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H.B. No. 3112

A BILL TO BE ENTITLED

AN ACT

relating to the security of computer networks in state government.

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

SECTION 1. Subtitle B, Title 10, Government Code, is amended by adding Section 2059 to read as follows:

CHAPTER 2059. TEXAS COMPUTER NETWORK SECURITY SYSTEM

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 2059.001. DEFINITIONS. In this chapter:

(1) "Center" means the network security center established under this chapter.

(2) "Department" means the Department of Information Resources.

(3) "Network security" means the protection of computer systems and technology assets from unauthorized external intervention or improper use. The term includes detecting, identifying, and countering malicious network activity to prevent the acquisition of information or disruption of information technology operations.

(4) "State agency" has the meaning assigned by Section 2151.002.

[Sections 2059.002-2059.050 reserved for expansion]

SUBCHAPTER B. GENERAL POWERS AND DUTIES

Sec. 2059.051. DEPARTMENT RESPONSIBLE FOR PROVIDING COMPUTER NETWORK SECURITY SERVICES. The department shall provide

1 network security services to:

2 (1) state agencies; and

3 (2) other entities by agreement as provided by Section  
4 2059.057.

5 Sec. 2059.052. RULES. The department may adopt rules  
6 necessary to implement this chapter.

7 Sec. 2059.053. OWNERSHIP OR LEASE OF NECESSARY EQUIPMENT.  
8 The department may purchase in accordance with Chapters 2155, 2156,  
9 2157, and 2158 any facilities or equipment necessary to provide  
10 network security services to state agencies.

11 Sec. 2059.054. RESTRICTED INFORMATION. Specific network  
12 security information about a state agency may be released only to  
13 officials responsible for the network, law enforcement, and  
14 designated agency or elected officials.

15 Sec. 2059.055. RESPONSIBILITY FOR EXTERNAL AND INTERNAL  
16 SECURITY THREATS. If the department provides network security  
17 services for a state agency or other entity under this chapter, the  
18 department is responsible for network security from external  
19 threats for that agency or entity. Network security management for  
20 that state agency or entity regarding internal threats remains the  
21 responsibility of that state agency or entity.

22 Sec. 2059.056. BIENNIAL REPORT. The department shall  
23 biennially submit a report to the legislature on:

24 (1) the department's accomplishment of service  
25 objectives and other performance measures under this chapter; and

26 (2) the status, including the financial performance,  
27 of the consolidated network security system provided through the

1 center.

2 Sec. 2059.057. AGREEMENT TO PROVIDE NETWORK SECURITY  
3 SERVICES TO ENTITIES OTHER THAN STATE AGENCIES. (a) In this  
4 section, a "special district" means:

- 5 (1) a school district;  
6 (2) a hospital district;  
7 (3) a water district; or  
8 (4) a district or special water authority, as defined  
9 by Section 49.001, Water Code.

10 (b) In addition to the department's duty to provide network  
11 security services to state agencies under this chapter, the  
12 department by agreement may provide network security to:

- 13 (1) each house of the legislature;  
14 (2) an agency that is not a state agency, including a  
15 legislative agency;  
16 (3) a political subdivision of this state, including a  
17 county, municipality, or special district; and  
18 (4) an independent organization, as defined by Section  
19 39.151, Utilities Code.

20 Sec. 2059.058. TRANSITION TO THE CENTER. (a) The  
21 department shall provide network security services for a state  
22 agency if the department makes that state agency's network a part of  
23 the consolidated state network through the center.

24 (b) Before the construction and operation of the center, the  
25 department may provide network security services through  
26 agreements with entities that provide those services using existing  
27 network security centers or operations.

1       (c) If the state agency or entity pays its proportional  
2 share of the network security services costs under this chapter,  
3 the department shall provide network security services to that  
4 state agency or other entity before the department makes the state  
5 agency's network a part of the consolidated state network.

6       (d) This section expires September 1, 2011.

7       [Sections 2059.059-2059.100 reserved for expansion]

8               SUBCHAPTER C. NETWORK SECURITY CENTER

9       Sec. 2059.101. NETWORK SECURITY CENTER. The department  
10 shall establish a network security center to provide network  
11 security services to state agencies.

12       Sec. 2059.102. MANAGEMENT AND USE OF NETWORK SECURITY  
13 SYSTEM. (a) The department shall manage the operation of network  
14 security system services for all state agencies at the center.

15       (b) The department shall fulfill the network security  
16 requirements of each state agency to the extent practicable.

17       (c) All state agencies shall use the network security  
18 services provided through the center to the fullest extent  
19 possible.

20       (d) A state agency may not purchase network security  
21 services unless the department determines that the agency's  
22 requirement for network security services cannot be met at a  
23 comparable cost through the center. The department shall develop  
24 an efficient process for this determination.

25       Sec. 2059.103. CENTER LOCATION AND PHYSICAL SECURITY. (a)  
26 The department shall locate the center at a location that has an  
27 existing secure and restricted facility, cyber-security

1 infrastructure, available trained workforce, and supportive  
2 educational capabilities.

3 (b) The department shall control and monitor all entrances  
4 and critical areas to prevent unauthorized entry. The department  
5 shall limit access to authorized individuals.

6 (c) Local law enforcement or security agencies shall  
7 monitor security alarms at the center according to service  
8 availability.

9 (d) The department shall restrict operational information  
10 to personnel at the center.

11 Sec. 2059.104. CENTER SERVICES AND SUPPORT. (a) The  
12 department shall provide the following managed security services  
13 through the center:

14 (1) real-time network security monitoring to detect  
15 and respond to network security events that may jeopardize this  
16 state and the residents of this state, including vulnerability  
17 assessment services consisting of a comprehensive security posture  
18 assessment, external and internal threat analysis, and penetration  
19 testing;

20 (2) continuous, 24-hour alerts and guidance for  
21 defeating network security threats, including firewall  
22 pre-configuration, installation, management and monitoring,  
23 intelligence gathering, protocol analysis, and user  
24 authentication;

25 (3) immediate incident response to counter network  
26 security activity that exposes this state and the residents of this  
27 state to risk, including complete intrusion detection systems

1 installation, management and monitoring, and a network operations  
2 call center;

3 (4) development, coordination, and execution of  
4 statewide cyber-security operations to isolate, contain, and  
5 mitigate the impact of network security incidents at state  
6 agencies, including the engineering, monitoring, and management of  
7 a secure, virtual private network for the applicable agencies and  
8 constituents;

9 (5) implementation of best-of-breed information  
10 security architecture engineering services, including public key  
11 infrastructure development, design, engineering, custom software  
12 development, and secure web design;

13 (6) operation of a central authority for all statewide  
14 information assurance programs;

15 (7) certification and accreditation to ensure  
16 compliance with the applicable regulatory requirements for  
17 cyber-security and information technology risk management,  
18 including the use of proprietary tools to automate the assessment  
19 and enforcement of compliance; and

20 (8) the provision of educational services regarding  
21 network security through the maintenance and operation of a fully  
22 staffed and equipped training facility.

23 (b) The department shall provide state agency network  
24 security managers the following support through the center:

25 (1) real-time information about network security  
26 events involving networks under the managers' supervision;

27 (2) help desk support seven days a week and 24 hours a

1 day;

2 (3) incident history, including intrusions, attempted  
3 intrusions, denials of service, viral infections, and probing;

4 (4) incident and event chronologies and response time  
5 lines;

6 (5) a central incident response team capability;

7 (6) sensor and firewall performance management;

8 (7) recommended actions and training for mitigating  
9 incidents;

10 (8) the ability to detect, contain, eradicate, and  
11 report network security incidents to minimize the effect on the  
12 confidentiality, availability, and integrity of state services and  
13 corresponding forensic support; and

14 (9) the capability to promptly respond to incidents in  
15 accordance with predetermined escalation procedures, including the  
16 prioritization of cyber-security threats, impacts, and established  
17 required responses and time lines for the responses.

18 Sec. 2059.105. NETWORK SECURITY GUIDELINES AND STANDARD  
19 OPERATING PROCEDURES. (a) The department shall adopt and provide  
20 to all state agencies appropriate network security guidelines and  
21 standard operating procedures to ensure efficient operation of the  
22 center with a maximum return on investment for the state.

23 (b) The department shall revise the standard operating  
24 procedures as necessary to confirm network security.

25 (c) Each state agency shall comply with the network security  
26 policies, guidelines, and standard operating procedures.

27 Sec. 2059.106. PRIVATE VENDOR. (a) The department may

1 contract with a private vendor to build and operate the center and  
2 act as an authorized agent to acquire, install, integrate,  
3 maintain, configure, and monitor the network security services and  
4 security infrastructure elements.

5 (b) A private vendor contracted with under this section  
6 must:

7 (1) have the professional experience and the proven  
8 ability to establish and maintain a security operations center,  
9 including the necessary standard operating procedures and the  
10 aptitude to specifically provide the services and capabilities  
11 described by this chapter;

12 (2) have the verified capability to lead and partner  
13 with other vendors through joint ventures or other arrangements;

14 (3) be familiar with the proprietary technologies for  
15 risk management, vulnerability management, security, and intrusion  
16 detection;

17 (4) have significant experience with large  
18 governmental entities;

19 (5) be incorporated in this state or have its  
20 principal place of business in this state; and

21 (6) have existing relationships with an institution of  
22 higher education and other information technology security  
23 academies that provide network security education.

24 [Sections 2059.107-2059.150 reserved for expansion]

25 SUBCHAPTER D. FINANCIAL PROVISIONS

26 Sec. 2059.151. PAYMENT FOR SERVICES. The department shall  
27 develop a system of billings and charges for services provided in



1 operating and administering the network security system that  
2 allocates the total state cost to each state agency or other entity  
3 served by the system based on proportionate usage.

4 Sec. 2059.152. REVOLVING FUND ACCOUNT. (a) The  
5 comptroller shall establish in the state treasury a revolving fund  
6 account for the administration of this chapter. The account must be  
7 used as a depository for money received from state agencies and  
8 other entities served under this chapter. Receipts attributable to  
9 the centralized network security system must be deposited into the  
10 account and separately identified within the account.

11 (b) The legislature may appropriate money for operating the  
12 system directly to the department, in which case the revolving fund  
13 account must be used to receive money due from local governmental  
14 entities and other agencies to the extent that their money is not  
15 subject to legislative appropriation.

16 (c) The department shall maintain in the revolving fund  
17 account sufficient amounts to pay the liabilities of the center and  
18 related network security services.

19 Sec. 2059.153. GRANTS. The department may apply for and use  
20 for purposes of this chapter the proceeds from grants offered by any  
21 federal agency or other source.

22 SECTION 2. This Act takes effect September 1, 2005.