

Honolulu, Hawaii

FEB 18 2011

RE: S.B. No. 1162
S.D. 1

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committees on Economic Development and Technology and
Judiciary and Labor, to which was referred S.B. No. 1162 entitled:

"A BILL FOR AN ACT RELATING TO SECURITY BREACHES OF PERSONAL
INFORMATION,"

beg leave to report as follows:

The purpose and intent of this measure is to strengthen the
safeguards for security breaches of personal information held by
government agencies, by:

- (1) Requiring government agencies to develop mandatory
training programs for designated agency personnel;
- (2) In the event of a government security breach, requiring
the government agency to be responsible for the cost of
credit report or credit monitoring services for two
years following the discovery of the security breach;
- (3) Requiring reports of security breaches to be submitted
to the Information Privacy and Security Council;
- (4) Requiring the Council to coordinate implementation of
guidelines by government agencies, and making the
Comptroller or state Chief Information Officer Chair of
the Council;



- (5) Authorizing the Information and Communication Services Division of the Department of Accounting and General Services to provide training; and
- (6) Appropriating unspecified funds for the Council.

Your Committees received testimony in opposition to this measure from two individuals. Your Committees received comments on this measure from the Department of Accounting and General Services, Department of Human Resources of the City and County of Honolulu, University of Hawaii Professional Assembly, and Grande Law Offices.

Your Committees find that in 2008, the Legislature approved several measures to provide greater protection to consumers from security breaches of personal information. Since that time, the Legislature, government agencies, and the private sector have continued a proactive approach to information security. This measure is one of several before the Legislature in the Regular Session of 2011, and your Committees have reviewed this measure as complementary to S.B. No. 796, which was also heard by your Committees.

Your Committees further find that the concerns regarding this measure have been primarily focused on insufficient funding for implementation of the provisions in this measure, specifically the free credit report or credit monitoring and the lack of resources for personnel and security tools.

Your Committees have removed the free credit report or credit monitoring provision from this measure and incorporated a comparable protection in S.B. No. 796, S.D. 1, by amending section 489P, Hawaii Revised Statutes, to add the requirement that credit bureaus shall offer free credit freeze services to victims of data breaches by the private or public sector.

Your Committees have also reviewed the funding concerns raised by the Department of Accounting and General Services. The Department testified that establishing an effective cyber security team would require approximately \$350,000 annually for personnel, and \$875,000 for the first year and \$170,000 thereafter for security tools, maintenance, and licenses.

Your Committees are in support of the expanded information security provisions in S.B. No. 796, S.D. 1, and in this measure.

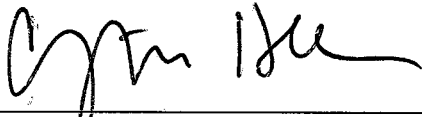


Your Committees have amended this measure accordingly, by:


- (1) Deleting the proposed requirement for the government agency to be responsible for the cost of credit report or credit monitoring services for two years following the discovery of the security breach;
- (2) Adding two unspecified appropriations for specialist and coordinator positions in statewide network security, application scanning, security incident, and training; and for security tools, maintenance, and licenses, including software and enhanced web applications; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Economic Development and Technology and Judiciary and Labor that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1162, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1162, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committees on Economic
Development and Technology and
Judiciary and Labor,



CLAYTON HEE, Chair



CAROL FUKUNAGA, Chair



The Senate
Twenty-Sixth Legislature
State of Hawai'i


Record of Votes
Committee on Economic Development and Technology
EDT

Bill / Resolution No.:* SB1162	Committee Referral: EDT/JDL, WAM	Date: 2/9/11		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
FUKUNAGA, Carol (C)	✓			
WAKAI, Glenn (VC)	✓			
BAKER, Rosalyn H.	✓			
SOLOMON, Malama				✓
SLOM, Sam	✓			
TOTAL	4	0	0	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes

The Senate
 Twenty-Sixth Legislature
 State of Hawai'i

Record of Votes
Committee on Judiciary and Labor
JDL

Bill / Resolution No.:* SB 1162	Committee Referral: EDT/JDL, WAM	Date: 2-9-2011		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
HEE, Clayton (C)	✓			
SHIMABUKURO, Maile (VC)	✓			
GABBARD, Mike				✓
IHARA, Jr., Les				✓
SLOM, Sam	✓			
TOTAL	3	0	0	2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes