

BILL ANALYSIS

Department, Board, Or Commission Franchise Tax Board	Author Irwin	Bill Number AB 670
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SUBJECT

State Agency Security Assessment

SUMMARY

This bill would, under the Government Code, modify provisions of the independent security assessment program under the Office of Information Security (Office).

This analysis only addresses the provisions of the bill that impact the department's programs and operations.

REASON FOR THE BILL

The reason for the bill is to improve security of the state's information technology.

EFFECTIVE/OPERATIVE DATE

This bill would become effective and operative January 1, 2016.

FEDERAL/STATE LAW

Federal law HR 2458-48 established the Federal Information Security Management Act of 2002 (FISMA). The National Institute of Standards and Technology (NIST) (a non-regulatory federal agency within the U.S. Department of Commerce) is responsible for FISMA implementation.

FISMA requires the development of information security standards and guidelines for non-national security federal information systems, including the development of:

- Standards to be used by federal agencies to categorize information and information systems based on the objectives of providing appropriate levels of information security according to a range of risk levels;
- Guidelines recommending the types of information and information systems to be included in each category; and
- Minimum information security requirements (management, operational and technical security controls) for information and information systems in each such category.

State law Government Code section 11549 (a) established the Office of Information Security (Office) within the Department of Technology. The purpose of the Office is to ensure the confidentiality, integrity, and availability of state systems and applications, and to promote and protect privacy as part of the development and operations of state systems and applications to ensure the trust of the residents of this state.

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(916) 845-6333 (Office)

Executive Officer
Selvi Stanislaus

Date
9/14/15

Current law allows the Office to conduct, or require to be conducted, independent security assessments of any state agency, department, or office, except the Department of Forestry and Fire Prevention, the cost of which is funded by the state agency, department, or office being assessed. The Office may require an audit of information security to ensure program compliance, the cost of which is funded by the state agency, department, or office being audited.

THIS BILL

This bill would require the Chief to establish an information security program. The Office may conduct, or require to be conducted, an independent security assessment of every state agency, department, or office. The cost of the assessment is to be funded by the state agency, department, or office being assessed.

In addition to the independent Security assessment, the Office in consultation with the Office of Emergency Services must perform the following duties:

- Annually require no less than 35 state entities to perform an independent security assessment, the cost of which would be funded by the state agency department, or office being assessed.
- Determine criteria and rank state entities based on an information security risk index that may include, but not be limited to, analysis of the relative amount of the following factors within state agencies:
 - Personally identifiable information protected by law.
 - Health information protected by law.
 - Confidential financial data.
 - Self-certification of compliance and indicators of unreported noncompliance with security provisions in information asset management, risk management, information security program or incident management, technology recovery planning.
- Determine the basic standards of services to be performed as part of the independent security assessments.

The bill would also allow the Military Department to perform the required independent security assessment of any state agency, department, or office, the cost of which shall be funded by the state agency, department, or office being assessed.

State agencies and entities required to conduct or receive an independent security assessment would be required to transmit the complete results of that assessment and recommendation for mitigating system vulnerabilities, if any, to the Office and the Office of Emergency Services.

During the process of conducting an independent security assessment, the information and records concerning the independent security assessment are confidential and would not be disclosed, except that the information and records may be transmitted to state employees and state contractors who have been approved as necessary to receive the information and records to perform that independent security assessment, subsequent remediation activity, or monitoring of remediation activity.

Additionally, the results of a completed independent security assessment would be subject to all disclosure and confidentiality provisions pursuant to any state law including the California Public Records Act.

OTHER STATES’ INFORMATION

Since this bill would set standards for independent security assessments of the state’s information technology, a review of other states’ income tax laws is not relevant.

FISCAL IMPACT

The FTB has an established budget for annual security assessments of critical and high risk areas. To the extent that this bill would require the department to participate in a broader security assessment of low and medium risk areas, the department estimates the costs could be between \$264,000 and \$514,000 for additional required security assessments.

ECONOMIC IMPACT

This bill would not impact the state’s income tax revenue.

APPOINTMENTS

None.

SUPPORT/OPPOSITION¹

Support: RIMS.

Opposition: None on file.

VOTES

	Date	Yes	No
Concurrence	09/09/15	79	0
Assembly Floor	06/29/15	79	0
Senate Floor	09/08/15	39	0

¹ According to the April 7, 2015, Assembly Committee on Privacy and Consumer Protection analysis.

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