

NEIL ABERCROMBIE
GOVERNOR



BRUCE A. COPPA
Comptroller

RYAN OKAHARA
Deputy Comptroller

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING
AND GENERAL SERVICES
P.O. BOX 119
HONOLULU, HAWAII 96810-0119

L A T E

TESTIMONY
OF
BRUCE A. COPPA, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
SENATE COMMITTEES
March 30, 2011

H.B. 678, H.D. 3, S.D. 1

RELATING TO INFORMATION.

The Department of Accounting and General Services (DAGS) supports H.B. 678, H.D. 3, S.D. 1 with appropriate funding included to achieve the objectives and intent.

DAGS supports the language that suggests proactively investing to prevent breaches through enhanced cyber security training and technical solutions and considers it a wise use of resources. Appropriate funding needs to be included in the following sections.

SECTION 9 positions and funding in support of the information privacy and security council and enhanced data security requirements, in the sum of \$500,000.

SECTION 10 specialist and coordinator positions in statewide network security, application scanning, security incident, and training, in the sum of \$350,000.

SECTION 11 security tools, maintenance, and licenses, including software and enhanced web applications, in the sum of \$875,000.

We thank you for the opportunity to testify on this matter.

- The current Kupuna Care services fall short of meeting the critical need, and the demand for these services will continue to grow. There are wait lists for most services, although they are urgently needed. The state is falling far short of providing for its most vulnerable citizens who are in critical need.
- Based on EOA recommendations, we suggest amending the amount for Kupuna for Care downward to \$2.88 million but increasing the amounts from the Rainy Day Fund for the Aging and Disability Resource Centers and the Healthy Aging Programs
- These critical services have major impacts on the quality of life of frail elders and their caregivers and the cost of the services is relatively low compared to other expenditures of the state. Thus, PABEA strongly recommends support for the requested funding in order to meet our moral obligations to those in greatest need.

State Privacy and Security Coalition, Inc.

TESTIMONY ON HB 678 HD3 SD1
RELATING TO INFORMATION

BY

JEANNINE SOUKI

ON BEHALF OF THE

STATE PRIVACY AND SECURITY COALITION

LATE TESTIMONY

March 30, 2011

Honorable David Ige, Chair
Senate Committee on Ways and Means

Honorable Michelle Kidani, Vice Chair
Senate Committee on Ways and Means

L A T E

RE: **HB 678 HD3 SD1 – Relating to Information**
WAM Committee – March 30, 2011, Conference Room 211, 9:30AM

Aloha Chair Ige, Vice Chair Kidani and Members of the Committee:

As a coalition of leading technology companies and technology trade associations, we write in opposition to HB 678 HD3 SD1.

After the data security breach that occurred at the University of Hawaii last year, it is understandable that the legislature is looking for solutions. However, Hawaii already has a strong security breach law that is in many ways broader and stronger than laws in the vast majority of states. While well-intentioned, these bills would single out Hawaii businesses – who had nothing to do with University data breaches – for the risk of costly class action lawsuits absent any harm to state residents and risks harming the State’s economy at a sensitive time.

This would significantly expand the definition of “security breach” under Hawaii law by adding language to the definition of security breach to include “any incident of inadvertent, unauthorized disclosure of unencrypted or unredacted records or data containing personal information.” Under the current definition, a security breach is “triggered,” and notice of the breach is required to be provided affected residents “where illegal use of personal information has occurred, or is reasonably likely to occur and that creates a risk of harm to a person.”

The proposed modifications to the definition of “security breach” would effectively eliminate the existing “harm trigger” in the definition. They would cause the definition to include inadvertent, unintentional disclosures of personal information – irrespective of whether affected persons are likely to be at risk of harm.

They would cause the mere loss of paper documents, without any appreciable risk of harm, to trigger a breach notice obligation – a requirement found almost nowhere in the U.S.

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They would require companies to send breach notifications likely to unnecessarily alarm consumers, where no risk of harm actually exists. They are likely to marginalize the importance of real threats to the security of consumers' personal information.

They are likely to result in burdensome, costly notice expenses for companies doing business in Hawaii - particularly for local Hawaii businesses that have paper records containing personal information – on retailer credit card slips, credit and mortgage applications, real estate contracts, and other paper documents that consumers fill out.

Although businesses had no involvement in the University of Hawaii security breach, the proposed modifications to the definition of “security breach” in this bill is likely to be costly and burdensome for local businesses and other companies that do business in Hawaii – as well as to have significant unintended harmful consequences for Hawaii consumers. This bill would fall particularly heavily on Hawaii businesses. Hawaii is one of just five states to treat breaches of paper documents as security breaches. It is precisely local businesses that have paper records containing personal information – in retailer credit card slips, credit, mortgage and insurance applications, real estate contracts, the other documents that consumers fill out.

However, if it is the Committees' intent to move forward a version of this bill, we respectfully ask that you allow stakeholders additional time to work on language addressing these concerns, which if unchanged will result in very serious liability and would fall particularly heavily on Hawaii businesses.

Sincerely,

AT&T
Internet Alliance
NetChoice
Oceanic Time Warner Cable
Reed Elsevier/LexisNexis
TechAmerica
Verizon



**Property Casualty Insurers
Association of America**

Shaping the Future of American Insurance
1415 L Street, Suite 670, Sacramento, CA 95814-3972

To: The Honorable David Ige, Chair
Senate Committee on Ways and Means

LATE TESTIMONY

From: Mark Sektnan, Vice President

L A T E

Re: **HB 678 HD3 SD1 – Relating to Information**
PCI Position: OPPOSE

Date: Wednesday, March 30, 2011
9:30 a.m., Conference Room 211

Aloha Chair Ige, Vice Chair Kidani and Members of the Committee:

The Property Casualty Insurers Association of American (PCI) is opposed to HB 678 HD 3 SD1. In particular, PCI is opposed to the changes to the modifications to the definition of "Security breach" set forth in Section 3 of the bill. The amendments are likely to have significant unintended harmful consequences for Hawaii consumers.

The amended definition will cause the definition of "security breach" to include inadvertent, unintentional disclosures of personal information and will effectively eliminate the "harm trigger" in the current definition of "security breach." As a result of the proposed modifications to the definition of "security breach," businesses will be required to provide affected persons with notice even when their personal information is not likely to be misused or even compromised - needlessly alarming Hawaii residents.

PCI is concerned that these additional notices will create more "white noise" for consumers and may well undermine the importance of the notices and may cause Hawaii residents not to pay adequate attention to notices of breaches involving real threats to their personal information.

PCI respectfully urges this Committee to amend the bill by deleting the proposed modifications to the definition of "Security breach" set forth in Section 3 of the bill.

Natalie J. Iwasa, CPA, Inc.
1331 Lunalilo Home Road
Honolulu, HI 96825
808-395-3233

L A T E

TO: Committee on Ways and Means

DATE: 9:30 a.m. Wednesday, March 30, 2011

RE: HB678, HD3, SD1 Relating to Information - **AMENDMENT REQUESTED**

Aloha Chair Ige, Vice Chair Kidani and Members of the Committee,

This bill would require businesses to implement a "comprehensive written information security program . . ." Due to the nature of my business, I maintain personal information for every client I have. I am already subject to the privacy laws passed by the legislature several years ago.

I am also a one-person business. I have no employees and no independent contractors, yet this bill would subject me to basically the same requirements as larger businesses. If this passes, I will be spend time researching what the requirements are for this program and write up a **plan that NO ONE WILL EVER SEE** instead of earning money so I can pay my increased fees and taxes to the state.

This is really an unreasonable mandate for very small businesses.

I urge you to remove the section on "Personal information; business; security program" entirely or amend it so very small businesses are exempt.