

ANALYSIS OF ORIGINAL BILL

Author: Simitian Analyst: Deborah Barrett Bill Number: SB 364
 Related Bills: See Legislative History Telephone: 845-4301 Introduced Date: February 20, 2007
 Attorney: Tommy Leung Sponsor: _____

SUBJECT: State Agencies Disclose Any Breach Of Security Of Data Systems That Contain Personal Information/Substitute Notices Allowed If Cost To Agency Exceeds \$100,000

SUMMARY

This bill would reduce the cost threshold under which state agencies can elect to provide substitute notice in the event of a breach of security of data systems containing personal information.

PURPOSE OF THE BILL

According to the author’s staff, this bill is a spot bill that will be used for an as of yet undetermined purpose.

EFFECTIVE/OPERATIVE DATE

This bill would be effective on January 1, 2008, and be operative for any notices required to be sent on or after that date.

POSITION

Pending.

ANALYSIS

STATE LAW

Under current state law, any agency that owns or licenses computerized data that includes personal information and that experiences a breach of security of the system containing that data must notify the affected individuals that their unencrypted information may have been or is reasonably believed to have been acquired by an unauthorized person. Notification of the breach of security can be provided by written notice, by electronic notice, or by substitute notice if the cost of providing the notice would exceed \$250,000 or involves a class of affected persons in excess of 500,000 persons. Substitute notice can be accomplished by e-mail notification, by posting of the notice in a conspicuous place on the agency’s web site, or by notifying major statewide media.

Board Position: <input type="checkbox"/> S <input type="checkbox"/> NA <input type="checkbox"/> NP <input type="checkbox"/> SA <input type="checkbox"/> O <input type="checkbox"/> NAR <input type="checkbox"/> N <input type="checkbox"/> OUA <input checked="" type="checkbox"/> PENDING	<table style="width: 100%; border: none;"> <tr> <td style="width: 60%;">Department Director</td> <td style="width: 40%;">Date</td> </tr> <tr> <td>Selvi Stanislaus</td> <td>4/9/07</td> </tr> </table>	Department Director	Date	Selvi Stanislaus	4/9/07
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THIS BILL

This bill would lower the cost threshold for state agencies to use the substitute notice provisions from \$250,000 to \$100,000.

IMPLEMENTATION CONSIDERATIONS

Implementing this bill would not impact department's programs or operations.

LEGISLATIVE HISTORY

SB 852 (Bowen, 2005/06) would have expanded notice requirements to taxpayers on security breaches of personal information from only computerized data to all forms of data maintained by agencies and businesses. This bill did not pass out of the Assembly Committee on Business and Professions.

SB 1279 (Bowen, 2003/04) would have required a state agency to provide a credit monitoring service to a person whose personal information was or may have been acquired by an unauthorized person due to a breach of security in a state agency's computer system. This bill did not pass out of the Assembly Committee on Business & Professions.

AB 700 (Simitian, Stats. 2002, Ch. 1054) established the notice requirements for breach of security of systems containing personal information.

FISCAL IMPACT

This bill would have a minor impact to department costs.

ECONOMIC IMPACT

This bill would not impact state income tax revenues.

LEGISLATIVE STAFF CONTACT

Deborah Barrett
Franchise Tax Board
(916) 845-4301
Deborah.Barrett@ftb.ca.gov

Brian Putler
Franchise Tax Board
(916) 845-6333
brian.putler@ftb.ca.gov