

## **the "Data Breach Notification Act", 2017 N.M. HB 15**

Enacted, April 6, 2017

### **Reporter**

2017 N.M. ALS 36; 2017 N.M. Laws 36; 2017 N.M. Ch. 36; 2017 N.M. HB 15

**NEW MEXICO ADVANCE LEGISLATIVE SERVICE > NEW MEXICO 53RD LEGISLATURE - FIRST REGULAR SESSION > CHAPTER 36 > HOUSE BILL 15**

## **Synopsis**

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AN ACT RELATING TO CONSUMER PROTECTION; CREATING THE DATA BREACH NOTIFICATION ACT; REQUIRING NOTIFICATION TO PERSONS AFFECTED BY A SECURITY BREACH INVOLVING PERSONAL IDENTIFYING INFORMATION; REQUIRING SECURE STORAGE AND DISPOSAL OF DATA CONTAINING PERSONAL IDENTIFYING INFORMATION; REQUIRING NOTIFICATION TO CONSUMER REPORTING AGENCIES AND THE OFFICE OF THE ATTORNEY GENERAL; PROVIDING CIVIL PENALTIES; EXEMPTING NEW MEXICO AND ITS POLITICAL SUBDIVISIONS FROM COMPLIANCE WITH THE DATA BREACH NOTIFICATION ACT.

## **Text**

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*BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:*

### **SECTION 1. SHORT TITLE.—**

This act may be cited as the "Data Breach Notification Act".

### **SECTION 2. DEFINITIONS.—**

As used in the Data Breach Notification Act:

- A.** "biometric data" means a record generated by automatic measurements of an identified individual's fingerprints, voice print, iris or retina patterns, facial characteristics or hand geometry that is used to uniquely and durably authenticate an individual's identity when the individual accesses a physical location, device, system or account;
- B.** "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;
- C.** "personal identifying information":
  - (1)** means an individual's first name or first initial and last name in combination with one or more of the following data elements that relate to the individual, when the data elements are not protected through encryption or redaction or otherwise rendered unreadable or unusable:
    - (a)** social security number;
    - (b)** driver's license number;
    - (c)** government-issued identification number;

(d) account number, credit card number or debit card number in combination with any required security code, access code or password that would permit access to a person's financial account; or

(e) biometric data; and

(2) does not mean information that is lawfully obtained from publicly available sources or from federal, state or local government records lawfully made available to the general public;

D. "security breach" means the unauthorized acquisition of unencrypted computerized data, or of encrypted computerized data and the confidential process or key used to decrypt the encrypted computerized data, that compromises the security, confidentiality or integrity of personal identifying information maintained by a person. "Security breach" does not include the good-faith acquisition of personal identifying information by an employee or agent of a person for a legitimate business purpose of the person; provided that the personal identifying information is not subject to further unauthorized disclosure; and

E. "service provider" means any person that receives, stores, maintains, licenses, processes or otherwise is permitted access to personal identifying information through its provision of services directly to a person that is subject to regulation.

### **SECTION 3. DISPOSAL OF PERSONAL IDENTIFYING INFORMATION.—**

A person that owns or licenses records containing personal identifying information of a New Mexico resident shall arrange for proper disposal of the records when they are no longer reasonably needed for business purposes. As used in this section, "proper disposal" means shredding, erasing or otherwise modifying the personal identifying information contained in the records to make the personal identifying information unreadable or undecipherable.

### **SECTION 4. SECURITY MEASURES FOR STORAGE OF PERSONAL IDENTIFYING INFORMATION.—**

A person that owns or licenses personal identifying information of a New Mexico resident shall implement and maintain reasonable security procedures and practices appropriate to the nature of the information to protect the personal identifying information from unauthorized access, destruction, use, modification or disclosure.

### **SECTION 5. SERVICE PROVIDER USE OF PERSONAL IDENTIFYING INFORMATION—IMPLEMENTATION OF SECURITY MEASURES.—**

A person that discloses personal identifying information of a New Mexico resident pursuant to a contract with a service provider shall require by contract that the service provider implement and maintain reasonable security procedures and practices appropriate to the nature of the personal identifying information and to protect it from unauthorized access, destruction, use, modification or disclosure.

### **SECTION 6. NOTIFICATION OF SECURITY BREACH.—**

A. Except as provided in Subsection C of this section, a person that owns or licenses elements that include personal identifying information of a New Mexico resident shall provide notification to each New Mexico resident whose personal identifying information is reasonably believed to have been subject to a security breach. Notification shall be made in the most expedient time possible, but not later than forty-five calendar days following discovery of the security breach, except as provided in Section 9 of the Data Breach Notification Act.

B. Notwithstanding Subsection A of this section, notification to affected New Mexico residents is not required if, after an appropriate investigation, the person determines that the security breach does not give rise to a significant risk of identity theft or fraud.

- C.** Any person that is licensed to maintain or possess computerized data containing personal identifying information of a New Mexico resident that the person does not own or license shall notify the owner or licensee of the information of any security breach in the most expedient time possible, but not later than forty-five calendar days following discovery of the breach, except as provided in Section 9 of the Data Breach Notification Act; provided that notification to the owner or licensee of the information is not required if, after an appropriate investigation, the person determines that the security breach does not give rise to a significant risk of identity theft or fraud.
- D.** A person required to provide notification of a security breach pursuant to Subsection A of this section shall provide that notification by:
- (1)** United States mail;
  - (2)** electronic notification, if the person required to make the notification primarily communicates with the New Mexico resident by electronic means or if the notice provided is consistent with the requirements of 15 U.S.C. Section 7001; or
  - (3)** a substitute notification, if the person demonstrates that:
    - (a)** the cost of providing notification would exceed one hundred thousand dollars (\$100,000);
    - (b)** the number of residents to be notified exceeds fifty thousand; or
    - (c)** the person does not have on record a physical address or sufficient contact information for the residents that the person or business is required to notify.
- E.** Substitute notification pursuant to Paragraph (3) of Subsection D of this section shall consist of:
- (1)** sending electronic notification to the email address of those residents for whom the person has a valid email address;
  - (2)** posting notification of the security breach in a conspicuous location on the website of the person required to provide notification if the person maintains a website; and
  - (3)** sending written notification to the office of the attorney general and major media outlets in New Mexico.
- F.** A person that maintains its own notice procedures as part of an information security policy for the treatment of personal identifying information, and whose procedures are otherwise consistent with the timing requirements of this section, is deemed to be in compliance with the notice requirements of this section if the person notifies affected consumers in accordance with its policies in the event of a security breach.

## **SECTION 7. NOTIFICATION—REQUIRED CONTENT.—**

Notification required pursuant to Subsection A of Section 6 of the Data Breach Notification Act shall contain:

- A.** the name and contact information of the notifying person;
- B.** a list of the types of personal identifying information that are reasonably believed to have been the subject of a security breach, if known;
- C.** the date of the security breach, the estimated date of the breach or the range of dates within which the security breach occurred, if known;
- D.** a general description of the security breach incident;
- E.** the toll-free telephone numbers and addresses of the major consumer reporting agencies;
- F.** advice that directs the recipient to review personal account statements and credit reports, as applicable, to detect errors resulting from the security breach; and
- G.** advice that informs the recipient of the notification of the recipient's rights pursuant to the federal Fair Credit Reporting.

## **SECTION 8. EXEMPTIONS.—**

The provisions of the Data Breach Notification Act shall not apply to a person subject to the federal Gramm-Leach-Bliley Act or the federal Health Insurance Portability and Accountability Act of 1996.

## **SECTION 9. DELAYED NOTIFICATION.—**

The notification required by the Data Breach Notification Act may be delayed:

- A. if a law enforcement agency determines that the notification will impede a criminal investigation; or
- B. as necessary to determine the scope of the security breach and restore the integrity, security and confidentiality of the data system.

## **SECTION 10. NOTIFICATION TO ATTORNEY GENERAL AND CREDIT REPORTING AGENCIES.—**

A person that is required to issue notification of a security breach pursuant to the Data Breach Notification Act to more than one thousand New Mexico residents as a result of a single security breach shall notify the office of the attorney general and major consumer reporting agencies that compile and maintain files on consumers on a nationwide basis, as defined in 15 U.S.C. Section 1681a(p), of the security breach in the most expedient time possible, and no later than forty-five calendar days, except as provided in Section 9 of the Data Breach Notification Act. A person required to notify the attorney general and consumer reporting agencies pursuant to this section shall notify the attorney general of the number of New Mexico residents that received notification pursuant to Section 6 of that act and shall provide a copy of the notification that was sent to affected residents within forty-five calendar days following discovery of the security breach, except as provided in Section 9 of the Data Breach Notification Act.

## **SECTION 11. ATTORNEY GENERAL ENFORCEMENT—CIVIL PENALTY.—**

- A. When the attorney general has a reasonable belief that a violation of the Data Breach Notification Act has occurred, the attorney general may bring an action on the behalf of individuals and in the name of the state alleging a violation of that act.
- B. In any action filed by the attorney general pursuant to the Data Breach Notification Act, the court may:
  - (1) issue an injunction; and
  - (2) award damages for actual costs or losses, including consequential financial losses.
- C. If the court determines that a person violated the Data Breach Notification Act knowingly or recklessly, the court may impose a civil penalty of the greater of twenty-five thousand dollars (\$25,000) or, in the case of failed notification, ten dollars (\$10.00) per instance of failed notification up to a maximum of one hundred fifty thousand dollars (\$150,000).

## **SECTION 12. STATE OF NEW MEXICO AND POLITICAL SUBDIVISIONS EXEMPTED.—**

Nothing in the Data Breach Notification Act shall be interpreted to apply to the state of New Mexico or any of its political subdivisions.

## **History**

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Approved by the Governor April 6, 2017

Effective date: June 16, 2017

## Sponsor

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