

STATE OF OKLAHOMA

2nd Session of the 50th Legislature (2006)

COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 2699

By: Johnson

COMMITTEE SUBSTITUTE

An Act relating to public finance; amending Section 4, Chapter 391, O.S.L. 2005 (62 O.S. Supp. 2005, Section 41.5u), which relates to contracts for customized computer software; modifying requirements and procedures for entering into certain software contracts; and providing an effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY Section 4, Chapter 391, O.S.L. 2005 (62 O.S. Supp. 2005, Section 41.5u), is amended to read as follows:

Section 41.5u A. No state agency, as defined by Section 250.3 of Title 75 of the Oklahoma Statutes, nor the Purchasing Division of the Department of Central Services, unless otherwise provided by federal law, shall enter into a contract for the acquisition of customized computer software developed or modified exclusively for the agency or the state, unless the vendor agrees to ~~provide to the agency or the state~~ place into escrow with an independent third party the source code for the software and/or modifications.

B. ~~The State Purchasing Director or the procurement officers of the state agencies not subject to the Central Purchasing Act shall not process any state agency request for the custom modernization or development of computer software unless the proposed vendor provides documentation that complies with subsection A of this section~~ The vendor must agree to place the software and any upgrades supplied to the agency or the state in escrow with a third party reasonably

acceptable to the agency or to the state and to enter into a customary source code escrow agreement providing, among other things, that the agency or the state shall be entitled to receive everything held in escrow upon the occurrence of any one of the following conditions:

1. A bona fide material default of the obligations of the vendor under the escrow agreement with the agency or the state;

2. An assignment by the vendor for the benefit of its creditors, or the vendor generally fails to pay or admits in writing its inability to pay its debts as they mature or files or has filed against it a petition in bankruptcy and such petition is not dismissed within sixty (60) days, or has a receiver, liquidator, or trustee appointed for any substantial part of its property, or is dissolved or liquidated;

3. The vendor is unable or unwilling to provide the maintenance and support services in accordance with the escrow agreement with the agency or the state; or

4. The vendor ceases to maintain and support the software. The fees of the third-party escrow agent shall be borne by the vendor.

C. The State Purchasing Director or the procurement officers of the state agencies not subject to The Oklahoma Central Purchasing Act shall not process any state agency request for the customization, modernization, or development of computer software unless the proposed vendor provides documentation that complies with subsection A of this section.

D. The State Purchasing Director shall provide advice and assistance, as may be required, in order for state agencies to comply with the provisions of this section.

~~D.~~ E. As used in this section:

1. "State agency" shall include all state agencies, whether subject to ~~the~~ The Oklahoma Central Purchasing Act or not, except the Oklahoma Lottery Commission; and

2. "Source code" means the programming instruction for a computer program in its original form, created by a programmer with a text editor or a visual programming tool and saved in a file.

SECTION 2. This act shall become effective November 1, 2006.

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