to additional pay, allowances or benefits as compensation for the member's service  
20 on the board.

21 (c) In identifying and appointing the members described in paragraph (a)(A)(iv) of this  
22 subsection, the Governor shall consult with labor organizations that represent employees  
23 with information technology backgrounds or expertise.

24 (3)(a) The Oregon Department of Administrative Services, in consultation with, and with  
25 the approval of, the advisory board described in subsection (2) of this section, shall develop  
26 a process for receiving applications for grants or loans that the department makes from the  
27 Technology Modernization Fund established under section 4 of this 2025 Act, criteria for  
28 evaluating the applications and a process for awarding grants or providing loans, as appro-  
29 priate, to approved recipients. The department and board shall prioritize for grants or loans  
30 projects that will, or are likely to, result in significant estimated cost savings for the recip-  
31 ient of the grant or loan.

32 (b) A recipient of a grant or loan under paragraph (a) of this subsection must conduct  
33 any procurement with moneys from the grant or loan in an open competitive process in ac-  
34 cordance with the Public Contracting Code and other applicable law.

35 (4)(a) To the extent that a project that the department funds as provided in subsection  
36 (3) of this section results in cost savings to the grant or loan recipient that are attributable  
37 to information technology improvements, upgrades, modernizations or replacements, the  
38 recipient shall transfer to the department an amount that is equivalent to the savings the  
39 recipient realized. The department shall deposit any amounts the department receives under  
40 this subsection to the State Treasury and to the credit of the Technology Modernization  
41 Fund.

42 (b) The department and the advisory board, in consultation with each recipient of a grant  
43 or loan, shall collectively determine how to measure and account for the cost savings de-  
44 scribed in paragraph (a) of this subsection. The department, board and recipient shall adopt  
45 a method of measurement and accounting that prioritizes maintaining the solvency of the

1 **Technology Management Fund.**

2 (c) A state agency may make a transfer described in paragraph (a) of this subsection  
3 from funds appropriated to the state agency for information technology activities, oper-  
4 ations, maintenance or acquisitions.

5 (5) A grant or loan that a state agency receives under this section does not supplant  
6 funds that the state agency receives from appropriations for the purpose of operating or  
7 maintaining the state agency's information technology.

8 (6) Not later than July 1 and December 31 of each year, the Oregon Department of Ad-  
9 ministrative Services shall submit a report as provided in ORS 192.245 to the Joint Commit-  
10 tee on Information Management and Technology. The report must:

11 (a) Assess the ongoing costs associated with establishing the Technology Modernization  
12 Fund and with overseeing and administering the program described in subsection (1) of this  
13 section and compare the costs with any savings realized from funding state agency projects  
14 with moneys from the fund;

15 (b) Evaluate the reliability of the cost savings the department determines under sub-  
16 section (3)(a) of this section in comparison with the cost savings the department determines  
17 under subsection (4)(a) of this section;

18 (c) Determine whether recipients of loans and grants under subsection (3) of this section  
19 used an open competitive process to procure goods or services using moneys from the grant  
20 or loan; and

21 (d) List the numbers of projects for which the department awarded a grant or provided  
22 a loan, the amount and recipient of each grant or loan and the purpose and goals of each  
23 grant or loan.

24 **SECTION 4.** (1) There is created in the State Treasury the Technology Modernization  
25 Fund, separate and distinct from the General Fund. The Oregon Department of Administra-  
26 tive Services shall pay into the State Treasury, to the credit of the Technology Modernization  
27 Fund, all moneys the department collects or receives as appropriations to the department,  
28 as grants or transfers from federal agencies or other sources of federal funds, as repayments  
29 and reimbursements from state agencies that receive loans from the fund and from all other  
30 sources that designate the Technology Modernization Fund as a recipient of donations,  
31 grants or contributions. Moneys in the fund may be invested in the same manner as other  
32 state moneys and any interest earned must be credited to the Technology Modernization  
33 Fund.

34 (2) The department shall keep a record of all moneys deposited into the Technology  
35 Modernization Fund, indicating in the record by separate account the source of the moneys,  
36 the interest earned and the activity against which the department charges any withdrawal.

37 (3) If moneys credited to the Technology Modernization Fund are withdrawn, transferred  
38 or used for purposes other than the purposes for which the fund was established, interest  
39 accrues on the amount withdrawn from the date of withdrawal until the date on which the  
40 moneys are restored to the fund.

41 (4) Moneys in the Technology Modernization Fund are continuously appropriated to the  
42 department for the department's administrative expenses and the department's duties under  
43 section 3 of this 2025 Act.

44 **SECTION 5.** There is appropriated to the Oregon Department of Administrative Services,  
45 for the biennium beginning July 1, 2025, out of the General Fund, the amount of \$10,000,000

1 for the purpose of carrying out the department's duties under section 3 of this 2025 Act.

2 SECTION 6. This 2025 Act being necessary for the immediate preservation of the public  
3 peace, health and safety, an emergency is declared to exist, and this 2025 Act takes effect  
4 on its passage.

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