A BILL FOR AN ACT

CONCERNING STRENGTHENING PROTECTIONS FOR CONSUMER DATA PRIVACY.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at http://leg.colorado.gov.)

Except for conduct in compliance with applicable federal, state, or local law, the bill requires public and private entities in Colorado that maintain paper or electronic documents (documents) that contain personal identifying information (personal information) to develop and maintain a written policy for the destruction and proper disposal of those documents. Entities that maintain, own, or license personal information,
including those that use a nonaffiliated third party as a service provider, shall implement and maintain reasonable security procedures for the personal information. The notification laws governing disclosure of unauthorized acquisitions of unencrypted and encrypted computerized data are expanded to specify who must be notified following such unauthorized acquisition and what must be included in such notification.

---

**Be it enacted by the General Assembly of the State of Colorado:**

SECTION 1. In Colorado Revised Statutes, 6-1-713, amend (1), (2), and (3) as follows:

6-1-713. Disposal of personal identifying information - policy - definition. (1) Each public and private entity in the state that uses MAINTAINS PAPER OR ELECTRONIC documents during the course of business that contain personal identifying information shall develop a WRITTEN policy for the destruction or proper disposal of THOSE paper AND ELECTRONIC documents containing personal identifying information. UNLESS OTHERWISE REQUIRED BY STATE OR FEDERAL LAW OR REGULATION, THE WRITTEN POLICY MUST REQUIRE THAT, WHEN SUCH PAPER OR ELECTRONIC DOCUMENTS ARE NO LONGER NEEDED, THE PUBLIC OR PRIVATE ENTITY SHALL DESTROY OR ARRANGE FOR THE DESTRUCTION OF SUCH PAPER AND ELECTRONIC DOCUMENTS WITHIN ITS CUSTODY OR CONTROL THAT CONTAIN PERSONAL IDENTIFYING INFORMATION BY SHREDDING, ERASING, OR OTHERWISE MODIFYING THE PERSONAL IDENTIFYING INFORMATION IN THE PAPER OR ELECTRONIC DOCUMENTS TO MAKE THE PERSONAL IDENTIFYING INFORMATION UNREADABLE OR INDECIPHERABLE THROUGH ANY MEANS.

(2) For the purposes of this section AND SECTION 6-1-713.5, "personal identifying information" means a social security number; a personal identification number; a password; a pass code; an official state
or government-issued driver's license or identification card number; a
government passport number; biometric data; an employer, student, or
military identification number; or a financial transaction device, as
defined in section 18-5-701 (3).

(3) A public entity that is managing its records in compliance with
part 1 of article 80 of title 24, C.R.S., shall be deemed to have met its
obligations under subsection (1) of this section. A private entity that
is regulated by state or federal law and that maintains
procedures for disposal of personal identifying information
pursuant to the laws, rules, regulations, guidelines, or
guidelines established by its state or federal regulator is in
compliance with this section.

SECTION 2. In Colorado Revised Statutes, add 6-1-713.5 as
follows:

6-1-713.5. Protection of personal identifying information.

(1) To protect personal identifying information, as defined in
section 6-1-713 (2), from unauthorized access, use, modification,
disclosure, or destruction, a person that maintains, owns, or
licenses personal identifying information of an individual
residing in the state shall implement and maintain reasonable
security procedures and practices that are appropriate to the
nature of the personal identifying information and the nature
and size of the business and its operations.

(2) A person that uses a nonaffiliated third party as a
service provider to perform services for the person and
discloses personal identifying information about an individual
residing in the state with the nonaffiliated third party shall
REQUIRE THAT THE NONAFFILIATED THIRD PARTY IMPLEMENT AND
MAINTAIN REASONABLE SECURITY PROCEDURES AND PRACTICES THAT
ARE:

(a) APPROPRIATE TO THE NATURE OF THE PERSONAL IDENTIFYING
INFORMATION DISCLOSED TO THE NONAFFILIATED THIRD PARTY; AND

(b) REASONABLY DESIGNED TO HELP PROTECT THE PERSONAL
IDENTIFYING INFORMATION FROM UNAUTHORIZED ACCESS, USE,
MODIFICATION, DISCLOSURE, OR DESTRUCTION.

(3) FOR THE PURPOSES OF SUBSECTION (2) OF THIS SECTION, A
DISCLOSURE OF PERSONAL IDENTIFYING INFORMATION DOES NOT INCLUDE
DISCLOSURE OF INFORMATION TO A NONAFFILIATED THIRD PARTY UNDER
CIRCUMSTANCES WHERE THE PERSON RETAINS PRIMARY RESPONSIBILITY
FOR IMPLEMENTING AND MAINTAINING REASONABLE SECURITY
PROCEDURES AND PRACTICES APPROPRIATE TO THE NATURE OF THE
PERSONAL IDENTIFYING INFORMATION AND THE PERSON IMPLEMENTS AND
MAINTAINS TECHNICAL CONTROLS THAT ARE REASONABLY DESIGNED TO:

(a) HELP PROTECT THE PERSONAL IDENTIFYING INFORMATION
FROM UNAUTHORIZED ACCESS, USE, MODIFICATION, DISCLOSURE, OR
DESTRUCTION; OR

(b) EFFECTIVELY ELIMINATE THE NONAFFILIATED THIRD PARTY’S
ABILITY TO ACCESS THE PERSONAL IDENTIFYING INFORMATION,
NOTWITHSTANDING THE THIRD PARTY’S PHYSICAL POSSESSION OF THE
PERSONAL IDENTIFYING INFORMATION.

(4) A PERSON THAT IS REGULATED BY STATE OR FEDERAL LAW AND
THAT MAINTAINS PROCEDURES FOR PROTECTION OF PERSONAL
IDENTIFYING INFORMATION PURSUANT TO THE LAWS, RULES,
REGULATIONS, GUIDANCES, OR GUIDELINES ESTABLISHED BY ITS STATE OR
FEDERAL REGULATOR IS IN COMPLIANCE WITH THIS SECTION.

SECTION 3. In Colorado Revised Statutes, 6-1-716, amend (2), (3), and (4); repeal and reenact, with amendments, (1); and add (5) as follows:

6-1-716. Notification of security breach. (1) Definitions. As used in this section, unless the context otherwise requires:

(a) "Biometric data" means unique biometric data generated from measurements or analysis of human body characteristics for the purpose of authenticating the individual when he or she accesses an online account.

(b) "Commercial entity" means any private legal entity, whether for-profit or not-for-profit.

(c) "Determination that a security breach occurred" means the point in time at which there is sufficient evidence to conclude that a security breach has taken place.

(d) "Encrypted" means rendered unusable, unreadable, or indecipherable to an unauthorized person through a security technology or methodology generally accepted in the field of information security.

(e) "Medical information" means any information about a consumer's medical or mental health treatment or diagnosis by a health care professional.

(f) "Notice" means:

(I) Written notice to the postal address listed in the records of the individual or commercial entity;

(II) Telephonic notice;

(III) Electronic notice, if a primary means of
COMMUNICATION BY THE INDIVIDUAL OR COMMERCIAL ENTITY WITH A COLORADO RESIDENT IS BY ELECTRONIC MEANS OR THE NOTICE PROVIDED IS CONSISTENT WITH THE PROVISIONS REGARDING ELECTRONIC RECORDS AND SIGNATURES SET FORTH IN THE FEDERAL "ELECTRONIC SIGNATURES IN GLOBAL AND NATIONAL COMMERCE ACT", 15 U.S.C. SEC. 7001 ET SEQ.; OR

(IV) SUBSTITUTE NOTICE, IF THE INDIVIDUAL OR THE COMMERCIAL ENTITY REQUIRED TO PROVIDE NOTICE DEMONSTRATES THAT THE COST OF PROVIDING NOTICE WILL EXCEED TWO HUNDRED FIFTY THOUSAND DOLLARS, THE AFFECTED CLASS OF PERSONS TO BE NOTIFIED EXCEEDS TWO HUNDRED FIFTY THOUSAND COLORADO RESIDENTS, OR THE INDIVIDUAL OR THE COMMERCIAL ENTITY DOES NOT HAVE SUFFICIENT CONTACT INFORMATION TO PROVIDE NOTICE. SUBSTITUTE NOTICE CONSISTS OF ALL OF THE FOLLOWING:

(A) E-MAIL NOTICE IF THE INDIVIDUAL OR THE COMMERCIAL ENTITY HAS E-MAIL ADDRESSES FOR THE MEMBERS OF THE AFFECTED CLASS OF COLORADO RESIDENTS;

(B) CONSPICUOUS POSTING OF THE NOTICE ON THE WEBSITE PAGE OF THE INDIVIDUAL OR THE COMMERCIAL ENTITY IF THE INDIVIDUAL OR THE COMMERCIAL ENTITY MAINTAINS ONE; AND

(C) NOTIFICATION TO MAJOR STATEWIDE MEDIA.

(g) (I) (A) "PERSONAL INFORMATION" MEANS A COLORADO RESIDENT’S FIRST NAME OR FIRST INITIAL AND LAST NAME IN COMBINATION WITH ANY ONE OR MORE OF THE FOLLOWING DATA ELEMENTS THAT RELATE TO THE RESIDENT, WHEN THE DATA ELEMENTS ARE NOT ENCRYPTED, REDACTED, OR SECURED BY ANY OTHER METHOD RENDERING THE NAME OR THE ELEMENT UNREADABLE OR UNUSABLE: SOCIAL
SECURITY NUMBER; STUDENT, MILITARY, OR PASSPORT IDENTIFICATION NUMBER; DRIVER'S LICENSE NUMBER OR IDENTIFICATION CARD NUMBER; ACCOUNT NUMBER OR CREDIT CARD OR DEBIT CARD NUMBER; MEDICAL INFORMATION; HEALTH INSURANCE IDENTIFICATION NUMBER; OR BIOMETRIC DATA; OR

(B) A COLORADO RESIDENT'S USERNAME OR E-MAIL ADDRESS, IN COMBINATION WITH A PASSWORD OR SECURITY QUESTIONS AND ANSWERS, THAT WOULD PERMIT ACCESS TO AN ONLINE ACCOUNT.

(II) "PERSONAL INFORMATION" DOES NOT INCLUDE PUBLICLY AVAILABLE INFORMATION THAT IS LAWFULLY MADE AVAILABLE TO THE GENERAL PUBLIC FROM FEDERAL, STATE, OR LOCAL GOVERNMENT RECORDS OR WIDELY DISTRIBUTED MEDIA.

(h) "SECURITY BREACH" MEANS THE UNAUTHORIZED ACQUISITION OF UNENCRYPTED COMPUTERIZED DATA THAT COMPROMISES THE SECURITY, CONFIDENTIALITY, OR INTEGRITY OF PERSONAL INFORMATION MAINTAINED BY AN INDIVIDUAL OR A COMMERCIAL ENTITY. GOOD FAITH ACQUISITION OF PERSONAL INFORMATION BY AN EMPLOYEE OR AGENT OF AN INDIVIDUAL OR COMMERCIAL ENTITY FOR THE INDIVIDUAL OR COMMERCIAL ENTITY'S BUSINESS PURPOSES IS NOT A SECURITY BREACH IF THE PERSONAL INFORMATION IS NOT USED FOR A PURPOSE UNRELATED TO THE LAWFUL OPERATION OF THE BUSINESS OR IS NOT SUBJECT TO FURTHER UNAUTHORIZED DISCLOSURE.

(2) Disclosure of breach. (a) An individual or a commercial entity that conducts business in Colorado and that MAINTAINS, owns, or licenses computerized data that includes personal information about a resident of Colorado shall, when it becomes aware of a breach, of the security of the system DETERMINES THAT A SECURITY BREACH HAS
OCCURRED, conduct in good faith a prompt investigation to determine the likelihood that personal information has been or will be misused. The individual or the commercial entity shall give notice as soon as possible to the affected Colorado residents unless the investigation determines that the misuse of information about a Colorado resident has not occurred and is not reasonably likely to occur. Notice shall be made in the most expedient time possible and without unreasonable delay, but not later than thirty days after the date of determination that a security breach occurred, consistent with the legitimate needs of law enforcement and consistent with any measures necessary to determine the scope of the breach and to restore the reasonable integrity of the computerized data system.

(a.2) Except as otherwise provided for in subsection (2)(a.3) of this section, in the case of a breach of personal information, notice required by this subsection (2) to affected Colorado residents must include, but need not be limited to, the following information:

(I) the date, estimated date, or estimated date range of the security breach;

(II) a description of the personal information that was acquired or reasonably believed to have been acquired as part of the security breach;

(III) information that the resident can use to contact the individual or commercial entity that was breached to inquire about the security breach;

(IV) the toll-free numbers, addresses, and websites for consumer reporting agencies;
(V) The toll-free number, address, and website for the Federal Trade Commission; and

(VI) A statement that the resident can obtain information from the Federal Trade Commission and the credit reporting agencies about fraud alerts and security freezes.

(a.3) If notice of a security breach involving personal information, as defined in subsection (1)(g)(I)(B) of this section, is given no later than five days after the determination that a security breach occurred, consistent with the legitimate needs of law enforcement and consistent with any measures necessary to determine the scope of the breach and to restore the reasonable integrity of the computerized data system, notice may be given as follows, instead of as outlined in subsection (2)(a.2) of this section:

(I) The individual or commercial entity may provide the security breach notification in electronic or other form that directs the person whose personal information has been breached to promptly change his or her password and security question or answer, as applicable, or to take other steps appropriate to protect the online account with the person or business and all other online accounts for which the person whose personal information has been breached that uses the same user name or e-mail address and password or security question or answer.

(II) For log-in credentials of an e-mail account furnished by the individual or commercial entity, the individual or commercial entity shall not comply with this section by
PROVIDING THE SECURITY BREACH NOTIFICATION TO THAT E-MAIL ADDRESS, BUT MAY INSTEAD COMPLY WITH THIS SECTION BY PROVIDING NOTICE, AS DEFINED IN SUBSECTION (1)(f) OF THIS SECTION, OR BY CLEAR AND CONSPICUOUS NOTICE DELIVERED TO THE RESIDENT ONLINE WHEN THE RESIDENT IS CONNECTED TO THE ONLINE ACCOUNT FROM AN INTERNET PROTOCOL ADDRESS OR ONLINE LOCATION FROM WHICH THE INDIVIDUAL OR COMMERCIAL ENTITY KNOWS THE RESIDENT CUSTOMARILY ACCESSES THE ACCOUNT.

(a.4) The breach of encrypted or otherwise secured personal information must be disclosed in accordance with this section if the confidential process, encryption key, or other means to decipher the secured information was also acquired in the security breach or was reasonably believed to have been acquired.

(a.5) An individual or commercial entity that is required to provide notice to affected Colorado residents pursuant to this subsection (2) is prohibited from charging the cost of providing such notice to such residents.

(a.6) Nothing in this subsection (2) prohibits the notice described in this subsection (2) from containing additional information, including any information that may be required by state or federal law.

(b) If an individual or a commercial entity that maintains uses a third-party service provider to maintain computerized data that includes personal information, that the individual or the commercial entity does not own or license then the third-party service provider shall give notice to and cooperate with the owner or licensee of the
information of any breach of the security of the system immediately THE
INDIVIDUAL OR COMMERCIAL ENTITY IN THE EVENT OF A SECURITY
BREACH THAT COMPROMISES SUCH COMPUTERIZED DATA, INCLUDING
NOTIFYING THE INDIVIDUAL OR COMMERCIAL ENTITY OF ANY SECURITY
BREACH AS SOON AS POSSIBLE AND WITHOUT UNREASONABLE DELAY
following discovery of a SECURITY breach, if misuse of personal
information about a Colorado resident occurred or is likely to occur.
Cooperation includes sharing with the owner or licensee information
relevant to the SECURITY breach; except that such cooperation shall not
be deemed to DOES NOT require the disclosure of confidential business
information or trade secrets.

(c) Notice required by this section may be delayed if a law
enforcement agency determines that the notice will impede a criminal
investigation and the law enforcement agency has notified the individual
or commercial entity that conducts business in Colorado not to send
notice required by this section. Notice required by this section shall MUST
be made in good faith, without unreasonable delay and as soon as possible
BUT NOT LATER THAN THIRTY DAYS after the law enforcement agency
determines that notification will no longer impede the investigation and
has notified the individual or commercial entity that conducts business in
Colorado that it is appropriate to send the notice required by this section.

(d) If an individual or commercial entity is required to notify more
than one thousand Colorado residents of a SECURITY breach of the
security of the system pursuant to this section, the individual or
commercial entity shall also notify, without unreasonable delay, all
consumer reporting agencies that compile and maintain files on
consumers on a nationwide basis, as defined by THE FEDERAL "FAIR
CREDIT REPORTING ACT", 15 U.S.C. sec. 1681a (p), of the anticipated date of the notification to the residents and the approximate number of residents who are to be notified. Nothing in this paragraph (d) shall be construed to require the individual or commercial entity to provide to the consumer reporting agency the names or other personal information of security breach notice recipients. This paragraph (d) shall not apply to a person who is subject to Title V of the federal "Gramm-Leach-Bliley Act", 15 U.S.C. sec. 6801 et seq.

(e) A WAIVER OF THESE NOTIFICATION RIGHTS OR RESPONSIBILITIES IS VOID AS AGAINST PUBLIC POLICY.

(f) (I) THE INDIVIDUAL OR COMMERCIAL ENTITY THAT WAS BREACHED SHALL PROVIDE NOTICE OF ANY SECURITY BREACH TO THE COLORADO ATTORNEY GENERAL AS SOON AS PRACTICABLE BUT NOT LATER THAN THIRTY DAYS AFTER THE DATE OF DETERMINATION THAT A SECURITY BREACH OCCURRED IF THE SECURITY BREACH IS REASONABLY BELIEVED TO HAVE AFFECTED FIVE HUNDRED COLORADO RESIDENTS OR MORE, UNLESS THE INVESTIGATION DETERMINES THAT THE MISUSE OF INFORMATION ABOUT A COLORADO RESIDENT HAS NOT OCCURRED AND IS NOT LIKELY TO OCCUR.

(II) THE BREACH OF ENCRYPTED OR OTHERWISE SECURED PERSONAL INFORMATION MUST BE DISCLOSED IN ACCORDANCE WITH THIS SECTION IF THE CONFIDENTIAL PROCESS, ENCRYPTION KEY, OR OTHER MEANS TO DECIPHER THE SECURED INFORMATION WAS ALSO ACQUIRED OR WAS REASONABLY BELIEVED TO HAVE BEEN ACQUIRED IN THE SECURITY BREACH.

(3) Procedures deemed in compliance with notice
requirements. (a) Under PURSUANT TO this section, an individual or a commercial entity that maintains its own notification procedures as part of an information security policy for the treatment of personal information and whose procedures are otherwise consistent with the timing requirements of this section shall be deemed to be IS in compliance with the notice requirements of this section if the individual or the commercial entity notifies affected Colorado customers in accordance with its policies in the event of a breach of security of the system SECURITY BREACH; EXCEPT THAT NOTICE TO THE ATTORNEY GENERAL IS STILL REQUIRED PURSUANT TO SUBSECTION (2)(f) OF THIS SECTION.

(b) An individual or a commercial entity that is regulated by state or federal law and that maintains procedures for a SECURITY breach of the security of the system pursuant to the laws, rules, regulations, guidances, or guidelines established by its primary or functional state or federal regulator is deemed to be in compliance with this section; EXCEPT THAT NOTICE TO THE ATTORNEY GENERAL IS STILL REQUIRED PURSUANT TO SUBSECTION (2)(f) OF THIS SECTION. IN THE CASE OF A CONFLICT BETWEEN THE TIME PERIOD FOR NOTICE TO INDIVIDUALS THAT IS REQUIRED PURSUANT TO THIS SUBSECTION (2) AND THE APPLICABLE STATE OR FEDERAL LAW OR REGULATION, THE LAW OR REGULATION WITH THE SHORTEST TIME FRAME FOR NOTICE TO THE INDIVIDUAL CONTROLS.

(4) Violations. The attorney general may bring an action in law or equity to address violations of this section, SECTION 6-1-713, OR SECTION 6-1-713.5, and for other relief that may be appropriate to ensure compliance with this section or to recover direct economic damages resulting from a violation, or both. The provisions of this section are not exclusive and do not relieve an individual or a commercial entity subject
to this section from compliance with all other applicable provisions of law.

(5) **Attorney general criminal authority.** Upon receipt of notice pursuant to subsection (2) of this section, and with either a request from the governor to prosecute a particular case or with the approval of the district attorney with jurisdiction to prosecute cases in the judicial district where a case has been, will be, or could be brought, the attorney general has the authority to prosecute any criminal violations of section 18-5.5-102.

**SECTION 4.** In Colorado Revised Statutes, add article 73 to title 24 as follows:

**ARTICLE 73**

**Security Breaches and Personal Information**

24-73-101. **Governmental entity - disposal of personal identifying information - policy - definitions.** (1) Each governmental entity in the state that maintains paper or electronic documents during the course of business that contain personal identifying information shall develop a written policy for the destruction or proper disposal of those paper and electronic documents containing personal identifying information. Unless otherwise required by state or federal law or regulation, the written policy must require that, when such paper or electronic documents are no longer needed, the governmental entity destroy or arrange for the destruction of such paper and electronic documents within its custody or control that contain personal identifying information by
SHREDDING, ERASING, OR OTHERWISE MODIFYING THE PERSONAL
IDENTIFYING INFORMATION IN THE PAPER OR ELECTRONIC DOCUMENTS TO
MAKE THE PERSONAL IDENTIFYING INFORMATION UNREADABLE OR
INDECIPHERABLE THROUGH ANY MEANS.

(2) A GOVERNMENTAL ENTITY THAT IS REGULATED BY STATE OR
FEDERAL LAW AND THAT MAINTAINS PROCEDURES FOR DISPOSAL OF
PERSONAL IDENTIFYING INFORMATION PURSUANT TO THE LAWS, RULES,
REGULATIONS, GUIDANCES, OR GUIDELINES ESTABLISHED BY ITS STATE OR
FEDERAL REGULATOR IS IN COMPLIANCE WITH THIS SECTION.

(3) UNLESS A GOVERNMENTAL ENTITY SPECIFICALLY CONTRACTS
WITH A RECYCLER OR DISPOSAL FIRM FOR DESTRUCTION OF DOCUMENTS
THAT CONTAIN PERSONAL IDENTIFYING INFORMATION, NOTHING IN THIS
SECTION REQUIRES A RECYCLER OR DISPOSAL FIRM TO VERIFY THAT THE
DOCUMENTS CONTAINED IN THE PRODUCTS IT RECEIVES FOR DISPOSAL OR
RECYCLING HAVE BEEN PROPERLY DESTROYED OR DISPOSED OF AS
REQUIRED BY THIS SECTION.

(4) FOR THE PURPOSES OF THIS SECTION AND SECTION 24-73-102,
UNLESS THE CONTEXT OTHERWISE REQUIREDS;

(a) "GOVERNMENTAL ENTITY" MEANS THE STATE AND ANY STATE
AGENCY OR INSTITUTION, COUNTY, CITY AND COUNTY, INCORPORATED
CITY OR TOWN, SCHOOL DISTRICT, SPECIAL IMPROVEMENT DISTRICT,
AUTHORITY, AND EVERY OTHER KIND OF DISTRICT, INSTRUMENTALITY, OR
POLITICAL SUBDIVISION OF THE STATE ORGANIZED PURSUANT TO LAW.
"GOVERNMENTAL ENTITY" INCLUDES ENTITIES GOVERNED BY HOME RULE
CHARTERS.

(b) "PERSONAL IDENTIFYING INFORMATION" MEANS A SOCIAL
SECURITY NUMBER; A PERSONAL IDENTIFICATION NUMBER; A PASSWORD;
PASS CODE; AN OFFICIAL STATE OR GOVERNMENT-ISSUED DRIVER'S LICENSE OR IDENTIFICATION CARD NUMBER; A GOVERNMENT PASSPORT NUMBER; BIOMETRIC DATA; AN EMPLOYER, STUDENT, OR MILITARY IDENTIFICATION NUMBER; OR A FINANCIAL TRANSACTION DEVICE, AS DEFINED IN SECTION 18-5-701 (3).

24-73-102. Governmental entity - protection of personal identifying information. (1) To protect personal identifying information, as defined in section 24-73-101 (4)(b), from unauthorized access, use, modification, disclosure, or destruction, a governmental entity that maintains, owns, or licenses personal identifying information shall implement and maintain reasonable security procedures and practices that are appropriate to the nature of the personal identifying information and the nature and size of the governmental entity.

(2) A governmental entity that uses a nonaffiliated third party as a service provider to perform services for the governmental entity and discloses personal identifying information about an individual residing in the state with the nonaffiliated third party shall require that the nonaffiliated third party implement and maintain reasonable security procedures and practices that are:

(a) Appropriate to the nature of the personal identifying information disclosed to the nonaffiliated third party; and

(b) Reasonably designed to help protect the personal identifying information from unauthorized access, use, modification, disclosure, or destruction.

(3) For the purposes of subsection (2) of this section, a
DISCLOSURE OF PERSONAL IDENTIFYING INFORMATION DOES NOT INCLUDE DISCLOSURE OF INFORMATION TO A NONAFFILIATED THIRD PARTY UNDER CIRCUMSTANCES WHERE THE GOVERNMENTAL ENTITY RETAINS PRIMARY RESPONSIBILITY FOR IMPLEMENTING AND MAINTAINING REASONABLE SECURITY PROCEDURES AND PRACTICES APPROPRIATE TO THE NATURE OF THE PERSONAL IDENTIFYING INFORMATION AND THE GOVERNMENTAL ENTITY IMPLEMENTS AND MAINTAINS TECHNICAL CONTROLS REASONABLY DESIGNED TO:

(a) HELP PROTECT THE PERSONAL IDENTIFYING INFORMATION FROM UNAUTHORIZED ACCESS, MODIFICATION, DISCLOSURE, OR DESTRUCTION; OR

(b) EFFECTIVELY ELIMINATE THE NONAFFILIATED THIRD PARTY'S ABILITY TO ACCESS THE PERSONAL IDENTIFYING INFORMATION, NOTWITHSTANDING THE THIRD PARTY'S PHYSICAL POSSESSION OF THE PERSONAL IDENTIFYING INFORMATION.

(4) A GOVERNMENTAL ENTITY THAT IS REGULATED BY STATE OR FEDERAL LAW AND THAT MAINTAINS PROCEDURES FOR STORAGE OF PERSONAL IDENTIFYING INFORMATION PURSUANT TO THE LAWS, RULES, REGULATIONS, GUIDANCES, OR GUIDELINES ESTABLISHED BY ITS STATE OR FEDERAL REGULATOR IS IN COMPLIANCE WITH THIS SECTION.

24-73-103. Governmental entity - notification of security breach. (1) Definitions. As used in this section, unless the context otherwise requires:

(a) "BIOMETRIC DATA" MEANS UNIQUE BIOMETRIC DATA GENERATED FROM MEASUREMENTS OR ANALYSIS OF HUMAN BODY CHARACTERISTICS FOR THE PURPOSE OF AUTHENTICATING THE INDIVIDUAL WHEN HE OR SHE ACCESSES AN ONLINE ACCOUNT.
(b) "Determination that a security breach occurred" means the point in time at which there is sufficient evidence to conclude that a security breach has taken place.

(c) "Encrypted" means rendered unusable, unreadable, or indecipherable to an unauthorized person through a security technology or methodology generally accepted in the field of information security.

(d) "Governmental entity" means the state and any state agency or institution, county, city and county, incorporated city or town, school district, special improvement district, authority, and every other kind of district, instrumentality, or political subdivision of the state organized pursuant to law. "Governmental entity" includes entities governed by home rule charters.

(e) "Medical information" means any information about a consumer’s medical or mental health treatment or diagnosis by a health care professional.

(f) "Notice" means:

(I) Written notice to the postal address listed in the records of the governmental entity;

(II) Telephonic notice;

(III) Electronic notice, if a primary means of communication by the governmental entity with a Colorado resident is by electronic means or the notice provided is consistent with the provisions regarding electronic records and signatures set forth in the federal "Electronic Signatures in Global and National Commerce Act", 15 U.S.C. sec. 7001 et seq.;
OR

(IV) SUBSTITUTE NOTICE, IF THE GOVERNMENTAL ENTITY
required to provide notice demonstrates that the cost of
providing notice will exceed two hundred fifty thousand
dollars, the affected class of persons to be notified exceeds two
hundred fifty thousand Colorado residents, or the
governmental entity does not have sufficient contact
information to provide notice. Substitute notice consists of all
of the following:

(A) E-MAIL NOTICE IF THE GOVERNMENTAL ENTITY HAS E-MAIL
addresses for the members of the affected class of Colorado
residents;

(B) CONSPICUOUS POSTING OF THE NOTICE ON THE WEBSITE PAGE
OF THE GOVERNMENTAL ENTITY IF THE GOVERNMENTAL ENTITY
MAINTAINS ONE; AND

(C) NOTIFICATION TO MAJOR STATEWIDE MEDIA.

(g) (I) (A) "PERSONAL INFORMATION" MEANS A COLORADO
RESIDENT'S FIRST NAME OR FIRST INITIAL AND LAST NAME IN COMBINATION
WITH ANY ONE OR MORE OF THE FOLLOWING DATA ELEMENTS THAT
RELATE TO THE RESIDENT, WHEN THE DATA ELEMENTS ARE NOT
ENCRYPTED, REDACTED, OR SECURED BY ANY OTHER METHOD RENDERING
THE NAME OR THE ELEMENT UNREADABLE OR UNUSABLE: SOCIAL
SECURITY NUMBER; DRIVER'S LICENSE NUMBER OR IDENTIFICATION CARD
NUMBER; STUDENT, MILITARY, OR PASSPORT IDENTIFICATION NUMBER;
ACCOUNT NUMBER OR CREDIT CARD OR DEBIT CARD NUMBER; MEDICAL
INFORMATION; HEALTH INSURANCE IDENTIFICATION NUMBER; OR
BIOMETRIC DATA; OR
(B) A Colorado resident's user name or e-mail address, in combination with a password or security questions and answers, that would permit access to an online account.

(II) "Personal information" does not include publicly available information that is lawfully made available to the general public from federal, state, or local government records or widely distributed media.

(h) "Security breach" means the unauthorized acquisition of unencrypted computerized data that compromises the security, confidentiality, or integrity of personal information maintained by a governmental entity. Good faith acquisition of personal information by an employee or agent of a governmental entity for the purposes of the governmental entity is not a security breach if the personal information is not used for a purpose unrelated to the lawful government purpose or is not subject to further unauthorized disclosure.

(2) Disclosure of breach. (a) A governmental entity that maintains, owns, or licenses computerized data that includes personal information about a resident of Colorado shall, when it determines that a security breach has occurred, conduct in good faith a prompt investigation to determine the likelihood that personal information has been or will be misused. The governmental entity shall give notice to the affected Colorado residents unless the investigation determines that the misuse of information about a Colorado resident has not occurred and is not reasonably likely to occur. Notice must be made in the most expedient time possible and without unreasonable delay, but not
LATER THAN THIRTY DAYS AFTER THE DATE OF DETERMINATION THAT A
SECURITY BREACH OCCURRED, CONSISTENT WITH THE LEGITIMATE NEEDS
OF LAW ENFORCEMENT AND CONSISTENT WITH ANY MEASURES NECESSARY
TO DETERMINE THE SCOPE OF THE BREACH AND TO RESTORE THE
REASONABLE INTEGRITY OF THE COMPUTERIZED DATA SYSTEM,

(b) Except as provided for in subsection (2)(c) of this
section, in the case of a breach of personal information, notice
required by this subsection (2) to affected Colorado residents
must include, but need not be limited to, the following
information:

(I) The date, estimated date, or estimated date range of
the security breach;

(II) A description of the personal information that was
acquired or reasonably believed to have been acquired as part
of the security breach;

(III) Information that the resident can use to contact the
governmental entity that was breached to inquire about the
security breach;

(IV) The toll-free numbers, addresses, and websites for
consumer reporting agencies;

(V) The toll-free number, address, and website for the
federal trade commission; and

(VI) A statement that the resident can obtain information
from the federal trade commission and the credit reporting
agencies about fraud alerts and security freezes.

(c) If notice of a security breach involving personal
information, as defined in subsection (1)(g)(I)(B) of this section,
IS GIVEN NO LATER THAN FIVE DAYS AFTER THE DETERMINATION THAT A
SECURITY BREACH OCCURRED, CONSISTENT WITH THE LEGITIMATE NEEDS
OF LAW ENFORCEMENT AND CONSISTENT WITH ANY MEASURES NECESSARY
TO DETERMINE THE SCOPE OF THE BREACH AND TO RESTORE THE
REASONABLE INTEGRITY OF THE COMPUTERIZED DATA SYSTEM, NOTICE
MAY BE GIVEN AS FOLLOWS RATHER THAN AS OUTLINED IN SUBSECTION
(2)(a) OF THIS SECTION:

(I) THE GOVERNMENTAL ENTITY MAY PROVIDE THE SECURITY
BREACH NOTIFICATION IN ELECTRONIC OR OTHER FORM THAT DIRECTS THE
PERSON WHOSE PERSONAL INFORMATION HAS BEEN BREACHED TO
PROMPTLY CHANGE HIS OR HER PASSWORD AND SECURITY QUESTION OR
ANSWER, AS APPLICABLE, OR TO TAKE OTHER STEPS APPROPRIATE TO
PROTECT THE ONLINE ACCOUNT WITH THE PERSON OR BUSINESS AND ALL
OTHER ONLINE ACCOUNTS FOR WHICH THE PERSON WHOSE PERSONAL
INFORMATION HAS BEEN BREACHED THAT USES THE SAME USERNAME OR
E-MAIL ADDRESS AND PASSWORD OR SECURITY QUESTION OR ANSWER.

(II) FOR LOG-IN CREDENTIALS OF AN E-MAIL ACCOUNT FURNISHED
BY THE GOVERNMENTAL ENTITY, THE GOVERNMENTAL ENTITY SHALL NOT
COMPLY WITH THIS SECTION BY PROVIDING THE SECURITY BREACH
NOTIFICATION TO THAT E-MAIL ADDRESS, BUT MAY INSTEAD COMPLY WITH
THIS SECTION BY PROVIDING NOTICE, AS DEFINED IN SUBSECTION (1)(f) OF
THIS SECTION, OR BY CLEAR AND CONSPICUOUS NOTICE DELIVERED TO THE
RESIDENT ONLINE WHEN THE RESIDENT IS CONNECTED TO THE ONLINE
ACCOUNT FROM AN INTERNET PROTOCOL ADDRESS OR ONLINE LOCATION
FROM WHICH THE GOVERNMENTAL ENTITY KNOWS THE RESIDENT
CUSTOMARILY ACCESSES THE ACCOUNT.

(d) THE BREACH OF ENCRYPTED OR OTHERWISE SECURED
PERSONAL INFORMATION MUST BE DISCLOSED IN ACCORDANCE WITH THIS
SECTION IF THE CONFIDENTIAL PROCESS, ENCRYPTION KEY, OR OTHER
MEANS TO DECIPHER THE SECURED INFORMATION WAS ALSO ACQUIRED IN
THE SECURITY BREACH OR WAS REASONABLY BELIEVED TO HAVE BEEN
ACQUIRED.

(e) A GOVERNMENTAL ENTITY THAT IS REQUIRED TO PROVIDE
NOTICE PURSUANT TO THIS SUBSECTION (2) IS PROHIBITED FROM CHARGING
THE COST OF PROVIDING SUCH NOTICE TO INDIVIDUALS.

(f) Nothing in this subsection (2) prohibits the notice
described in this subsection (2) from containing additional
information, including any information that may be required by
STATE OR FEDERAL LAW.

(g) If a governmental entity uses a third-party service
provider to maintain computerized data that includes personal
information, then the third-party service provider shall give
notice to and cooperate with the governmental entity in the
event of a security breach that compromises such computerized
data, including notifying the governmental entity of any
security breach as soon as possible and without unreasonable
delay following discovery of a security breach, if misuse of
personal information about a Colorado resident occurred or is
likely to occur. Cooperation includes sharing with the owner or
licensee information relevant to the security breach; except
that such cooperation does not require the disclosure of
confidential business information or trade secrets.

(h) Notice required by this section may be delayed if a law
enforcement agency determines that the notice will impede a
CRIMINAL INVESTIGATION AND THE LAW ENFORCEMENT AGENCY HAS
NOTIFIED THE GOVERNMENTAL ENTITY THAT OPERATES IN COLORADO NOT
to send notice required by this section. Notice required by this
section must be made in good faith, without unreasonable delay
but not later than thirty days after the law enforcement
agency determines that notification will no longer impede the
investigation and has notified the governmental entity that it
is appropriate to send the notice required by this section.

(i) If a governmental entity is required to notify more
than one thousand Colorado residents of a security breach
pursuant to this section, the governmental entity shall also
notify, without unreasonable delay, all consumer reporting
agencies that compile and maintain files on consumers on a
nationwide basis, as defined by the federal "Fair Credit
Reporting Act", 15 U.S.C. sec. 1681a (p), of the anticipated date of
the notification to the residents and the approximate number of
residents who are to be notified. Nothing in this subsection (2)(i)
requires the governmental entity to provide to the consumer
reporting agency the names or other personal information of
security breach notice recipients. This subsection (2)(i) does not
apply to a person who is subject to Title V of the federal

(j) A waiver of these notification rights or responsibilities
is void as against public policy.

(k) The governmental entity that was breached shall
provide notice of any security breach to the Colorado attorney
general as soon as practicable but not later than thirty days
AFTER THE DATE OF DETERMINATION THAT A SECURITY BREACH OCCURRED IF THE SECURITY BREACH IS REASONABLY BELIEVED TO HAVE AFFECTED FIVE HUNDRED COLORADO RESIDENTS OR MORE, UNLESS THE INVESTIGATION DETERMINES THAT THE MISUSE OF INFORMATION ABOUT A COLORADO RESIDENT HAS NOT OCCURRED AND IS NOT LIKELY TO OCCUR.

(II) THE BREACH OF ENCRYPTED OR OTHERWISE SECURED PERSONAL INFORMATION MUST BE DISCLOSED IN ACCORDANCE WITH THIS SECTION IF THE CONFIDENTIAL PROCESS, ENCRYPTION KEY, OR OTHER MEANS TO DECIPHER THE SECURED INFORMATION WAS ALSO ACQUIRED OR WAS REASONABLY BELIEVED TO HAVE BEEN ACQUIRED IN THE SECURITY BREACH.

(3) Procedures deemed in compliance with notice requirements. (a) Pursuant to this section, a governmental entity that maintains its own notification procedures as part of an information security policy for the treatment of personal information and whose procedures are otherwise consistent with the timing requirements of this section is in compliance with the notice requirements of this section if the governmental entity notifies affected Colorado customers in accordance with its policies in the event of a security breach; except that notice to the attorney general is still required pursuant to subsection (2)(k) of this section.

(b) A governmental entity that is regulated by state or federal law and that maintains procedures for a security breach pursuant to the laws, rules, regulations, guidelines, or guidelines established by its state or federal regulator is in compliance with this section; except that notice to the attorney
GENERAL IS STILL REQUIRED PURSUANT TO SUBSECTION (2)(k) OF THIS SECTION. IN THE CASE OF A CONFLICT BETWEEN THE TIME PERIOD FOR NOTICE TO INDIVIDUALS, THE LAW OR REGULATION WITH THE SHORTEST NOTICE PERIOD CONTROLS.

(4) Violations. The attorney general may bring an action for injunctive relief to enforce the provisions of this section.

(5) Attorney general criminal authority. Upon receipt of notice pursuant to subsection (2) of this section, and with either a request from the governor to prosecute a particular case or with the approval of the district attorney with jurisdiction to prosecute cases in the judicial district where a case has been, will be, or could be brought, the attorney general has the authority to prosecute any criminal violations of section 18-5.5-102.

SECTION 5. Effective date. This act takes effect September 1, 2018.

SECTION 6. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.