

HB 3684 STAFF MEASURE SUMMARY

Joint Committee On Information Management and Technology

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Meeting Dates: 4/18

WHAT THE MEASURE DOES:

House Bill 3684 allows a state agency to apply for and obtain a limited waiver to the prohibitions or requirements regarding state information technology assets and covered products if the state agency shows that a waiver is needed for the state agency or a contractor of the state agency to perform their duties.

Fiscal impact: *May have fiscal impact, but no statement yet issued.*

Revenue impact: *May have revenue impact, but no statement yet issued.*

Detailed Summary

- Amends ORS 276A.342 to:
 - Allow a state agency to apply to the State Chief Information Officer for a limited waiver to the prohibitions on download, installation, use or access of a covered product on a state information technology asset.
 - Directs the State Chief Information Officer to grant a limited waiver if the state agency shows that a waiver is needed for the state agency, or a contractor of the state agency, to perform the duties of the state agency or contractor of the state agency.

Effective Date: Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Oregon House Bill 3127 (Chapter 256, Oregon Laws 2023) prohibits the installation, download or use of software, hardware or services from specific vendors (a.k.a. "covered vendors") onto state information technology assets. Six (6) corporate entities were explicitly identified as "covered vendors" within this authorizing statute, which requires the state to remove existing installations and downloads of covered vendor products and implement all measures necessary to prevent further installation, download or use of these products on state information technology assets. The statute includes an exception for state agencies that use the products of these vendors for carrying out law enforcement activities and requires these agencies adopt risk mitigation standards and procedures. Finally, the statute directs the State Chief Information Officer to adopt rules and processes for assessing whether corporate entities pose or do not pose a threat to national security and for the designation of additional covered vendors to these prohibitions.

The State Chief Information Officer has adopted the required Oregon Administrative Rules (OAR 128-020-0005 -128-020-0035) and a complimentary Statewide Covered Products and Vendors policy (107-004-155) and procedure (107-004-155_PR). The Covered Vendor/Product list was originally established on May 22, 2024, and was recently updated on February 12, 2025 to add DeepSeek (which includes DeepSeek AI).

As required by law, the State Chief Information Officer's adopted rules include: (a) a definition of "national security threat" for purposes of protecting state information technology assets; (b) criteria and a process for determining when a corporate entity poses a national security threat; and (c) criteria and a process for

determining when a corporate entity no longer poses a national security threat. The policy adopted by the State Chief Information Officer includes procedures for providing state agencies, the Secretary of State and the State Treasurer notice that a corporate entity is designated or no longer designated a covered vendor.

However, other than the current exception the State Chief Information Officer is able to grant for state agencies that use covered vendor products for carrying out law enforcement activities, the State Chief Information Officer is not currently empowered by law to grant a limited waiver for other purposes related to covered vendors explicitly named in the authorizing statute (Chapter 256, Oregon Laws 2023).

PRELIMINARY