P1, L6

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

1 AN ACT concerning

2 Governmental Procedures – Protection of Personal Information

3 FOR the purpose of requiring a certain unit, when destroying a resident's records that 4 contain certain personal information of the resident, to take certain steps to $\mathbf{5}$ protect against the unauthorized access to or use of the personal information 6 under certain circumstances; requiring certain units that collect certain 7 personal information of a resident to implement and maintain certain security 8 procedures and practices under certain circumstances; requiring certain units 9 that collect or maintain computerized data that include certain personal 10 information of a resident to conduct a certain investigation under certain 11 circumstances and notify certain persons of a breach of the security of a system 12under certain circumstances; specifying the time at which notification must be 13given; specifying the contents of the notification; authorizing notification to be 14 given in a certain manner; requiring certain units to retain certain records for a 15certain period of time under certain circumstances; providing that a waiver of 16 certain provisions of this Act is contrary to public policy and is void and 17unenforceable; providing that compliance with certain provisions of this Act 18 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 19 20exclusive and shall preempt any provision of local law; requiring a unit to report 21to certain consumer reporting agencies on the breach of the security of a system 22under certain circumstances; requiring a unit to provide notice of a breach of 23the security of a system to the Office of Attorney General and the Department of 24Information Technology under certain circumstances; establishing a private 25right of action for a resident affected by a violation of this Act; requiring the 26Department of Information Technology, in consultation with the Office of the 27Attorney General and the Department of Budget and Management, to adopt 28certain rules and regulations; defining certain terms; providing for the 29application of this Act; and generally relating to the protection of information

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW. [Brackets] indicate matter deleted from existing law.



 $\mathbf{2}$

1 collected by units or included in computerized data that is collected and $\mathbf{2}$ maintained by units. 3 BY adding to Article – State Government 4 Section 10–1301 through 10–1309 to be under the new subtitle "Subtitle 13. $\mathbf{5}$ Protection of Personal Information by Government Agencies" 6 7Annotated Code of Marvland 8 (2009 Replacement Volume and 2012 Supplement) 9 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF 10 MARYLAND, That the Laws of Maryland read as follows: 11 **Article – State Government** SUBTITLE 13. PROTECTION OF PERSONAL INFORMATION BY GOVERNMENT 12AGENCIES. 13 10 - 1301.14 15IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS (A) 16 INDICATED. "ENCRYPTED" MEANS THE TRANSFORMATION OF DATA THROUGH 17**(B)** 18 THE USE OF AN ALGORITHMIC PROCESS INTO A FORM IN WHICH THERE IS A LOW 19PROBABILITY OF ASSIGNING MEANING WITHOUT USE OF A CONFIDENTIAL 20PROCESS OR KEY. 21"PERSONAL INFORMATION" MEANS A RESIDENT'S FIRST **(C)** (1) 22NAME OR FIRST INITIAL AND LAST NAME IN COMBINATION WITH ANY ONE OR 23MORE OF THE FOLLOWING DATA ELEMENTS, WHEN THE NAME OR THE DATA ELEMENTS ARE NOT ENCRYPTED, REDACTED, OR OTHERWISE PROTECTED BY 2425ANOTHER METHOD THAT RENDERS THE INFORMATION UNREADABLE OR 26**UNUSABLE:** 27**(I)** A SOCIAL SECURITY NUMBER; 28**(II)** A DRIVER'S LICENSE NUMBER; 29(III) A FINANCIAL ACCOUNT NUMBER, INCLUDING A CREDIT 30 CARD NUMBER OR DEBIT CARD NUMBER, THAT IN COMBINATION WITH ANY REQUIRED SECURITY CODE, ACCESS CODE, OR PASSWORD, WOULD PERMIT 3132ACCESS TO A RESIDENT'S FINANCIAL ACCOUNT; OR 33 (IV) AN INDIVIDUAL TAXPAYER IDENTIFICATION NUMBER.

(2) "PERSONAL INFORMATION" DOES NOT INCLUDE: 1 $\mathbf{2}$ PUBLICLY **(I)** AVAILABLE INFORMATION THAT IS 3 LAWFULLY MADE AVAILABLE TO THE GENERAL PUBLIC FROM FEDERAL, STATE, 4 **OR LOCAL GOVERNMENT RECORDS;** $\mathbf{5}$ **(II)** INFORMATION THAT A RESIDENT HAS CONSENTED TO 6 HAVE PUBLICLY DISSEMINATED OR LISTED; OR 7 (III) INFORMATION THAT IS DISSEMINATED OR LISTED IN 8 ACCORDANCE WITH THE FEDERAL HEALTH INSURANCE PORTABILITY AND 9 ACCOUNTABILITY ACT. 10 **(**D**)** "RECORDS" MEANS INFORMATION THAT IS INSCRIBED ON A 11 TANGIBLE MEDIUM OR THAT IS STORED IN AN ELECTRONIC OR OTHER MEDIUM 12AND IS RETRIEVABLE IN PERCEIVABLE FORM. **(**E**)** "RESIDENT" MEANS AN INDIVIDUAL RESIDING IN THE STATE WHO 13 PROVIDES PERSONAL INFORMATION TO A UNIT FOR THE PURPOSE OF 1415**OBTAINING A SERVICE, PRODUCT, OR DOCUMENT FROM THE UNIT.** "UNIT" MEANS: 16 (F) 17AN EXECUTIVE, LEGISLATIVE, OR JUDICIAL AGENCY, OR A (1) 18 DEPARTMENT, A BOARD, A COMMISSION, AN AUTHORITY, AN INSTITUTION, AN 19 OFFICE, OR AN INSTRUMENTALITY OF THE STATE; OR 20A COUNTY, A MUNICIPALITY, A BICOUNTY AGENCY, COUNTY (2) 21BOARD OF EDUCATION, PUBLIC AUTHORITY, OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE. 222310 - 1302.24WHEN A UNIT IS DESTROYING RECORDS THAT CONTAIN THE PERSONAL 25INFORMATION OF A RESIDENT, THE UNIT SHALL TAKE REASONABLE STEPS TO PROTECT AGAINST UNAUTHORIZED ACCESS TO OR USE OF THE PERSONAL 2627INFORMATION, TAKING INTO ACCOUNT: 28(1) THE SENSITIVITY OF THE RECORDS; 29(2) THE NATURE AND SIZE OF THE GOVERNMENT AGENCY AND ITS 30 **OPERATIONS;**

3

1(3)THE COSTS AND BENEFITS OF DIFFERENT DESTRUCTION2METHODS; AND

3

(4) AVAILABLE TECHNOLOGY.

4 **10–1303.**

5 (A) TO PROTECT PERSONAL INFORMATION FROM UNAUTHORIZED 6 ACCESS, USE, MODIFICATION, OR DISCLOSURE, A UNIT THAT COLLECTS 7 PERSONAL INFORMATION OF A RESIDENT SHALL IMPLEMENT AND MAINTAIN 8 REASONABLE SECURITY PROCEDURES AND PRACTICES THAT ARE APPROPRIATE 9 TO THE NATURE OF THE PERSONAL INFORMATION COLLECTED AND THE 10 NATURE AND SIZE OF THE UNIT AND OPERATIONS OF THE UNIT.

11 (B) (1) THIS SUBSECTION SHALL APPLY TO A WRITTEN CONTRACT 12 THAT IS ENTERED INTO ON OR AFTER JANUARY 1, 2014.

13 (2) A UNIT THAT USES A NONAFFILIATED THIRD PARTY AS A 14 SERVICE PROVIDER TO PERFORM SERVICES FOR THE UNIT AND DISCLOSES 15 PERSONAL INFORMATION ABOUT A RESIDENT UNDER A WRITTEN CONTRACT 16 WITH THE THIRD PARTY SHALL REQUIRE BY CONTRACT THAT THE THIRD PARTY 17 IMPLEMENT AND MAINTAIN REASONABLE SECURITY PROCEDURES AND 18 PRACTICES THAT:

19(I) ARE APPROPRIATE TO THE NATURE OF THE PERSONAL20INFORMATION 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.

- 24 **10–1304.**
- 25 (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

30(2) "BREACH OF THE SECURITY OF A SYSTEM" DOES NOT31INCLUDE THE GOOD FAITH ACQUISITION OF PERSONAL INFORMATION BY AN

4

1 EMPLOYEE OR AGENT OF A UNIT FOR THE PURPOSES OF THE UNIT, PROVIDED 2 THAT THE PERSONAL INFORMATION IS NOT USED OR SUBJECT TO FURTHER 3 UNAUTHORIZED DISCLOSURE.

4 (B) (1) IF A UNIT THAT COLLECTS DATA THAT INCLUDES PERSONAL 5 INFORMATION OF A RESIDENT DISCOVERS OR IS NOTIFIED OF A BREACH OF THE 6 SECURITY OF A SYSTEM, THE UNIT SHALL CONDUCT IN GOOD FAITH A 7 REASONABLE AND PROMPT INVESTIGATION TO DETERMINE THE LIKELIHOOD 8 THAT PERSONAL INFORMATION OF THE RESIDENT HAS BEEN OR WILL BE 9 MISUSED AS A RESULT OF THE BREACH.

10 (2) IF, AFTER THE INVESTIGATION IS CONCLUDED, THE UNIT 11 DETERMINES THAT MISUSE OF THE RESIDENT'S PERSONAL INFORMATION HAS 12 OCCURRED OR IS REASONABLY LIKELY TO OCCUR AS A RESULT OF A BREACH OF 13 THE SECURITY OF A SYSTEM, THE UNIT SHALL NOTIFY THE RESIDENT OF THE 14 BREACH.

15 (3) EXCEPT AS PROVIDED IN SUBSECTION (D) OF THIS SECTION, 16 THE NOTIFICATION REQUIRED UNDER PARAGRAPH (2) OF THIS SUBSECTION 17 SHALL BE GIVEN AS SOON AS REASONABLY PRACTICABLE AFTER THE UNIT 18 CONDUCTS THE INVESTIGATION REQUIRED UNDER PARAGRAPH (1) OF THIS 19 SUBSECTION.

20(4) IF. AFTER THE INVESTIGATION REQUIRED **UNDER** 21PARAGRAPH (1) OF THIS SUBSECTION IS CONCLUDED, THE UNIT DETERMINES 22THAT NOTIFICATION UNDER PARAGRAPH (2) OF THIS SUBSECTION IS NOT 23REQUIRED, THE UNIT SHALL MAINTAIN RECORDS THAT REFLECT THE DETERMINATION OF THE UNIT FOR 3 YEARS AFTER THE DETERMINATION IS 2425MADE.

(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.

A PARTY THAT IS REQUIRED TO NOTIFY A UNIT OF A BREACH 1 (3) $\mathbf{2}$ OF THE SECURITY OF A SYSTEM UNDER PARAGRAPH (1) OF THIS SUBSECTION 3 SHALL SHARE WITH THE UNIT INFORMATION RELATING TO THE BREACH. 4 **(D)** (1) THE NOTIFICATION REQUIRED UNDER SUBSECTIONS (B) AND 5 (C) OF THIS SECTION MAY BE DELAYED: 6 **(I)** IF A LAW ENFORCEMENT AGENCY DETERMINES THAT 7THE NOTIFICATION WILL IMPEDE A CRIMINAL INVESTIGATION OR JEOPARDIZE 8 HOMELAND OR NATIONAL SECURITY; OR 9 **(II)** TO DETERMINE THE SCOPE OF THE BREACH OF THE 10 SECURITY OF A SYSTEM, IDENTIFY THE RESIDENTS AFFECTED, OR RESTORE THE INTEGRITY OF THE SYSTEM. 11 12(2) IF NOTIFICATION IS DELAYED UNDER PARAGRAPH (1)(I) OF THIS SUBSECTION, NOTIFICATION SHALL BE GIVEN AS SOON AS REASONABLY 13PRACTICABLE AFTER THE LAW ENFORCEMENT AGENCY DETERMINES THAT 14 NOTIFICATION WILL NOT IMPEDE A CRIMINAL INVESTIGATION AND WILL NOT 1516 JEOPARDIZE HOMELAND OR NATIONAL SECURITY. 17**(E)** THE NOTIFICATION REQUIRED UNDER SUBSECTION (B) OF THIS 18 **SECTION MAY BE GIVEN:** 19 (1) BY WRITTEN NOTICE SENT TO THE MOST RECENT ADDRESS OF 20THE RESIDENT IN THE RECORDS OF THE UNIT: 21(2) BY ELECTRONIC MAIL TO THE MOST RECENT ELECTRONIC 22MAIL ADDRESS OF THE RESIDENT IN THE RECORDS OF THE UNIT IF: 23**(I)** THE RESIDENT HAS EXPRESSLY CONSENTED ТО **RECEIVE ELECTRONIC NOTICE; OR** 2425THE UNIT CONDUCTS ITS DUTIES PRIMARILY THROUGH **(II) INTERNET ACCOUNT TRANSACTIONS OR THE INTERNET;** 26(3) 27BY TELEPHONIC NOTICE, TO THE MOST RECENT TELEPHONE NUMBER OF THE RESIDENT IN THE RECORDS OF THE UNIT; OR 2829BY SUBSTITUTE NOTICE AS PROVIDED IN SUBSECTION (F) OF (4) 30 THIS SECTION IF:

6

THE UNIT DEMONSTRATES THAT THE COST OF 1 **(I)** $\mathbf{2}$ PROVIDING NOTICE WOULD EXCEED \$100,000 OR THAT THE AFFECTED CLASS 3 OF RESIDENTS TO BE NOTIFIED EXCEEDS 175,000; OR 4 THE UNIT DOES NOT HAVE SUFFICIENT CONTACT **(II)** $\mathbf{5}$ INFORMATION TO GIVE NOTICE IN ACCORDANCE WITH ITEM (1), (2), OR (3) OF 6 THIS SUBSECTION. $\mathbf{7}$ **(F)** SUBSTITUTE NOTICE UNDER SUBSECTION (E)(4) OF THIS SECTION 8 SHALL CONSIST OF: 9 ELECTRONICALLY MAILING THE NOTICE TO A RESIDENT (1) ENTITLED TO NOTIFICATION UNDER SUBSECTION (B) OF THIS SECTION, IF THE 10 UNIT HAS AN ELECTRONIC MAIL ADDRESS FOR THE RESIDENT TO BE NOTIFIED; 11 12(2) CONSPICUOUS POSTING OF THE NOTICE ON THE WEB SITE OF THE GOVERNMENT AGENCY IF THE UNIT MAINTAINS A WEB SITE; AND 13 14 (3) NOTIFICATION TO STATEWIDE MEDIA. 15(G) THE NOTIFICATION REQUIRED UNDER SUBSECTION (B) OF THIS 16 **SECTION SHALL INCLUDE:** 17TO THE EXTENT POSSIBLE, A DESCRIPTION OF THE (1) CATEGORIES OF INFORMATION THAT WERE, OR ARE REASONABLY BELIEVED TO 18 HAVE BEEN, ACQUIRED BY AN UNAUTHORIZED PERSON, INCLUDING WHICH OF 19 20THE ELEMENTS OF PERSONAL INFORMATION WERE, OR ARE REASONABLY 21**BELIEVED TO HAVE BEEN, ACQUIRED;** 22(2) CONTACT INFORMATION FOR THE UNIT MAKING THE NOTIFICATION, INCLUDING THE UNIT'S ADDRESS, TELEPHONE NUMBER, AND 2324TOLL-FREE TELEPHONE NUMBER IF ONE IS MAINTAINED; 25(3) THE TOLL-FREE TELEPHONE NUMBERS AND ADDRESSES FOR 26THE MAJOR CONSUMER REPORTING AGENCIES; AND 27(4) **(I)** THE TOLL-FREE TELEPHONE NUMBERS, ADDRESSES, 28AND WEB SITE ADDRESSES FOR: 29THE FEDERAL TRADE COMMISSION; AND 1. 2. 30 THE OFFICE OF THE ATTORNEY GENERAL; AND

1 (II) A STATEMENT THAT A RESIDENT CAN OBTAIN 2 INFORMATION FROM THESE SOURCES ABOUT STEPS THE RESIDENT CAN TAKE 3 TO AVOID IDENTITY THEFT.

4 (H) (1) BEFORE GIVING THE NOTIFICATION REQUIRED UNDER 5 SUBSECTION (B) OF THIS SECTION AND SUBJECT TO SUBSECTION (D) OF THIS 6 SECTION, A UNIT SHALL PROVIDE NOTICE OF A BREACH OF THE SECURITY OF A 7 SYSTEM TO THE OFFICE OF THE ATTORNEY GENERAL.

8 (2) IN ADDITION TO THE NOTICE REQUIRED UNDER PARAGRAPH 9 (1) OF THIS SUBSECTION, A UNIT AS DEFINED IN § 10–1301(F)(1) OF THIS 10 SUBTITLE SHALL ALSO PROVIDE NOTICE TO THE DEPARTMENT OF 11 INFORMATION TECHNOLOGY.

12 **(I)** A WAIVER OF ANY PROVISION OF THIS SECTION IS CONTRARY TO 13 PUBLIC POLICY AND IS VOID AND UNENFORCEABLE.

14(J)COMPLIANCE WITH THIS SECTION DOES NOT RELIEVE A UNIT FROM15A DUTY TO COMPLY WITH ANY OTHER REQUIREMENTS OF FEDERAL LAW16RELATING TO THE PROTECTION AND PRIVACY OF PERSONAL INFORMATION.

17 **10–1305.**

18 THE PROVISIONS OF THIS SUBTITLE ARE EXCLUSIVE AND SHALL 19 PREEMPT ANY PROVISION OF LOCAL LAW.

20 **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.

30 **10–1307.**

31 (A) IN THIS SECTION, "AFFILIATE" MEANS AN ENTITY THAT CONTRACTS
32 WITH A UNIT AS DESCRIBED IN SUBSECTION (C) OF THIS SECTION.

1 (B) A UNIT THAT COMPLIES WITH THE REQUIREMENTS FOR 2 NOTIFICATION PROCEDURES, THE PROTECTION OR SECURITY OF PERSONAL 3 INFORMATION, OR THE DESTRUCTION OF PERSONAL INFORMATION UNDER THE 4 RULES, REGULATIONS, PROCEDURES, OR GUIDELINES ESTABLISHED BY THE 5 PRIMARY OR FUNCTIONAL FEDERAL OR STATE REGULATOR OF THE UNIT SHALL 6 BE DEEMED TO BE IN COMPLIANCE WITH THIS SUBTITLE.

 $\mathbf{7}$ (C) AN AFFILIATE THAT COMPLIES WITH § 501(B) OF THE FEDERAL GRAMM-LEACH-BLILEY ACT, 15 U.S.C. § 6801, § 216 OF THE FEDERAL FAIR 8 AND ACCURATE TRANSACTIONS ACT, 15 U.S.C. § 1681, THE FEDERAL 9 ESTABLISHING 10 INTERAGENCY GUIDELINES INFORMATION SECURITY STANDARDS, AND THE FEDERAL INTERAGENCY GUIDANCE ON RESPONSE 11 **PROGRAMS FOR UNAUTHORIZED ACCESS TO CUSTOMER INFORMATION AND** 1213CUSTOMER NOTICE, AND ANY REVISIONS, ADDITIONS, OR SUBSTITUTIONS OF 14THESE ENACTMENTS, SHALL BE DEEMED TO BE IN COMPLIANCE WITH THIS 15SUBTITLE.

16 **10–1308.**

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

20 (1) THE MARYLAND TORT CLAIMS ACT, AS SET FORTH IN TITLE 21 12 OF THIS ARTICLE; OR

22 (2) THE LOCAL GOVERNMENT TORT CLAIMS ACT, AS SET FORTH 23 IN TITLE 5, SUBTITLE 3 OF THE COURTS ARTICLE.

24 **(B) A** CIVIL ACTION UNDER THIS SECTION SHALL BE FILED IN THE 25 COUNTY IN WHICH THE RESIDENT RESIDES.

26 **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.

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