

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 7, 2019

TO: Honorable Dade Phelan, Chair, House Committee on State Affairs

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: HB1352 by Capriglione (Relating to requirements for vendors providing certain services involving computers to governmental entities.), **As Introduced**

The fiscal implications of the bill cannot be determined at this time due to the uncertainty of the frequency of future contracts of this nature and the resulting compliance costs.

The bill would add Section 2252.909 to the Government Code to require contract vendors (for hourly professional/technical computer work over \$100,000) to install software on each contractor's computer that tracks computer usage (keystrokes, mouse movements, screen snapshots). That information must be maintained by the vendor (and available to agencies free of direct charge) for seven years. The bill would apply only to contracts entered into after September 1, 2019.

Based on analysis by the Comptroller of Public Accounts, the provisions of the bill could increase the costs of procuring professional or technical information technology services, but the amount of the increase cannot be determined. While the frequency of future contracts of this nature is unknown, the CPA indicates there would be a one-time technology cost of \$2,000,000 in fiscal 2020 to purchase, install, and maintain the necessary software and infrastructure to comply with the provisions of the bill. There would also be an ongoing cost of roughly \$440,000 a year for software maintenance.

The State Auditor's Office indicates that they do not currently have any contracts that meet the criteria specified in the bill and that the bill would not affect the SAO's authority to conduct audits or obtain information.

According to the Office of the Attorney General, Department of Information Resources, Health and Human Services Commission, and Department of Transportation, the bill could result in higher contracting costs, information technology costs, and the need for additional FTEs. These agencies anticipate any additional work resulting from the passage of this bill would have a fiscal cost.

In addition to fiscal cost, DIR indicates that the bill may be non-compliant with privacy and federal regulations, may increase the risk to sensitive data of citizens, and may create a barrier for smaller contract vendors. TXDOT also indicates that the potential liability related to data stored would increase.

Local Government Impact

There could be a cost to local government, but the cost is unknown and would depend on the extent to which these entities procure these contracts.

Source Agencies: 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 308 State Auditor's Office, 313 Department of Information Resources, 529 Health and Human Services Commission, 601 Department of Transportation

LBB Staff: WP, CW, AF, CMa, JPU, SD, GP, JMO