SENATE BILL 591

By: Senator Pugh (Commission on Maryland Cybersecurity Innovation and Excellence) and Senators Forehand and Montgomery

Introduced and read first time: February 1, 2013
Assigned to: Education, Health, and Environmental Affairs

A BILL ENTITLED

AN ACT concerning

Governmental Procedures – Protection of Personal Information

FOR the purpose of requiring a certain unit, when destroying a resident’s records that contain certain personal information of the resident, to take certain steps to protect against the unauthorized access to or use of the personal information under certain circumstances; requiring certain units that collect certain personal information of a resident to implement and maintain certain security procedures and practices under certain circumstances; requiring certain units that collect or maintain computerized data that include certain personal information of a resident to conduct a certain investigation under certain circumstances and notify certain persons of a breach of the security of a system under certain circumstances; specifying the time at which notification must be given; specifying the contents of the notification; authorizing notification to be given in a certain manner; requiring certain units to retain certain records for a certain period of time under certain circumstances; providing that a waiver of certain provisions of this Act is contrary to public policy and is void and unenforceable; providing that compliance with certain provisions of this Act does not relieve a certain unit from a duty to comply with certain other requirements of federal law; providing that the provisions of this Act are exclusive and shall preempt any provision of local law; requiring a unit to report to certain consumer reporting agencies on the breach of the security of a system under certain circumstances; requiring a unit to provide notice of a breach of the security of a system to the Office of Attorney General and the Department of Information Technology under certain circumstances; establishing a private right of action for a resident affected by a violation of this Act; requiring the Department of Information Technology, in consultation with the Office of the Attorney General and the Department of Budget and Management, to adopt certain rules and regulations; defining certain terms; providing for the application of this Act; and generally relating to the protection of information.
collected by units or included in computerized data that is collected and
maintained by units.

BY adding to

Article – State Government
Section 10–1301 through 10–1309 to be under the new subtitle “Subtitle 13.
Protection of Personal Information by Government Agencies”
Annotated Code of Maryland
(2009 Replacement Volume and 2012 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
MARYLAND, That the Laws of Maryland read as follows:

Article – State Government

SUBTITLE 13. PROTECTION OF PERSONAL INFORMATION BY GOVERNMENT
AGENCIES.

10–1301.

(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
INDICATED.

(B) “ENCRYPTED” MEANS THE TRANSFORMATION OF DATA THROUGH
THE USE OF AN ALGORITHMIC PROCESS INTO A FORM IN WHICH THERE IS A LOW
PROBABILITY OF ASSIGNING MEANING WITHOUT USE OF A CONFIDENTIAL
PROCESS OR KEY.

(C) (1) “PERSONAL INFORMATION” MEANS A RESIDENT’S FIRST
NAME OR FIRST INITIAL AND LAST NAME IN COMBINATION WITH ANY ONE OR
MORE OF THE FOLLOWING DATA ELEMENTS, WHEN THE NAME OR THE DATA
ELEMENTS ARE NOT ENCRYPTED, REDACTED, OR OTHERWISE PROTECTED BY
ANOTHER METHOD THAT RENDERS THE INFORMATION UNREADABLE OR
UNUSABLE:

(i) A SOCIAL SECURITY NUMBER;

(ii) A DRIVER’S LICENSE NUMBER;

(iii) A FINANCIAL ACCOUNT NUMBER, INCLUDING A CREDIT
CARD NUMBER OR DEBIT CARD NUMBER, THAT IN COMBINATION WITH ANY
REQUIRED SECURITY CODE, ACCESS CODE, OR PASSWORD, WOULD PERMIT
ACCESS TO A RESIDENT’S FINANCIAL ACCOUNT; OR

(iv) AN INDIVIDUAL TAXPAYER IDENTIFICATION NUMBER.
“Personal information” does not include:

(I) publicly available information that is lawfully made available to the general public from federal, state, or local government records;

(II) information that a resident has consented to have publicly disseminated or listed; or

(III) information that is disseminated or listed in accordance with the federal Health Insurance Portability and Accountability Act.

“Records” means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

“Resident” means an individual residing in the state who provides personal information to a unit for the purpose of obtaining a service, product, or document from the unit.

“Unit” means:

(1) an executive, legislative, or judicial agency, or a department, a board, a commission, an authority, an institution, an office, or an instrumentality of the state; or

(2) a county, a municipality, a bicounty agency, county board of education, public authority, or any other political subdivision of the state.

When a unit is destroying records that contain the personal information of a resident, the unit shall take reasonable steps to protect against unauthorized access to or use of the personal information, taking into account:

(1) the sensitivity of the records;

(2) the nature and size of the government agency and its operations;
(3) THE COSTS AND BENEFITS OF DIFFERENT DESTRUCTION METHODS; AND

(4) AVAILABLE TECHNOLOGY.

10–1303.

(A) TO PROTECT PERSONAL INFORMATION FROM UNAUTHORIZED ACCESS, USE, MODIFICATION, OR DISCLOSURE, A UNIT THAT COLLECTS PERSONAL INFORMATION OF A RESIDENT SHALL IMPLEMENT AND MAINTAIN REASONABLE SECURITY PROCEDURES AND PRACTICES THAT ARE APPROPRIATE TO THE NATURE OF THE PERSONAL INFORMATION COLLECTED AND THE NATURE AND SIZE OF THE UNIT AND OPERATIONS OF THE UNIT.

(B) (1) THIS SUBSECTION SHALL APPLY TO A WRITTEN CONTRACT THAT IS ENTERED INTO ON OR AFTER JANUARY 1, 2014.

(2) A UNIT THAT USES A NONAFFILIATED THIRD PARTY AS A SERVICE PROVIDER TO PERFORM SERVICES FOR THE UNIT AND DISCLOSES PERSONAL INFORMATION ABOUT A RESIDENT UNDER A WRITTEN CONTRACT WITH THE THIRD PARTY SHALL REQUIRE BY CONTRACT THAT THE THIRD PARTY IMPLEMENT AND MAINTAIN REASONABLE SECURITY PROCEDURES AND PRACTICES THAT:

(I) ARE APPROPRIATE TO THE NATURE OF THE PERSONAL INFORMATION DISCLOSED TO THE NONAFFILIATED THIRD PARTY; AND

(II) ARE REASONABLY DESIGNED TO HELP PROTECT THE PERSONAL INFORMATION FROM UNAUTHORIZED ACCESS, USE, MODIFICATION, DISCLOSURE, OR DESTRUCTION.

10–1304.

(A) IN THIS SECTION:

(1) “BREACH OF THE SECURITY OF A SYSTEM” MEANS THE UNAUTHORIZED ACQUISITION OF COMPUTERIZED DATA THAT COMPROMISES THE SECURITY, CONFIDENTIALITY, OR INTEGRITY OF THE PERSONAL INFORMATION MAINTAINED BY A UNIT; AND

(2) “BREACH OF THE SECURITY OF A SYSTEM” DOES NOT INCLUDE THE GOOD FAITH ACQUISITION OF PERSONAL INFORMATION BY AN
EMPLOYEE OR AGENT OF A UNIT FOR THE PURPOSES OF THE UNIT, PROVIDED THAT THE PERSONAL INFORMATION IS NOT USED OR SUBJECT TO FURTHER UNAUTHORIZED DISCLOSURE.

(B) (1) IF A UNIT THAT COLLECTS DATA THAT INCLUDES PERSONAL INFORMATION OF A RESIDENT DISCOVERS OR IS NOTIFIED OF A BREACH OF THE SECURITY OF A SYSTEM, THE UNIT SHALL CONDUCT IN GOOD FAITH A REASONABLE AND PROMPT INVESTIGATION TO DETERMINE THE LIKELIHOOD THAT PERSONAL INFORMATION OF THE RESIDENT HAS BEEN OR WILL BE MISUSED AS A RESULT OF THE BREACH.


(3) EXCEPT AS PROVIDED IN SUBSECTION (D) OF THIS SECTION, THE NOTIFICATION REQUIRED UNDER PARAGRAPH (2) OF THIS SUBSECTION SHALL BE GIVEN AS SOON AS REASONABLY PRACTICABLE AFTER THE UNIT CONDUCTS THE INVESTIGATION REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION.

(4) IF, AFTER THE INVESTIGATION REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION IS CONCLUDED, THE UNIT DETERMINES THAT NOTIFICATION UNDER PARAGRAPH (2) OF THIS SUBSECTION IS NOT REQUIRED, THE UNIT SHALL MAINTAIN RECORDS THAT REFLECT THE DETERMINATION OF THE UNIT FOR 3 YEARS AFTER THE DETERMINATION IS MADE.

(C) (1) A PARTY THAT MAINTAINS COMPUTERIZED DATA THAT INCLUDES PERSONAL INFORMATION PROVIDED BY A UNIT SHALL NOTIFY THE UNIT OF A BREACH OF THE SECURITY OF A SYSTEM IF IT IS LIKELY THAT THE BREACH HAS RESULTED OR WILL RESULT IN THE MISUSE OF PERSONAL INFORMATION OF A RESIDENT.

(2) EXCEPT AS PROVIDED IN SUBSECTION (D) OF THIS SECTION, THE NOTIFICATION REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL BE GIVEN AS SOON AS REASONABLY PRACTICABLE AFTER THE PARTY DISCOVERS OR IS NOTIFIED OF THE BREACH OF THE SECURITY OF A SYSTEM.
SENATE BILL 591

(3) A party that is required to notify a unit of a breach of the security of a system under paragraph (1) of this subsection shall share with the unit information relating to the breach.

(D) (1) The notification required under subsections (B) and (C) of this section may be delayed:

(i) if a law enforcement agency determines that the notification will impede a criminal investigation or jeopardize homeland or national security; or

(ii) to determine the scope of the breach of the security of a system, identify the residents affected, or restore the integrity of the system.

(2) If notification is delayed under paragraph (1)(i) of this subsection, notification shall be given as soon as reasonably practicable after the law enforcement agency determines that notification will not impede a criminal investigation and will not jeopardize homeland or national security.

(E) The notification required under subsection (B) of this section may be given:

(1) by written notice sent to the most recent address of the resident in the records of the unit;

(2) by electronic mail to the most recent electronic mail address of the resident in the records of the unit if:

(i) the resident has expressly consented to receive electronic notice; or

(ii) the unit conducts its duties primarily through Internet account transactions or the Internet;

(3) by telephonic notice, to the most recent telephone number of the resident in the records of the unit; or

(4) by substitute notice as provided in subsection (F) of this section if:
(I) THE UNIT DEMONSTRATES THAT THE COST OF PROVIDING NOTICE WOULD EXCEED $100,000 OR THAT THE AFFECTED CLASS OF RESIDENTS TO BE NOTIFIED EXCEEDS 175,000; OR

(II) THE UNIT DOES NOT HAVE SUFFICIENT CONTACT INFORMATION TO GIVE NOTICE IN ACCORDANCE WITH ITEM (1), (2), OR (3) OF THIS SUBSECTION.

(F) SUBSTITUTE NOTICE UNDER SUBSECTION (E)(4) OF THIS SECTION SHALL CONSIST OF:

(1) ELECTRONICALLY MAILING THE NOTICE TO A RESIDENT ENTITLED TO NOTIFICATION UNDER SUBSECTION (B) OF THIS SECTION, IF THE UNIT HAS AN ELECTRONIC MAIL ADDRESS FOR THE RESIDENT TO BE NOTIFIED;

(2) CONSPICUOUS POSTING OF THE NOTICE ON THE WEB SITE OF THE GOVERNMENT AGENCY IF THE UNIT MAINTAINS A WEB SITE; AND

(3) NOTIFICATION TO STATEWIDE MEDIA.

(G) THE NOTIFICATION REQUIRED UNDER SUBSECTION (B) OF THIS SECTION SHALL INCLUDE:

(1) TO THE EXTENT POSSIBLE, A DESCRIPTION OF THE CATEGORIES OF INFORMATION THAT WERE, OR ARE REASONABLY BELIEVED TO HAVE BEEN, ACQUIRED BY AN UNAUTHORIZED PERSON, INCLUDING WHICH OF THE ELEMENTS OF PERSONAL INFORMATION WERE, OR ARE REASONABLY BELIEVED TO HAVE BEEN, ACQUIRED;

(2) CONTACT INFORMATION FOR THE UNIT MAKING THE NOTIFICATION, INCLUDING THE UNIT’S ADDRESS, TELEPHONE NUMBER, AND TOLL–FREE TELEPHONE NUMBER IF ONE IS MAINTAINED;

(3) THE TOLL–FREE TELEPHONE NUMBERS AND ADDRESSES FOR THE MAJOR CONSUMER REPORTING AGENCIES; AND

(4) (I) THE TOLL–FREE TELEPHONE NUMBERS, ADDRESSES, AND WEB SITE ADDRESSES FOR:

1. THE FEDERAL TRADE COMMISSION; AND

2. THE OFFICE OF THE ATTORNEY GENERAL; AND
(II) A statement that a resident can obtain information from these sources about steps the resident can take to avoid identity theft.

(H) (1) Before giving the notification required under subsection (B) of this section and subject to subsection (D) of this section, a unit shall provide notice of a breach of the security of a system to the Office of the Attorney General.

(2) In addition to the notice required under paragraph (1) of this subsection, a unit as defined in § 10–1301(f)(1) of this subtitle shall also provide notice to the Department of Information Technology.

(I) A waiver of any provision of this section is contrary to public policy and is void and unenforceable.

(J) Compliance with this section does not relieve a unit from a duty to comply with any other requirements of federal law relating to the protection and privacy of personal information.

10–1305.

The provisions of this subtitle are exclusive and shall preempt any provision of local law.

10–1306.

(A) If a unit is required under § 10–1304 of this subtitle to give notice of a breach of the security of a system to 1,000 or more individuals, the unit also shall notify, without unreasonable delay, each consumer reporting agency that compiles and maintains files on consumers on a nationwide basis, as defined by 15 U.S.C. § 1681a(p), of the timing, distribution, and content of the notices.

(B) This section does not require the inclusion of the names or other personal identifying information of recipients of notices of the breach of the security of a system.

10–1307.

(A) In this section, “affiliate” means an entity that contracts with a unit as described in subsection (C) of this section.
(B) A UNIT THAT COMPLIES WITH THE REQUIREMENTS FOR NOTIFICATION PROCEDURES, THE PROTECTION OR SECURITY OF PERSONAL INFORMATION, OR THE DESTRUCTION OF PERSONAL INFORMATION UNDER THE RULES, REGULATIONS, PROCEDURES, OR GUIDELINES ESTABLISHED BY THE PRIMARY OR FUNCTIONAL FEDERAL OR STATE REGULATOR OF THE UNIT SHALL BE DEEMED TO BE IN COMPLIANCE WITH THIS SUBTITLE.


10–1308.

(A) IF A UNIT VIOLATES THE PROVISIONS OF THIS SUBTITLE, A RESIDENT MAY FILE A CIVIL ACTION FOR DAMAGES, UNDER THE APPLICABLE PROVISIONS OF:

(1) THE MARYLAND TORT CLAIMS ACT, AS SET FORTH IN TITLE 12 OF THIS ARTICLE; OR

(2) THE LOCAL GOVERNMENT TORT CLAIMS ACT, AS SET FORTH IN TITLE 5, SUBTITLE 3 OF THE COURTS ARTICLE.

(B) A CIVIL ACTION UNDER THIS SECTION SHALL BE FILED IN THE COUNTY IN WHICH THE RESIDENT RESIDES.

10–1309.

THE SECRETARY OF INFORMATION TECHNOLOGY, IN CONSULTATION WITH THE DEPARTMENT OF MANAGEMENT AND BUDGET, AND THE DIVISION OF CONSUMER PROTECTION OF THE OFFICE OF ATTORNEY GENERAL, SHALL ADOPT THE NECESSARY REGULATIONS TO CARRY OUT THE PROVISIONS OF THIS SUBTITLE FOR THE UNITS DEFINED IN § 10–1301(F)(1) OF THIS SUBTITLE.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2013.