

## 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;

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.

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.

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 10<sup>th</sup> 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 10<sup>th</sup> 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;
- 8 (9) delivery of cybersecurity services;
- 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;
- 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.