

**Department of Planning and Budget
2006 Fiscal Impact Statement**

1. Bill Number HB995

House of Origin Introduced Substitute Engrossed

Second House In Committee Substitute Enrolled

2. Patron Brink

3. Committee Committee on Science and Technology

4. Title Database breach notification.

5. Summary/Purpose: Requires an individual or a commercial entity that conducts business in Virginia and that owns or licenses computerized data that includes personal information to conduct in good faith a reasonable and prompt investigation when it becomes aware of a breach of the security of the system. If the investigation determines that misuse of information has or is reasonably likely to occur, the individual or commercial entity shall give notice to the Virginia resident as soon as possible. Notification must be made in good faith, in the most expedient time possible and without unreasonable delay, consistent with the legitimate needs of law enforcement and with any measures necessary to determine the scope of the breach and to restore the reasonable integrity of the computerized data system. The bill also contains alternative notification provisions. The Office of the Attorney General may bring an action in law or equity to address violations of this section and other appropriate relief.

6. Fiscal Impact Estimates are: Indeterminate.

7. Budget amendment necessary: No.

8. Fiscal implications: A single fiscal impact on any affected agency is impossible to estimate since the number of records compromised could vary so widely, from several to several hundred thousand or possibly more. The cost per record of notification could also vary by agency, but not in as wide a range. An illustration of fiscal impact would be if a typical notification cost is one dollar per record (postage and handling), then a breach of 10,000 records would cost \$10,000, 100,000 records would cost \$100,000, and so on.

The Office of the Attorney General indicates their costs would be approximately \$110,000 per year. This would cover the cost of salaries and benefits for one lawyer and one-half time of a support staffer. Their estimate is based on time spent handling a similar case a year ago.

9. Specific agency or political subdivisions affected: Any state agency that owns or licenses computerized data that includes personal information.

10. Technical amendment necessary: No.

11. Other comments: None.

Date: 1/20/06 / wfb

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cc: Secretary of Technology