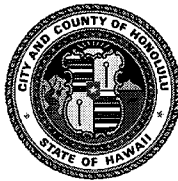


DEPARTMENT OF INFORMATION TECHNOLOGY
CITY AND COUNTY OF HONOLULU

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MUFI HANNEMANN
BRUCE MAYOR



GORDON J.
DIRECTOR & CIO

March 10, 2008

The Honorable Carol Fukunaga, Chairwoman
and Members
Committee on Economic Development and Taxation
Senate
State Capitol
Honolulu, Hawaii 96813

The Honorable Russell S. Kokubun, Chairman
and Members
Committee on Commerce, Consumer protection, and
Affordable Housing
Senate
State Capitol
Honolulu, Hawaii 96813

Dear Chairs Fukunaga and Kokubun and Members:

Subject: House Bill 2712, HD1, Making an Appropriation to the City and County of Honolulu

The City and County of Honolulu is seeking the Legislature's consideration of one measure regarding identity theft.

Encryption

The City's major proposal for 2008 equally affects all the counties and the state government. Acts 135, 136, and 137 were enacted by the Legislature last year and mandate that we protect personal information in our databanks. Act 135 requires businesses and government agencies that keep confidential personal information to notify the public if that data has been compromised by an unauthorized disclosure. Act 136 will require those same entities to take reasonable precautions to protect against unauthorized access to personal information when disposing of records. Act 137 restricts businesses and government agencies from disclosing Social Security numbers to the general public.

These acts represent important steps in ensuring against identity theft; however, they also represent unfunded mandates. The City and County of Honolulu, in particular, administers a number of state-wide and county-wide computer systems that contain considerable amounts of

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personal public information. It is a little known fact that the City and County of Honolulu hosts, and maintains the state and county-wide drivers licensing, motor vehicle registration, voter registration and juvenile justice information systems. This includes data located at production, and backup facilities.

As an example, The City and County of Honolulu issues 30% of all drivers licenses to the other counties around the state, in addition to the 70% issued in the City and County of Honolulu itself. We applaud the legislative body in its desire to protect the personal information of our residents. It is important that we maintain the highest level of confidentiality and security.

In order to meet the intent of these acts, the City and County of Honolulu is requesting \$1.25 million this year from the state in order to better secure the data in all of the county and state systems managed by the City and County of Honolulu. This is a far less costly and time consuming approach when compared to turning these systems back over to the State. It is estimated that the transfer of these systems to the state could cost as high as \$50 million, not including state staff time, and indirect state costs to maintain and support these systems once transferred. It is also estimated that the transfer of these systems back to the state could take as long as 3 to 5 years. As much as I would like to transfer the management of these systems back to the state, it is not a prudent use of taxpayer money.

To effect these changes the City and County of Honolulu will provide the staff to manage the implementation of the hardware and software necessary to secure the data. We will work directly with the appropriate state and county agencies to obtain their input. We estimate we could complete the work in 9 to 12 months from fund availability. A regular status report will be provided to the appropriate state and county agencies as we move forward with the project once funded.

Let me thank you for the important part that you have played in establishing laws to protect the personal data of those of us that live, work and play in Hawaii. We look forward to working on and completing these essential upgrades to the county and state systems.

Sincerely,

Gordon J. Bruce
Director and CIO