Local Mandate Fiscal Impact Estimate Kentucky Legislative Research Commission 2017 Regular Session

Part I: Measure Information

Bill Request #: 13						
Bill #: SB 59						
Bill Subject/Title: An ACT relating to the security of personal information.						
Sponsor: Sen. Whitney Westerfield						
Unit of Government: x City x County x Urban-County Unified Local						
x Charter County x Consolidated Local x Government						
Office(s) Impacted: all local government units and offices holding personal information						
Requirement:x Mandatory Optional						
Effect on Powers & Duties:x Modifies Existingx Adds New Eliminates Existing						

Part II: Purpose and Mechanics

SB 59 amends KRS 61.931 to include "user names", "e-mail addresses", and "security question and answer" in the definition of "personal information" that can be involved in a data security breach of information held by state and local government agencies. It amends KRS 61.933 to allow a civil cause of action (for actual damages, attorney's fees and court costs in Franklin Circuit Court) against state and local government agencies who violate the investigation and notice procedures of KRS 61.931 to 61.934, waiving sovereign immunity.

SB 59 amends KRS 365.732 regarding data security breaches in businesses, to expand the definition of "breach of the security system" to include noncomputerized records as well as computerized records, records which are accessed as well as records which are acquired, and encrypted records when the key is also compromised.

The bill defines "encryption" as meeting National Institute of Standards and Technology guidelines and expands the definition of "personally identifiable information" to mirror the definition of "personal information" in KRS 61.931. The bill's provisions include third party agents who contract with information holders, and limits time frames for notices of breaches.

Part III: Fiscal Explanation, Bill Provisions, and Estimated Cost

The fiscal impact on local governments is indeterminate and could range from minimal to moderate. As an "information holder" local governments may now be enjoined in civil actions by persons injured by a local government's failure to comply with investigation and notification procedures relating to security breaches. As stated in Section II, this now includes user names, e-mail addresses, and security questions and answers.

The above could involve costs associated with insurance, with possible civil litigation, and with the indeterminate time and effort required to adjust security procedures in conformity with provisions of SB 59.

Data Source	()): Kentucky Association of County Clerks Association		f Cities; K	<u>Centucky</u>
Preparer:	H. Marks	Reviewer:	JWN	Date:	1/6/17