



DEPARTMENT OF JUSTICE
OFFICE OF THE ATTORNEY GENERAL

MEMORANDUM

DATE: April 22, 2019

TO: Honorable Jennifer Williamson, Chair
House Committee on Judiciary

FROM: Cheryl Hiemstra, Deputy Legislative Director

SUBJECT: Senate Bill 684

This testimony is presented in support of Senate Bill 684.

Senate Bill 684 is a product of an interim workgroup to update Oregon's existing data breach law. As entities collect more and more personal information, the risk of data breach grows. Nefarious actors are growing in number and growing in sophistication. 73 percent of cyberattacks were perpetrated by outsiders, with organized crime behind more than half of all breaches, and nation-state or state-affiliated actors involved in 12 percent.¹ With so much personal information online, attacks are getting smarter: via phishing emails, nefarious actors are better able to pose as a friend, coworker, or boss, and manipulate people into accessing sensitive information, and even wiring money or buying gift cards.² One IBM report tells entities that they are more likely to experience a data breach of at least 10,000 records than they are of catching the flu.³

With the threat of data breach increasing, it is important to keep our data breach law up to date. Senate Bill 684 continues this process of updating Oregon's data breach law. First, the bill updates the definition of *personal information* to include username/passwords. Senate Bill 684 is updated so that Oregon law will cover when the certain federal law exemptions do not cover the personal information⁴. The bill provides that compliance with a federal law standard by

¹ See Verizon 2018 Data Breach Investigations Report:

https://enterprise.verizon.com/resources/reports/DBIR_2018_Report_execsummary.pdf

² Oregon FBI Tech Tuesday: Building a Digital Defense Against Payroll Phishing Scams:

<https://www.fbi.gov/contact-us/field-offices/portland/news/press-releases/oregon-fbi-tech-tuesday-building-a-digital-defense-against-payroll-phishing-scams>. "Emails that look like they're from bosses are money scams":

<https://komonews.com/news/consumer/employer-alert-emails-that-look-like-theyre-from-the-boss-trick-staff-and-ruin-business>.

³ IBM Security: "The Ponemon Institute's Cost of a Data Breach"

https://costofadatabreach.mybluemix.net/?cm_mc_uid=71128148773015556988941&cm_mc_sid_50200000=36347041555698894120&cm_mc_sid_52640000=16706161555698894128

⁴ Specifically, Gramm-Leach-Bliley Act of 1999 and the Health Insurance Portability and Accountability Act of 1996, as also updated by Health Information Technology for Economic and Clinical health Act of 2009. See ORS 646A.604(9).

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federally covered entities to the information that is only covered by Oregon law is an affirmative defense. At the request of industry, the bill also clarifies what happens when a vendor that provides data storage (also known as “cloud provider”).

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