

By: Raymond

H.B. No. 1172

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to requiring the Department of Information Resources to  
3 conduct a study concerning the cybersecurity of small businesses.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. DEFINITIONS. In this Act:

6 (1) "Department" means the Department of Information  
7 Resources.

8 (2) "Tax incentive" means any exemption, deduction,  
9 credit, exclusion, waiver, rebate, discount, deferral, or other  
10 abatement or reduction of state tax liability of a business entity.

11 SECTION 2. STUDY CONCERNING CYBERSECURITY OF SMALL  
12 BUSINESSES. (a) The department, in collaboration with the Texas  
13 Workforce Commission, shall conduct a study to determine:

14 (1) how small businesses can improve their ability to  
15 protect against cybersecurity risks and threats to the businesses'  
16 supply chain and to mitigate and recover from cybersecurity  
17 incidents; and

18 (2) the feasibility of establishing a grant program  
19 for small businesses to receive funds to upgrade their  
20 cybersecurity infrastructure and to participate in cybersecurity  
21 awareness training.

22 (b) The department may, if necessary and as appropriate,  
23 partner with a nonprofit entity or institution of higher education,  
24 as defined by Section [61.003](#), Education Code, to conduct the study.

1 (c) The study may be limited to the geographic region or  
2 regions served by a nonprofit entity or institution of higher  
3 education with which the department partners under Subsection (b)  
4 of this section.

5 (d) In conducting the study, the department may consider:

6 (1) the current best practices used by small  
7 businesses for cybersecurity controls for their information  
8 systems to protect against supply chain vulnerabilities, which may  
9 include best practices related to:

10 (A) software integrity and authenticity; and

11 (B) vendor risk management and procurement  
12 controls, including notification by vendors of any cybersecurity  
13 incidents related to the vendor's products and services;

14 (2) barriers or challenges for small businesses in  
15 purchasing or acquiring cybersecurity products or services;

16 (3) the estimated cost of any available tax incentives  
17 or other state incentives to increase the ability of small  
18 businesses to acquire products and services that promote  
19 cybersecurity;

20 (4) the availability of resources small businesses  
21 need to respond to and recover from a cybersecurity event;

22 (5) the impact of cybersecurity incidents that have  
23 affected small businesses, including the resulting costs to small  
24 businesses;

25 (6) to the extent possible, any emerging cybersecurity  
26 risks and threats to small businesses resulting from the deployment  
27 of new technologies; and

1           (7) any other issue the department and the Texas  
2 Workforce Commission determine would have a future impact on  
3 cybersecurity for small businesses with supply chain  
4 vulnerabilities.

5           (e) In determining the feasibility of establishing a grant  
6 program described by Subsection (a)(2) of this section, the study  
7 must:

8           (1) identify the most significant and widespread  
9 cybersecurity incidents impacting small businesses, vendors, and  
10 others in the supply chain network of small businesses;

11           (2) consider the amount small businesses currently  
12 spend on cybersecurity products and services and the availability  
13 and market price of those services; and

14           (3) identify the type and frequency of training  
15 necessary to protect small businesses from supply chain  
16 cybersecurity risks and threats.

17           SECTION 3. REPORT. (a) Not later than December 31, 2026,  
18 the department shall submit to the standing committees of the  
19 senate and house of representatives with jurisdiction over small  
20 businesses and cybersecurity a report that contains:

21           (1) the results of the study conducted under Section 2  
22 of this Act, including the feasibility of establishing a grant  
23 program described by Subsection (a)(2) of that section; and

24           (2) recommendations for best practices and controls  
25 for small businesses to implement in order to update and protect  
26 their information systems against cybersecurity risks and threats.

27           (b) The department shall make the report available on the

1 department's Internet website.

2 SECTION 4. EXPIRATION OF ACT. This Act expires September 1,  
3 2027.

4 SECTION 5. EFFECTIVE DATE. This Act takes effect  
5 immediately if it receives a vote of two-thirds of all the members  
6 elected to each house, as provided by Section 39, Article III, Texas  
7 Constitution. If this Act does not receive the vote necessary for  
8 immediate effect, this Act takes effect September 1, 2025.