

## Department of Planning and Budget 2007 Fiscal Impact Statement

1. **Bill Number** SB1224

<b>House of Origin</b>	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
<b>Second House</b>	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. **Patron** Howell

3. **Committee** Courts of Justice

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. The provisions of this bill, as they apply to governmental entities, become effective July 1, 2008.

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

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

8. **Fiscal implications:** The fiscal impact of this bill is dependent on the number of persons whose unencrypted data is breached and the cost of the notification. The Virginia Information Technologies Agency (VITA) will incur additional administrative processing costs if unencrypted personal data is breached. Due to the staggered effective date, any fiscal impact on state agencies will not occur until fiscal year 2009. The Office of the Attorney General (OAG) may also incur costs associated with the enforcement of this bill.

9. **Specific agency or political subdivisions affected:** All state agencies and political subdivisions, Office of the Attorney General.

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

11. **Other comments:** This bill matches House Bill 2140.

**Date:** 01/17/07 / wfb

**Document:** G:\BOS Stuff\2007 Session\2007 Legislation\SB1224.Doc Billy Barbee  
**cc:** Secretary of Technology