

## Department of Planning and Budget 2008 Fiscal Impact Statement

**1. Bill Number:** SB307

House of Origin    \_\_\_ Introduced     X  Substitute    \_\_\_ Engrossed  
Second House       \_\_\_ In Committee    \_\_\_ Substitute    \_\_\_ Enrolled

**2. Patron:** Reynolds

**3. Committee:** Courts of Justice

**4. Title:** Database breach notification.

**5. Summary:** Requires that an individual or a commercial entity that conducts business in Virginia and that owns or licenses data that includes personal information about a resident of Virginia shall, when it becomes aware of a breach of the security of the system, (i) conduct in good faith a reasonable and prompt investigation to determine the likelihood that personal information has been or will be misused and (ii) notify the Office of the Attorney General that a breach has occurred. A breach of the security of the system is defined as the unauthorized acquisition and access of unencrypted or unredacted data that compromises the security, confidentiality, or integrity of personal information maintained by an individual or a commercial entity. Types of notification meeting the requirements of this bill are listed, but not required if, after a reasonable investigation, the person or commercial entity determines that there is no reasonable likelihood of harm to affected Virginia residents. The Attorney General may bring an action in law to address violations and ensure proper compliance with this section. Nothing in this section shall limit an individual from recovering direct economic damages resulting from a violation of this section.

**6. Fiscal Impact Estimates are:** Indeterminate. (See line 8.)

**7. Budget amendment necessary:** No.

**8. Fiscal implications:** The fiscal impact of this bill is indeterminate as it is dependent on the number of persons whose data is breached and the cost of the notification, two factors which cannot be foreseen but can alter impact significantly. The Office of the Attorney General may also incur costs associated with the enforcement of this bill.

**9. Specific agency or political subdivisions affected:** All state agencies and political subdivisions.

**10. Technical amendment necessary:** No.

**11. Other comments:** This bill is similar to HB2140, HB1469, HB1052, and HB971.

**Date:** 02/12/2008 wfb

**Document:** G:\BOS Stuff\2008 Session\2008 Legislation\SB307S1.Doc

**cc:** Secretary of Technology