

DATE: March 2, 2015

TO: Joint Government Administration and Elections Committee

FROM: Kevin Callahan
Director, State Government Affairs
TechAmerica

RE: **SB 949 – An Act Improving Data Security and Agency Effectiveness**

Chairman Cassano, Chairman Jutila, and members of the Joint Committee on Government Administration and Elections Committee, TechAmerica appreciates the opportunity to share our perspective on SB 949, legislation intended to improve data security and agency effectiveness.

TechAmerica is the public sector and public policy department of the Computing Technology Industry Association (CompTIA). We represent over 2200 technology companies, a large number of which are small and medium-sized information technology companies. Our members include companies of all sizes from the public and commercial sectors of the economy, including consumer electronics companies; ICT hardware companies; software and application providers; systems integrators; Internet and e-commerce companies; Internet service providers; information technology government contractors; and information technology consulting and sourcing companies. We are committed to expanding market opportunities and driving the competitiveness of the U.S. technology industry around the world.

Our members take their obligations to protect their customers' confidential information very seriously. Data is of paramount importance to the information technology economy, and protecting consumers' information is not only a responsibility of the industry, but also a crucial business practice.

We appreciate the intent behind SB 949. In the wake of recent high-profile attacks, there is an increased urgency by governments to improve awareness and cybersecurity readiness. The reality of today's world is that criminals, nation-states and terrorist organizations are constantly trying to hack into databases to steal valuable information, and despite the extensive efforts companies employ to stop such criminals, some are bound to succeed. Data breaches are sadly a part of doing business in 2015, and thus we need strong protections in place.

However, we are concerned that SB 949 as introduced would have a harmful impact on companies that are currently doing or seeking to do business with the

state of Connecticut to provide valuable services. While immediate notification to the contracting agency is frequently a requirement of state contracts, the proposed notification within 24 hours to the Attorney General can tie up resources otherwise used for the critical tasks of remediating the breach, securing the company's systems, and investigating. Once a company learns a breach has occurred, its top priority is to investigate to determine the extent of the breach and remediate it to prevent further harm. These efforts, which are generally coordinated with law enforcement or state agencies, are often very time consuming.

In this same vein, the requirement to provide the Attorney General and the contracting agency with "a report detailing the breach and a plan to mitigate the effects of the breach and specifying the steps taken to ensure future breaches to not occur" within three days of notification is simply impracticable. This requirement would lead to a misappropriation of resources that would be better allocated towards thoroughly investigating a suspected or confirmed breach. Investigations can take several weeks to determine if a breach did in fact occur, and if so, to what extent. Moreover, such a report to the agency and the Attorney General could be obtained through a freedom of information request which would provide criminals or hackers with the knowledge that they had successfully acquired valuable personal information, and lead to potential further harm to impacted individuals. Similarly, the rushed and potentially inaccurate report could be made public and cause significant damage to the company's reputation and ability to generate further business.

Another notable concern that we have with SB 949 as introduced is the proposed civil penalties (up to \$1000 for each individual affected by the breach). We strongly urge against the inclusion of this penalty as it would have a chilling effect on Connecticut's ability to attract innovative companies to provide cost effective and critical services to Connecticut residents. Data breaches are criminal activity, and companies should not be punished for the criminal acts of others.

Thank you for your consideration of our concerns. We look forward to collaborating with the Connecticut on the issues raised by SB 949 and how to best address the contractors' security of citizens' personal information. If you have any questions, please feel free to contact me at kevin.callahan@techamerica.org or at (202) 682-4448.