

HOUSE BILL No. 2331

By Committee on Government, Technology and Security

2-9

1 AN ACT enacting the Kansas cybersecurity act; relating to digital
2 information security for Kansas executive branch agencies; establishing
3 the Kansas information security office, executive branch chief
4 information security officer and the cybersecurity state grant fund
5 coordinating council; establishing the cybersecurity state fund and the
6 cybersecurity state grant fund in the state treasury; amending K.S.A.
7 2016 Supp. 8-145 and repealing the existing section.
8

9 *Be it enacted by the Legislature of the State of Kansas:*

10 New Section 1. Sections 1 through 9, and amendments thereto, shall
11 be known and may be cited as the Kansas cybersecurity act.

12 New Sec. 2. As used in sections 1 through 9, and amendments
13 thereto:

14 (a) "Act" means the Kansas cybersecurity act.

15 (b) "Breach" or "breach of security" means unauthorized access of
16 data in electronic form containing personal information. Good faith access
17 of personal information by an employee or agent of the executive branch
18 agency does not constitute a breach of security, provided that the
19 information is not used for a purpose unrelated to the business or subject to
20 further unauthorized use.

21 (c) "CISO" means the executive branch chief information security
22 officer.

23 (d) "CSGFCC" means the cybersecurity state grant fund coordinating
24 council.

25 (e) "Customer records" means any material, regardless of the physical
26 form on which personal information is recorded or preserved, including,
27 but not limited to, written or spoken words, whether graphically depicted,
28 printed or electromagnetically transmitted that are provided by an
29 individual in this state to an executive branch agency for the purpose of
30 purchasing or leasing a product or obtaining a service.

31 (f) "Cybersecurity" is the body of technologies, processes and
32 practices designed to protect networks, computers, programs and data from
33 attack, damage or unauthorized access.

34 (g) "Data in electronic form" means any data stored electronically or
35 digitally on any computer system or other database and includes
36 recordable tapes and other mass storage devices.

- 1 ~~(h) "Department" means the Kansas department of revenue.~~
- 2 (i) "Executive branch agency" means any agency in the executive
- 3 branch of the state of Kansas, but shall not include elected office agencies
- 4 or regents' institutions.
- 5 (j) "Local governmental entity" means any department, division,
- 6 bureau, commission, regional planning agency, board, district, authority,
- 7 agency or other instrumentality of this state that acquires, maintains, stores
- 8 or uses data in electronic form containing personal information.
- 9 (h) (1) "Personal information" means either of the following:
- 10 (A) An individual's first name or first initial and last name, in
- 11 combination with at least one of the following data elements for that
- 12 individual:
- 13 (i) Social security number;
- 14 (ii) drivers' license or identification card number, passport number,
- 15 military identification number or other similar number issued on a
- 16 government document used to verify identity;
- 17 (iii) financial account number or credit or debit card number, in
- 18 combination with any security code, access code or password that is
- 19 necessary to permit access to an individual's financial account;
- 20 (iv) any information regarding an individual's medical history, mental
- 21 or physical condition or medical treatment or diagnosis by a health care
- 22 professional; or
- 23 (v) an individual's health insurance policy number or subscriber
- 24 identification number and any unique identifier used by a health insurer to
- 25 identify the individual; or
- 26 (B) a user name or e-mail address, in combination with a password or
- 27 security question and answer that would permit access to an online
- 28 account.
- 29 (2) Personal information shall not include information:
- 30 (A) About an individual that has been made publicly available by a
- 31 federal, state or local governmental entity; or
- 32 (B) that is encrypted, secured or modified by any other method or
- 33 technology that removes elements that personally identify an individual or
- 34 that otherwise renders the information unusable.
- 35 New Sec. 3. (a) There is hereby established within and as a part of the
- 36 office of information technology services the position of executive branch
- 37 chief information security officer. The CISO shall be in the unclassified
- 38 service under the Kansas civil service act, shall be appointed by the
- 39 governor and shall receive compensation in an amount fixed by the
- 40 governor.
- 41 (b) The CISO shall:
- 42 (1) Report to the executive chief information technology officer;
- 43 (2) serve as the state's CISO;

and renumber sub-elements accordingly

- 1 (3) serve as the executive branch chief cybersecurity strategist and
- 2 authority on policies, compliance, procedures, guidance and technologies
- 3 impacting executive branch agency cybersecurity programs;
- 4 (4) ensure cybersecurity training programs are provided for executive
- 5 branch agencies;
- 6 (5) ensure compliance with local policy and applicable regulatory
- 7 authority for background investigations of personnel resources assigned in
- 8 support of executive branch agencies;
- 9 (6) ensure compliance with cybersecurity policies established by the
- 10 Kansas information technology executive council pursuant to K.S.A. 2016
- 11 Supp. 75-7203, and amendments thereto, as well as applicable federal
- 12 standards for resources assigned or provided;
- 13 ~~(7) ensure any executive branch agency is provided an opportunity to~~
- 14 ~~discuss cultural fit and qualifications of assigned security resources;~~
- 15 (8) ensure Kansas information security office personnel resources
- 16 assigned to executive branch agencies are protected from retribution for
- 17 reporting violations;
- 18 (9) coordinate cybersecurity efforts between executive branch
- 19 agencies, state information resources and local governmental entities;
- 20 (10) have authority to:
- 21 (A) Oversee executive branch agency cybersecurity plans for
- 22 information technology projects;
- 23 (B) halt executive branch agency information technology projects or
- 24 information systems that are not compliant with approved cybersecurity
- 25 plans;
- 26 (C) conduct ad hoc security assessments of executive branch agency
- 27 information systems and internal information technology operating
- 28 environments;
- 29 (D) suspend public access to executive branch agency information
- 30 resources where compromise of restricted use information or computer
- 31 resources has occurred or is likely to occur as the result of an identified
- 32 high risk vulnerability or threat;
- 33 (E) disburse state cybersecurity funds and cybersecurity state grant
- 34 funds; and
- 35 (F) hire, promote, suspend, demote, discipline and dismiss all
- 36 executive branch cybersecurity positions; and
- 37 (11) perform such other functions and duties as provided by law and
- 38 as directed by the executive chief information technology officer or the
- 39 governor.

and renumber sub-elements accordingly

40 New Sec. 4. (a) There is hereby established within and as a part of the
41 office of information technology services the Kansas information security
42 office. The Kansas information security office shall be administered by the
43 CISO and be staffed appropriately to effect the provisions of the Kansas

1 cybersecurity act.

2 (b) For the purpose of preparing the governor's budget report and
3 related legislative measures submitted to the legislature, the Kansas
4 information security office, established in this section, shall be considered
5 a separate state agency and shall be titled for such purpose as the "Kansas
6 information security office." The budget estimates and requests of such
7 office shall be presented as from a state agency separate from the
8 department of administration, and such separation shall be maintained in
9 the budget documents and reports prepared by the director of the budget
10 and the governor, or either of them, including all related legislative reports
11 and measures submitted to the legislature.

12 (c) Under direction of the CISO, the Kansas information security
13 office shall perform the following functions for executive branch agencies,
14 unless otherwise stated:

15 (1) Administer the Kansas cybersecurity act;

16 (2) assist in developing, implementing and monitoring strategic and
17 comprehensive information security risk-management programs;

18 (3) facilitate information security governance, including the
19 formation of an information security steering committee or advisory board;

20 (4) create and manage a unified and flexible control framework to
21 integrate and normalize requirements resulting from global laws, standards
22 and regulations;

23 (5) facilitate a metrics, logging and reporting framework to measure
24 the efficiency and effectiveness of the state information security programs;

25 (6) provide strategic risk guidance for information technology
26 projects, including the evaluation and recommendation of technical
27 controls;

28 (7) ensure that security programs are in compliance with relevant
29 laws, rules and regulations and policies;

30 (8) coordinate the use of external resources involved in information
31 security programs, including, but not limited to, interviewing, negotiating
32 contracts and fees and managing external resources;

33 (9) interact with related disciplines through committees to ensure the
34 consistent application of policies and standards across all technology
35 projects, systems and services, including, but not limited to, privacy, risk
36 management, compliance and business continuity management;

37 (10) liaise with external agencies, such as law enforcement and other
38 advisory bodies as necessary, to ensure a strong security posture;

39 (11) assist in the development of effective disaster recovery policies
40 and standards;

41 (12) assist in the development of implementation plans and
42 procedures to ensure that business-critical services are recovered in a
43 cybersecurity event;

- 1 (13) review and restructure, as necessary, current information
2 technology security responsibilities pursuant to section 3, and amendments
3 thereto;
- 4 (14) coordinate information technology security interests between
5 institutions governed by the regents, the legislative branch, the judicial
6 branch, other executive elected office state agencies and local government
7 entities; and
- 8 (15) perform such other functions and duties as provided by law and
9 as directed by the CISO.
- 10 New Sec. 5. (a) The cybersecurity state grant fund coordinating council
11 is hereby established. The CSGFCC shall approve and monitor the
12 delivery of state grant fund cybersecurity services, develop strategies for
13 state grant fund cybersecurity initiatives and award available grant funds
14 as prescribed in section 8, and amendments thereto.
- 15 (b) The CSGFCC shall be composed of:
- 16 (1) The CISO, who shall serve as a permanent voting member; and
17 (2) the following members appointed by the governor:
- 18 (A) Two members representing information technology personnel
19 from executive branch agencies;
- 20 (B) two members representing legal counsel from executive branch
21 agencies; and
- 22 (C) one member representing financial personnel from executive
23 branch agencies.
- 24 (c) (1) After initial appointment, members appointed to this
25 committee shall serve a term of three years, which shall expire on June 30
26 of the last year of such member's term. Appointed members are eligible for
27 reappointment, but shall not serve longer than two successive three-year
28 terms. All vacancies may be filled by appointment for the remainder of the
29 unexpired term and any such appointed member may serve two additional
30 three-year terms.
- 31 (d) The CISO shall serve as the chair of the CSGFCC, and shall:
- 32 (A) Serve as the coordinator of cybersecurity state grant fund services
33 and initiatives in the state;
- 34 (B) implement statewide cybersecurity state grant fund service
35 planning;
- 36 (C) have authority to administer any cybersecurity state grant fund
37 service as adopted by the council;
- 38 (D) serve subject to the direction of the council;
- 39 (E) ensure that policies adopted by the council are carried out;
- 40 (F) preside over all meetings of the council; and
- 41 (G) assist the council in effectuating the provisions of this act.
- 42 (e) The CSGFCC is hereby authorized to adopt rules and regulations
43 necessary to effectuate the provisions of section 8, and amendments

1 thereto, including, but not limited to, creating a uniform reporting form
 2 designating how moneys have been spent by cybersecurity state grant fund
 3 recipients, setting standards for coordinating and purchasing equipment
 4 and recommending standards for training of grant recipient personnel. The
 5 chair of the council shall work with the council to develop rules and
 6 regulations necessary for the distribution of moneys in the cybersecurity
 7 state grant fund. The council shall work with the chair to carry out the
 8 provisions of section 8, and amendments thereto. Rules and regulations
 9 necessary to begin administration of this act shall be adopted by December
 10 31, 2017.

11 (f) Any action of the council pursuant to subsection (e) is subject to
 12 review in accordance with the Kansas judicial review act, K.S.A. 77-601 et
 13 seq., and amendments thereto.

14 (g) The CISO shall submit an annual report, including a detailed
 15 description of all expenditures made from the cybersecurity state fund and
 16 the cybersecurity state grant fund to the joint committee on Kansas
 17 security.

18 New Sec. 6. (a) There is hereby established in the state treasury the
 19 cybersecurity state fund. All amounts received under this section shall be
 20 remitted to the state treasurer in accordance with the provisions of K.S.A.
 21 75-4215, and amendments thereto. Upon receipt of each such remittance,
 22 the state treasurer shall deposit the entire amount in the state treasury to
 23 the credit of the cybersecurity state fund, which shall be administered by
 24 the CISO.

25 (b) On June 30 of each year, any unencumbered balance in the
 26 cybersecurity state fund ~~that is not required for expenditures during the~~
 27 ~~ensuing fiscal year shall~~ be transferred by the director of accounts and
 28 reports from the cybersecurity state fund to the cybersecurity state grant
 29 fund established by section 7, and amendments thereto. If the director of
 30 accounts and reports transfers any funds pursuant to this subsection, the
 31 director shall transmit a copy of such transfer to the director of legislative
 32 research and the director of the budget.

may

33 (c) All payments and disbursements from the cybersecurity state fund
 34 shall be made in accordance with appropriation acts upon warrants of the
 35 director of accounts and reports issued pursuant to vouchers approved by
 36 the CISO or designee of the CISO.

37 (d) On or before the 10th day of each month, the director of accounts
 38 and reports shall transfer from the state general fund to the cybersecurity
 39 state fund interest earnings based on: (1) The average daily balance of
 40 moneys in the cybersecurity state fund for the preceding month; and (2)
 41 the net earnings rate of the pooled money investment portfolio for the
 42 preceding month.

43 (e) On July 1, 2017, the chief executive information technology

1 officer shall certify to the director of accounts and reports all unobligated
 2 funds remaining in the office of information technology services special
 3 revenue funds that are designated by the chief executive information
 4 technology officer as cybersecurity fee moneys. Upon receipt of such
 5 certification, the director of accounts and reports shall transfer such
 6 moneys from the special revenue fund or funds to the cybersecurity state
 7 fund. At the same time as the chief executive information technology
 8 officer transmits each such certification to the director of accounts and
 9 reports, such officer shall transmit a copy of such certification to the
 10 director of legislative research and the director of the budget.

11 New Sec. 7. (a) There is hereby established in the state treasury the
 12 cybersecurity state grant fund. All amounts received under this section
 13 shall be remitted to the state treasurer in accordance with the provisions of
 14 K.S.A. 75-4215, and amendments thereto. Upon receipt of each such
 15 remittance, the state treasurer shall deposit the entire amount in the state
 16 treasury to the credit of the cybersecurity state grant fund, which shall be
 17 administered by the CISO.

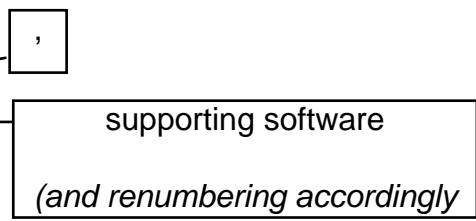
18 (b) All payments and disbursements from the fund shall be made in
 19 accordance with appropriation acts upon warrants of the director of
 20 accounts and reports issued pursuant to vouchers approved by the CISO or
 21 the designee of the CISO.

22 (c) Except as provided further, during any fiscal year, the CISO shall
 23 maintain a balance in the cybersecurity state grant fund of not less than
 24 \$10,000,000. The CISO may approve vouchers for expenditures of the
 25 cybersecurity state grant fund that result in the balance of such fund being
 26 less than \$10,000,000 if the CISO determines such funds are necessary to
 27 respond to a cybersecurity breach.

28 (d) On or before the 10th day of each month, the director of accounts
 29 and reports shall transfer from the state general fund to the cybersecurity
 30 state grant fund interest earnings based on: (1) The average daily balance
 31 of moneys in the cybersecurity state grant fund for the preceding month;
 32 and (2) the net earnings rate of the pooled money investment portfolio for
 33 the preceding month.

34 New Sec. 8. (a) The moneys of the cybersecurity state fund and the
 35 cybersecurity state grant fund shall be used only for necessary and
 36 reasonable costs incurred or to be incurred by the Kansas information
 37 security office for the:

- 38 (1) Implementation and delivery of cybersecurity services;
- 39 (2) purchase, maintenance and license fees for cybersecurity ~~and~~
- 40 supporting equipment ~~and upgrades;~~
- 41 (3) ~~purchase, maintenance and license fees for cybersecurity and~~
- 42 ~~supporting software and upgrades;~~
- 43 (4) training of personnel;



1 (5) installation, service establishment, start-up charges and monthly
2 recurring charges billed by service suppliers;

3 (6) capital improvements and equipment or other physical
4 enhancements to the cybersecurity program;

5 (7) projects involving the development and implementation of
6 cybersecurity services; (8) cybersecurity consolidation or cost-sharing
7 projects;

(insert hard return)

8 ~~(9) delivery of cybersecurity services;~~

*(deletion of duplicate entry -
renumber subelements accordingly)*

9 (10) maintenance of adequate staffing, facilities and support services
10 of the Kansas information security office;

11 (11) projects involving the development and implementation of
12 cybersecurity services for local governmental entities;

13 (12) local governmental entities consolidation or cost-sharing
14 ~~cybersecurity~~ projects;

cybersecurity

15 (13) promotion of cybersecurity education;

16 (14) development and implementation of a cybersecurity scholarship
17 program; and

18 (15) cybersecurity self-insurance.

19 (b) If the CSGFCC, based upon information obtained from the
20 Kansas information security office reports, or an audit of the Kansas
21 information security office determines, that a local governmental entity has
22 used any state cybersecurity fund moneys for any purposes other than
23 those authorized in this act, the local governmental entity shall repay all
24 such funds used for any unauthorized purposes, plus 10% for deposit in the
25 cybersecurity state grant fund. No such repayment of cybersecurity funds
26 shall be imposed pursuant to this section, except upon the written order of
27 the council. Such order shall state the unauthorized purposes for which the
28 funds were used, the amount of funds to be repaid and the right of the local
29 governmental entity to appeal to a hearing before the council. The local
30 governmental entity may, within 15 days after service of the order
31 pursuant to K.S.A. 77-531, and amendments thereto, make a written
32 request to the council for a hearing. Orders of the council under this
33 subsection and hearings shall be subject to the provisions of the Kansas
34 administrative procedure act, K.S.A. 77-501 et seq., and amendments
35 thereto. Any action of the council pursuant to this subsection is subject to
36 review in accordance with the Kansas judicial review act, K.S.A. 77-601 et
37 seq., and amendments thereto.

38 (c) If the CSGFCC determines that the local governmental entity was
39 working in good faith to use the cybersecurity funds for expenditures
40 authorized by this act, no repayment of cybersecurity funds shall be
41 required.

42 New Sec. 9. The Kansas information security office as established
43 under section 4, and amendments thereto, shall be reviewed by the

1 legislature prior to July 1, 2019.

2 Sec. 10. K.S.A. 2016 Supp. 8-145 is hereby amended to read as
3 follows: 8-145. (a) All registration and certificates of title fees shall be
4 paid to the county treasurer of the county in which the applicant for
5 registration resides or has an office or principal place of business within
6 this state, and the county treasurer shall issue a receipt in triplicate, on
7 blanks furnished by the division of vehicles, one copy of which shall be
8 filed in the county treasurer's office, one copy shall be delivered to the
9 applicant and the original copy shall be forwarded to the director of
10 vehicles.

11 (b) The county treasurer shall deposit \$.75 of each license
12 application, \$.75 out of each application for transfer of license plate and \$2
13 out of each application for a certificate of title, collected by such treasurer
14 under this act, in a special fund, which fund is hereby appropriated for the
15 use of the county treasurer in paying for necessary help and expenses
16 incidental to the administration of duties in accordance with the provisions
17 of this law and extra compensation to the county treasurer for the services
18 performed in administering the provisions of this act, which compensation
19 shall be in addition to any other compensation provided by any other law,
20 except that the county treasurer shall receive as additional compensation
21 for administering the motor vehicle title and registration laws and fees, a
22 sum computed as follows: The county treasurer, during the month of
23 December, shall determine the amount to be retained for extra
24 compensation not to exceed the following amounts each year for calendar
25 year 2006 or any calendar year thereafter: The sum of \$110 per hundred
26 registrations for the first 5,000 registrations; the sum of \$90 per hundred
27 registrations for the second 5,000 registrations; the sum of \$5 per hundred
28 for the third 5,000 registrations; and the sum of \$2 per hundred
29 registrations for all registrations thereafter. In no event, however, shall any
30 county treasurer be entitled to receive more than \$15,000 additional annual
31 compensation.

32 If more than one person shall hold the office of county treasurer during
33 any one calendar year, such compensation shall be prorated among such
34 persons in proportion to the number of weeks served. The total amount of
35 compensation paid the treasurer together with the amounts expended in
36 paying for other necessary help and expenses incidental to the
37 administration of the duties of the county treasurer in accordance with the
38 provisions of this act, shall not exceed the amount deposited in such
39 special fund. Any balance remaining in such fund at the close of any
40 calendar year shall be withdrawn and credited to the general fund of the
41 county prior to June 1 of the following calendar year.

42 (c) The county treasurer shall remit the remainder of all such fees
43 collected, together with the original copy of all applications, to the

1 secretary of revenue. The secretary of revenue shall remit all such fees
2 remitted to the state treasurer in accordance with the provisions of K.S.A.
3 75-4215, and amendments thereto. Upon receipt of each such remittance,
4 the state treasurer shall deposit the entire amount in the state treasury to
5 the credit of the state highway fund, except as provided in subsection (d).

6 (d) (1) Three dollars and fifty cents of each certificate of title fee
7 collected and remitted to the secretary of revenue, shall be remitted to the
8 state treasurer who shall credit such \$3.50 to the Kansas highway patrol
9 motor vehicle fund. Three dollars of each certificate of title fee collected
10 and remitted to the secretary of revenue, shall be remitted to the state
11 treasurer who shall credit such \$3 to the VIPS/CAMA technology
12 hardware fund.

13 (2) For repossessed vehicles, \$3 of each certificate of title fee
14 collected and remitted to the secretary of revenue, shall be remitted to the
15 state treasurer who shall credit such \$3 to the repossessed certificates of
16 title fee fund.

17 (3) Three dollars and fifty cents of each reassignment form fee
18 collected and remitted to the secretary of revenue, shall be remitted to the
19 state treasurer who shall credit such \$3.50 to the Kansas highway patrol
20 motor vehicle fund. Three dollars of each reassignment form fee collected
21 and remitted to the secretary of revenue, shall be remitted to the state
22 treasurer who shall credit such \$3 to the VIPS/CAMA technology
23 hardware fund.

24 (4) ~~Until January 1, 2013, \$4~~Four dollars of each division of vehicles
25 modernization surcharge collected and remitted to the secretary of
26 revenue, shall be remitted to the state treasurer who shall credit such \$4 to
27 ~~the division of vehicles modernization fund, on and after January 1, 2013,~~
28 ~~the state treasurer shall credit such \$4 to the state highway fund~~
29 *cybersecurity state fund.*

30 (5) Two dollars of each Kansas highway patrol staffing and training
31 surcharge collected and remitted to the secretary of revenue, shall be
32 remitted to the state treasurer who shall credit such \$2 to the Kansas
33 highway patrol staffing and training fund.

34 (6) One dollar and twenty-five cents of each law enforcement training
35 center surcharge collected and remitted to the secretary of revenue, shall
36 be remitted to the state treasurer who shall credit such \$1.25 to the law
37 enforcement training center fund.

38 Sec. 11. K.S.A. 2016 Supp. 8-145 is hereby repealed.

39 Sec. 12. This act shall take effect and be in force from and after its
40 publication in the statute book.