Franchise Tax Board

ANALYSIS OF AMENDED BILL

Author:	Gordon and Irwin	Analyst:	Janet Jennings	Bill Number:	AB 2623
Related Bills:	None	Telephone:	845-3495	Amended Date:	April 28, 2016
		Attorney:	Bruce Langston	Sponsor:	

SUBJECT: State Agency Information Security Costs Annual Report

SUMMARY

This bill would require specified state agencies to annually report to the Department of Technology a summary of the agency's actual and projected information security costs as specified.

RECOMMENDATION

No position.

Summary of Amendments

The April 28, 2016, amendments removed provisions related to consumer notification of a website's internet privacy policy and replaced them with the provisions discussed in this analysis. This is the department's first analysis of the bill.

REASON FOR THE BILL

The reason for the bill is to allow the Department of Technology to capture statewide information security expenditures.

EFFECTIVE/OPERATIVE DATE

If enacted in the 2016 legislative session, this bill would be effective January 1, 2017, and specifically operative for annual reports due beginning on or before February 1, 2017.

STATE LAW

Current state law requires specified agencies, including the Franchise Tax Board (FTB), to annually report to the Department of Technology a summary of the agency's actual and projected information technology and telecommunications costs.

THIS BILL

This bill would add to the existing reporting requirements, a requirement that the FTB submit a report, on or before February 1, 2017, and annually thereafter in the manner prescribed to the Department of Technology summarizing the FTB's actual and projected information security costs for the immediately preceding and current fiscal years, showing current expenses and projected expenses for the current fiscal year in order to capture statewide information security expenditures, including expenditures of federal grant funds used for information security purposes. The report would be required to include personnel costs attributable to information security.

IMPLEMENTATION CONSIDERATIONS

Depending on the format of the report required by the Department of Technology, implementing this bill could require changes to the FTB's personnel time reporting system, but is not expected to significantly impact the department's programs and operations.

LEGISLATIVE HISTORY

None identified.

OTHER STATES' INFORMATION

Because this bill requires a report to the Department of Technology regarding expenditures for information security, a review of other states' tax information would not be relevant.

FISCAL IMPACT

This bill would require completion of an annual report on the department's current and projected expenditures for information security. As the bill continues to move through the legislative process, costs will be identified, and a budget change proposal will be requested, if necessary.

ECONOMIC IMPACT

Because this bill would require the department to provide an additional report to the Department of Technology, this bill would not impact the state's income tax revenue.

SUPPORT/OPPOSITION

Support: None on file.

Opposition: None on file.

ARGUMENTS

Proponents: Some could argue that this bill would allow the state to track the amount the specified departments spend on information security allowing for evaluation of proper spending by departments.

Opponents: Some could argue an additional legislatively mandated report could be burdensome for some agencies.

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