



May 12, 2026

Honorable Louis DiPalma
Chairman, Senate Finance

Re: Opposition to SB 2445, An Act Relating to Public Property and Works – State Purchases

Dear Chair DiPalma and Members of the Committee,

On behalf of Microsoft, thank you for the opportunity to provide written testimony in opposition to Senate Bill 2445 in its current form, a bill that would interfere with and significantly disrupt commercial contracting between certain large technology companies and adversely affect costs incurred by the State of Rhode Island.

Microsoft is proud to be a technology partner to the State of Rhode Island and believes our technologies are helping state government employees to be more productive and collaborative in their roles. It's part of our mission to provide every person and organization on the planet to achieve more.

With this mission in mind, we license our software so that it is affordable and meets different customer needs. For example, a license to use Microsoft products in a school is generally cheaper than a license to use Microsoft products in a Fortune 500 business. We believe it is important for licensing models to allow differentiation as that differentiation benefits our customers.

Today, we provide customers including the State of Rhode Island with choice - they can choose to buy a license to run software in their data center or they can also choose to buy a software license that runs in a cloud computing environment. We differentiate these options because customers receive different value when running our software in their data center compared to the cloud.

It's important to note that Microsoft treats ourselves the same way we treat our competitors - we have a different license to run software in a hyperscale cloud whether it be Amazon's cloud, Google's cloud, or Microsoft's cloud. What is different is that these



cloud providers choose how much to charge for a Microsoft license in their cloud. Both Amazon and Google negotiated an agreement with Microsoft to resell our software to their customers. They agreed to a cost structure, and now they set the price for our software in their cloud.

This is why we are so concerned by Senate Bill 2445. The language of this bill upends those agreements and would essentially force Microsoft to have only one license available to our customers regardless of whether they choose to run that software in their own data center or in a cloud computing environment. Specifically, we see this bill eliminating the ability of the State to purchase cheaper on-premise software licenses they would run in their data center. By eliminating the ability of the State to purchase cheaper licenses, the only licenses they will be able to provide are the more expensive cloud licenses. By making licenses more expensive, costs go up, not down.

Microsoft believes the future of computing is cloud computing, but today, every customer is on a different journey to the cloud, with different budgets and timelines. And, there are still some applications that are unable to move to the cloud. If this bill passes, the State of Rhode Island would need to purchase more expensive cloud licenses regardless of their intention of running their software in the cloud. This is not the time to introduce more uncertainty into government operating costs.

Microsoft has a proven track record of partnering with governments in the search of solutions to problems and we welcome the opportunity to continue doing so in Rhode Island. As you consider Senate Bill 2445, we ask that you think about what problem this bill is seeking to solve.

Respectfully submitted,

Aimee Sprung