The Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs), establishes uniform accounting and financial reporting requirements for SBITAs. SBITAs provide governments with access to vendors’ information technology (IT) software and affiliated tangible capital assets for subscription payments without allowing perpetual license or title to the IT software and affiliated tangible capital assets. This Statement initiates that a SBITA results in a financing of the right-to-use subscription asset. GASB 96 requires a government to recognize a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability. It provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, and requires note disclosures regarding SBITAs. The standards for SBITAs are based on the standards established in Statement No. 87, Leases.

GASB 96 is effective beginning fiscal year 2022–2023.

By July 1, 2022, state departments will convert their existing SBITA contracts in accordance with GASB 96. This will apply to existing SBITA contracts as well as new contracts. In anticipation for that, state departments need to start now to prepare for the July 1, 2022 GASB 96 implementation date.

How to Prepare?

a. Review the resources provided to learn and understand the requirements under GASB 96.

b. Review the SBITA contracts with your agency’s IT department and/or business services staff and collect documentation of all related agreements and contracts. This includes contracts that grant your department right to use a vendor’s IT software, alone or in combination with a tangible asset, as specified in the contract for a period of time in an exchange or exchange-like transaction. An example of a SBITA contract is an agreement that provides the department the use and control of Microsoft Office software for 3 years, non-cancelable subscription term, and payments of $5,000 annually.

You will only need to collect documentation for contracts that extend beyond June 30, 2022 — GASB 96 does not apply to contracts that end before June 30, 2022.

c. Review and collect documentation of other existing IT subscriptions and contracts that potentially meet the definition of SBITA under GASB 96. This process can be time-consuming, as subscription contracts may be spread across the organization in different departments, divisions, and locations. Remember, an agreement may meet the definition of a SBITA but may not be explicitly identified as a SBITA.

d. Create an inventory of all existing SBITA agreements and other similar contracts using the supplied GASB 96 Pre-implementation Data Workbook. The Workbook will assist your department at determining how to classify your contracts. Input the relevant information for contracts in the “SBITA_Data” tab.
e. Determine which agreements meet the GASB 96 definition of a SBITA. Not all IT arrangements will meet the definition of a SBITA under GASB 96. For example, licensing arrangements that provide a perpetual license are excluded. See the GASB 96 SBITA Implementation – Part I GASB 96 Overview and Decision Tree guides attached for more details. The GASB 96 Pre-implementation Data Workbook will also help you make this determination.

f. Identify the appropriate personnel from your department that the SCO may contact regarding GASB 96 and complete the “Contacts_Data” tab of the GASB 96 Pre-implementation Data Workbook.

g. After completing the GASB 96 Pre-implementation Data Workbook, return it to the SCO to provide a record of your completion of this task by July 15, 2022. The SCO requires only one Workbook per department / business unit.

h. After returning the completed workbook to the SCO, please wait for further communication from the SCO and Department of Finance regarding policy updates and next steps for this implementation.

Resources

Guides and Resources
- GASB 96 Pre-implementation Data Workbook
- SBITA Accounting Decision Tree
- GASB 96 SBITA Implementation – Part I GASB 96 Overview

GASB Literature and Resources (Ctrl + Click to follow link)
- GASB Statement No. 96, Subscription-Based Information Technology Arrangements
- GASB Statement No. 87, Leases
- GASB Statement No. 51, Accounting and Financial Reporting for Intangible Assets
- GASB Implementation Guide No. 2019-3, Leases