

State of Arizona
House of Representatives
Fifty-third Legislature
Second Regular Session
2018

CHAPTER 177
HOUSE BILL 2154

AN ACT

AMENDING TITLE 18, CHAPTER 5, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 4; PROVIDING FOR TRANSFERRING AND RENUMBERING; AMENDING SECTION 18-552, ARIZONA REVISED STATUTES, AS TRANSFERRED AND RENUMBERED; AMENDING SECTIONS 33-1701 AND 36-3802, ARIZONA REVISED STATUTES; REPEALING LAWS 2006, CHAPTER 232, SECTION 3, AS AMENDED BY LAWS 2016, CHAPTER 80, SECTION 31; RELATING TO DATA SECURITY BREACHES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Title 18, chapter 5, Arizona Revised Statutes, is
3 amended by adding article 4, to read:

4 ARTICLE 4. DATA SECURITY BREACHES

5 18-551. Definitions

6 IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

7 1. "BREACH" OR "SECURITY SYSTEM BREACH":

8 (a) MEANS AN UNAUTHORIZED ACQUISITION OF AND UNAUTHORIZED ACCESS
9 THAT MATERIALLY COMPROMISES THE SECURITY OR CONFIDENTIALITY OF UNENCRYPTED
10 AND UNREDACTED COMPUTERIZED PERSONAL INFORMATION MAINTAINED AS PART OF A
11 DATABASE OF PERSONAL INFORMATION REGARDING MULTIPLE INDIVIDUALS.

12 (b) DOES NOT INCLUDE A GOOD FAITH ACQUISITION OF PERSONAL
13 INFORMATION BY A PERSON'S EMPLOYEE OR AGENT FOR THE PURPOSES OF THE PERSON
14 IF THE PERSONAL INFORMATION IS NOT USED FOR A PURPOSE UNRELATED TO THE
15 PERSON AND IS NOT SUBJECT TO FURTHER UNAUTHORIZED DISCLOSURE.

16 2. "COURT" MEANS THE SUPREME COURT, THE COURT OF APPEALS, THE
17 SUPERIOR COURT, A COURT THAT IS INFERIOR TO THE SUPERIOR COURT AND A
18 JUSTICE COURT.

19 3. "ENCRYPT" MEANS TO USE A PROCESS TO TRANSFORM DATA INTO A FORM
20 THAT RENDERS THE DATA UNREADABLE OR UNUSABLE WITHOUT USING A CONFIDENTIAL
21 PROCESS OR KEY.

22 4. "INDIVIDUAL" MEANS A RESIDENT OF THIS STATE WHO HAS A PRINCIPAL
23 MAILING ADDRESS IN THIS STATE AS REFLECTED IN THE RECORDS OF THE PERSON
24 CONDUCTING BUSINESS IN THIS STATE AT THE TIME OF THE BREACH.

25 5. "NATIONWIDE CONSUMER REPORTING AGENCY":

26 (a) MEANS A CONSUMER REPORTING AGENCY THAT COMPILES AND MAINTAINS
27 FILES ON CONSUMERS ON A NATIONWIDE BASIS AS DEFINED IN 15 UNITED STATES
28 CODE SECTION 1681a(p).

29 (b) DOES NOT INCLUDE A NATIONWIDE SPECIALTY CONSUMER REPORTING
30 AGENCY AS DEFINED IN 15 UNITED STATES CODE SECTION 1681a(x).

31 6. "PERSON":

32 (a) MEANS A NATURAL PERSON, CORPORATION, BUSINESS TRUST, ESTATE,
33 TRUST, PARTNERSHIP, ASSOCIATION, JOINT VENTURE, GOVERNMENT OR GOVERNMENTAL
34 SUBDIVISION OR AGENCY OR ANY OTHER LEGAL OR COMMERCIAL ENTITY.

35 (b) DOES NOT INCLUDE THE DEPARTMENT OF PUBLIC SAFETY, A COUNTY
36 SHERIFF'S DEPARTMENT, A MUNICIPAL POLICE DEPARTMENT, A PROSECUTION AGENCY
37 OR A COURT.

38 7. "PERSONAL INFORMATION":

39 (a) MEANS ANY OF THE FOLLOWING:

40 (i) AN INDIVIDUAL'S FIRST NAME OR FIRST INITIAL AND LAST NAME IN
41 COMBINATION WITH ONE OR MORE SPECIFIED DATA ELEMENTS.

42 (ii) AN INDIVIDUAL'S USER NAME OR E-MAIL ADDRESS, IN COMBINATION
43 WITH A PASSWORD OR SECURITY QUESTION AND ANSWER, THAT ALLOWS ACCESS TO AN
44 ONLINE ACCOUNT.

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

4 8. "PROSECUTION AGENCY" MEANS THE ATTORNEY GENERAL, A COUNTY
5 ATTORNEY OR A MUNICIPAL PROSECUTOR.

6 9. "REDACT" MEANS TO ALTER OR TRUNCATE A NUMBER SO THAT NOT MORE
7 THAN THE LAST FOUR DIGITS ARE ACCESSIBLE AND AT LEAST TWO DIGITS HAVE BEEN
8 REMOVED.

9 10. "SECURITY INCIDENT" MEANS AN EVENT THAT CREATES REASONABLE
10 SUSPICION THAT A PERSON'S INFORMATION SYSTEMS OR COMPUTERIZED DATA MAY
11 HAVE BEEN COMPROMISED OR THAT MEASURES PUT IN PLACE TO PROTECT THE
12 PERSON'S INFORMATION SYSTEMS OR COMPUTERIZED DATA MAY HAVE FAILED.

13 11. "SPECIFIED DATA ELEMENT" MEANS ANY OF THE FOLLOWING:

14 (a) AN INDIVIDUAL'S SOCIAL SECURITY NUMBER.

15 (b) THE NUMBER ON AN INDIVIDUAL'S DRIVER LICENSE ISSUED PURSUANT TO
16 SECTION 28-3166 OR NONOPERATING IDENTIFICATION LICENSE ISSUED PURSUANT TO
17 SECTION 28-3165.

18 (c) A PRIVATE KEY THAT IS UNIQUE TO AN INDIVIDUAL AND THAT IS USED
19 TO AUTHENTICATE OR SIGN AN ELECTRONIC RECORD.

20 (d) AN INDIVIDUAL'S FINANCIAL ACCOUNT NUMBER OR CREDIT OR DEBIT
21 CARD NUMBER IN COMBINATION WITH ANY REQUIRED SECURITY CODE, ACCESS CODE OR
22 PASSWORD THAT WOULD ALLOW ACCESS TO THE INDIVIDUAL'S FINANCIAL ACCOUNT.

23 (e) AN INDIVIDUAL'S HEALTH INSURANCE IDENTIFICATION NUMBER.

24 (f) INFORMATION ABOUT AN INDIVIDUAL'S MEDICAL OR MENTAL HEALTH
25 TREATMENT OR DIAGNOSIS BY A HEALTH CARE PROFESSIONAL.

26 (g) AN INDIVIDUAL'S PASSPORT NUMBER.

27 (h) AN INDIVIDUAL'S TAXPAYER IDENTIFICATION NUMBER OR AN IDENTITY
28 PROTECTION PERSONAL IDENTIFICATION NUMBER ISSUED BY THE UNITED STATES
29 INTERNAL REVENUE SERVICE.

30 (i) UNIQUE BIOMETRIC DATA GENERATED FROM A MEASUREMENT OR ANALYSIS
31 OF HUMAN BODY CHARACTERISTICS TO AUTHENTICATE AN INDIVIDUAL WHEN THE
32 INDIVIDUAL ACCESSES AN ONLINE ACCOUNT.

33 Sec. 2. Section 18-545, Arizona Revised Statutes, is transferred
34 and renumbered for placement in title 18, chapter 5, article 4, Arizona
35 Revised Statutes, as section 18-552 and, as so renumbered, is amended to
36 read:

37 18-552. Notification of security system breaches;
38 requirements; enforcement; civil penalty;
39 preemption; exceptions

40 A. ~~When~~ IF a person that conducts business in this state and that
41 owns, MAINTAINS or licenses unencrypted AND UNREDACTED computerized data
42 ~~that includes~~ personal information becomes aware of ~~an~~ A SECURITY incident
43 ~~of unauthorized acquisition and access to unencrypted or unredacted~~
44 ~~computerized data that includes an individual's personal information~~, the

1 person shall conduct ~~a reasonable~~ AN investigation to promptly determine
2 ~~if~~ WHETHER there has been a ~~breach of the~~ security system BREACH.

3 B. If the investigation results in a determination that there has
4 been a ~~breach in the~~ security system BREACH, the person THAT OWNS OR
5 LICENSES THE COMPUTERIZED DATA, WITHIN FORTY-FIVE DAYS AFTER THE
6 DETERMINATION, shall:

7 1. Notify the individuals affected. ~~The notice shall be made in~~
8 ~~the most expedient manner possible and without unreasonable delay~~ PURSUANT
9 TO SUBSECTION E OF THIS SECTION AND subject to the needs of law
10 enforcement as provided in subsection ~~C~~ D of this section ~~and any~~
11 ~~measures necessary to determine the nature and scope of the breach, to~~
12 ~~identify the individuals affected or to restore the reasonable integrity~~
13 ~~of the data system.~~

14 2. IF THE BREACH REQUIRES NOTIFICATION OF MORE THAN ONE THOUSAND
15 INDIVIDUALS, NOTIFY BOTH:

16 (a) THE THREE LARGEST NATIONWIDE CONSUMER REPORTING AGENCIES.

17 (b) THE ATTORNEY GENERAL, IN WRITING, IN A FORM PRESCRIBED BY RULE
18 OR ORDER OF THE ATTORNEY GENERAL OR BY PROVIDING THE ATTORNEY GENERAL WITH
19 A COPY OF THE NOTIFICATION PROVIDED PURSUANT TO PARAGRAPH 1 OF THIS
20 SUBSECTION.

21 ~~B.~~ C. A person that maintains unencrypted AND UNREDACTED
22 computerized ~~data that includes~~ personal information that the person does
23 not own OR LICENSE shall notify, AS SOON AS PRACTICABLE, THE OWNER OR
24 LICENSEE OF THE INFORMATION ON DISCOVERING ANY SECURITY SYSTEM BREACH and
25 cooperate with the owner or the licensee of the PERSONAL information ~~of~~
26 ~~any breach of the security of the system following discovery of the breach~~
27 ~~without unreasonable delay. Cooperation shall include, INCLUDING~~ sharing
28 information relevant to the breach ~~of the security of the system~~ with the
29 owner or licensee. ~~The person that owns or licenses the computerized data~~
30 ~~shall provide notice to the individual pursuant to this section.~~ The
31 person that ~~maintained~~ MAINTAINS the data under an agreement with the
32 owner or licensee is not required to provide ~~notice to the individual~~
33 ~~pursuant to this section~~ THE NOTIFICATIONS REQUIRED BY SUBSECTION B OF
34 THIS SECTION unless the agreement stipulates otherwise.

35 ~~C.~~ D. The ~~notification~~ NOTIFICATIONS required by ~~subsection A~~
36 SUBSECTION B of this section may be delayed if a law enforcement agency
37 advises the person that the ~~notification~~ NOTIFICATIONS will impede a
38 criminal investigation. ~~The person shall make the notification after the~~
39 ~~law enforcement agency determines that it will not compromise the~~
40 ~~investigation.~~ ON BEING INFORMED BY THE LAW ENFORCEMENT AGENCY THAT THE
41 NOTIFICATIONS NO LONGER COMPROMISE THE INVESTIGATION, THE PERSON SHALL
42 MAKE THE REQUIRED NOTIFICATIONS, AS APPLICABLE, WITHIN FORTY-FIVE DAYS.

43 ~~D.~~ E. The ~~disclosure~~ NOTIFICATION required by subsection ~~A~~ B,
44 PARAGRAPH 1 of this section SHALL INCLUDE AT LEAST THE FOLLOWING:

45 1. THE APPROXIMATE DATE OF THE BREACH.

1 2. A BRIEF DESCRIPTION OF THE PERSONAL INFORMATION INCLUDED IN THE
2 BREACH.

3 3. THE TOLL-FREE NUMBERS AND ADDRESSES FOR THE THREE LARGEST
4 NATIONWIDE CONSUMER REPORTING AGENCIES.

5 4. THE TOLL-FREE NUMBER, ADDRESS AND WEBSITE ADDRESS FOR THE
6 FEDERAL TRADE COMMISSION OR ANY FEDERAL AGENCY THAT ASSISTS CONSUMERS WITH
7 IDENTITY THEFT MATTERS.

8 F. THE NOTIFICATION REQUIRED BY SUBSECTION B, PARAGRAPH 1 OF THIS
9 SECTION shall be provided by one of the following methods:

10 1. Written notice.

11 ~~2. Electronic notice if the person's primary method of~~
12 ~~communication with the individual is by electronic means or is consistent~~
13 ~~with the provisions regarding electronic records and signatures set forth~~
14 ~~in the electronic signatures in global and national commerce act (P.L.~~
15 ~~106-229, 114 Stat. 464, 15 United States Code section 7001).~~

16 2. AN E-MAIL NOTICE IF THE PERSON HAS E-MAIL ADDRESSES FOR THE
17 INDIVIDUALS WHO ARE SUBJECT TO THE NOTICE.

18 3. Telephonic notice, IF TELEPHONIC CONTACT IS MADE DIRECTLY WITH
19 THE AFFECTED INDIVIDUALS AND IS NOT THROUGH A PRERECORDED MESSAGE.

20 4. Substitute notice if the person demonstrates that the cost of
21 providing notice pursuant to paragraph 1, 2 or 3 of this subsection would
22 exceed fifty thousand dollars ~~or~~, that the affected class of subject
23 individuals to be notified exceeds one hundred thousand ~~persons~~
24 INDIVIDUALS, or THAT the person does not have sufficient contact
25 information. Substitute notice ~~shall consist~~ CONSISTS of all of the
26 following:

27 ~~(a) Electronic mail notice if the person has electronic mail~~
28 ~~addresses for the individuals subject to the notice.~~

29 (a) A WRITTEN LETTER TO THE ATTORNEY GENERAL THAT DEMONSTRATES THE
30 FACTS NECESSARY FOR SUBSTITUTE NOTICE.

31 (b) Conspicuous posting of the notice FOR AT LEAST FORTY-FIVE DAYS
32 on the website of the person if the person maintains one.

33 ~~(c) Notification to major statewide media.~~

34 G. IF A BREACH INVOLVES PERSONAL INFORMATION AS PRESCRIBED IN
35 SECTION 18-551, PARAGRAPH 7, SUBDIVISION (a), ITEM (ii) FOR AN ONLINE
36 ACCOUNT AND DOES NOT INVOLVE PERSONAL INFORMATION AS DEFINED IN SECTION
37 18-551, PARAGRAPH 7, SUBDIVISION (a), ITEM (i), THE PERSON MAY COMPLY WITH
38 THIS SECTION BY PROVIDING THE NOTIFICATION IN AN ELECTRONIC OR OTHER FORM
39 THAT DIRECTS THE INDIVIDUAL WHOSE PERSONAL INFORMATION HAS BEEN BREACHED
40 TO PROMPTLY CHANGE THE INDIVIDUAL'S PASSWORD AND SECURITY QUESTION OR
41 ANSWER, AS APPLICABLE, OR TO TAKE OTHER STEPS THAT ARE APPROPRIATE TO
42 PROTECT THE ONLINE ACCOUNT WITH THE PERSON AND ALL OTHER ONLINE ACCOUNTS
43 FOR WHICH THE INDIVIDUAL WHOSE PERSONAL INFORMATION HAS BEEN BREACHED USES
44 THE SAME USER NAME AND E-MAIL ADDRESS AND PASSWORD OR SECURITY QUESTION OR
45 ANSWER. IF THE BREACH OF PERSONAL INFORMATION AS PRESCRIBED IN SECTION

1 18-551, PARAGRAPH 7, SUBDIVISION (a), ITEM (ii) IS FOR LOGIN CREDENTIALS
2 OF AN E-MAIL ACCOUNT FURNISHED BY THE PERSON, THE PERSON IS NOT REQUIRED
3 TO COMPLY WITH THIS SECTION BY PROVIDING THE NOTIFICATION TO THAT E-MAIL
4 ADDRESS, BUT MAY COMPLY WITH THIS SECTION BY PROVIDING NOTIFICATION BY
5 ANOTHER METHOD DESCRIBED IN THIS SUBSECTION OR BY PROVIDING CLEAR AND
6 CONSPICUOUS NOTIFICATION DELIVERED TO THE INDIVIDUAL ONLINE WHEN THE
7 INDIVIDUAL IS CONNECTED TO THE ONLINE ACCOUNT FROM AN INTERNET PROTOCOL
8 ADDRESS OR ONLINE LOCATION FROM WHICH THE PERSON KNOWS THE INDIVIDUAL
9 CUSTOMARILY ACCESSES THE ACCOUNT. THE PERSON SATISFIES THE NOTIFICATION
10 REQUIREMENT WITH REGARD TO THE INDIVIDUAL'S ACCOUNT WITH THE PERSON BY
11 REQUIRING THE INDIVIDUAL TO RESET THE INDIVIDUAL'S PASSWORD OR SECURITY
12 QUESTION AND ANSWER FOR THAT ACCOUNT, IF THE PERSON ALSO NOTIFIES THE
13 INDIVIDUAL TO CHANGE THE SAME PASSWORD OR SECURITY QUESTION AND ANSWER FOR
14 ALL OTHER ONLINE ACCOUNTS FOR WHICH THE INDIVIDUAL USES THE SAME USER NAME
15 OR E-MAIL ADDRESS AND PASSWORD OR SECURITY QUESTION OR ANSWER.

16 ~~E.~~ H. A person ~~who~~ THAT maintains the person's own notification
17 procedures as part of an information security policy for the treatment of
18 personal information and ~~who~~ THAT is otherwise consistent with the
19 requirements of this ~~section shall be~~ ARTICLE, INCLUDING THE
20 FORTY-FIVE-DAY NOTIFICATION PERIOD REQUIRED BY SUBSECTION B OF THIS
21 SECTION, IS deemed to be in compliance with the notification requirements
22 of ~~this section~~ SUBSECTION B, PARAGRAPH 1 OF THIS SECTION if the person
23 notifies subject individuals in accordance with the person's policies if a
24 ~~breach of the~~ security system BREACH occurs.

25 ~~F.~~ I. A person that complies with the notification requirements or
26 security SYSTEM breach procedures pursuant to the rules, regulations,
27 procedures, guidance or guidelines established by the person's primary or
28 functional federal regulator is deemed to be in compliance with THE
29 REQUIREMENTS OF SUBSECTION B, PARAGRAPH 1 OF this section.

30 ~~G.~~ J. A person is not required to ~~disclose a breach of the~~
31 ~~security of the system~~ MAKE THE NOTIFICATION REQUIRED BY SUBSECTION B OF
32 THIS SECTION if the person, ~~or~~ AN INDEPENDENT THIRD-PARTY FORENSIC AUDITOR
33 OR a law enforcement agency, ~~after a reasonable investigation,~~ determines
34 AFTER A REASONABLE INVESTIGATION that a ~~breach of the~~ security ~~of the~~
35 system BREACH has not ~~occurred~~ RESULTED IN or is not reasonably likely to
36 ~~occur~~ RESULT IN SUBSTANTIAL ECONOMIC LOSS TO AFFECTED INDIVIDUALS.

37 ~~H. This section may only be enforced by the attorney general. The~~
38 ~~attorney general may bring an action to obtain actual damages for a wilful~~
39 ~~and knowing violation of this section and a civil penalty not to exceed~~
40 ~~ten thousand dollars per breach of the security of the system or series of~~
41 ~~breaches of a similar nature that are discovered in a single~~
42 ~~investigation.~~

1 K. EXCEPT FOR NOTIFICATIONS PROVIDED PURSUANT TO SUBSECTION F OF
2 THIS SECTION, NOTIFICATIONS PROVIDED TO THE ATTORNEY GENERAL PURSUANT TO
3 THIS SECTION ARE CONFIDENTIAL PURSUANT TO SECTION 44-1525 AND ARE EXEMPT
4 FROM DISCLOSURE UNDER TITLE 39.

5 L. A KNOWING AND WILFUL VIOLATION OF THIS SECTION IS AN UNLAWFUL
6 PRACTICE PURSUANT TO SECTION 44-1522, AND ONLY THE ATTORNEY GENERAL MAY
7 ENFORCE SUCH A VIOLATION BY INVESTIGATING AND TAKING APPROPRIATE ACTION
8 PURSUANT TO TITLE 44, CHAPTER 10, ARTICLE 7. THE ATTORNEY GENERAL MAY
9 IMPOSE A CIVIL PENALTY FOR A VIOLATION OF THIS ARTICLE NOT TO EXCEED THE
10 LESSER OF TEN THOUSAND DOLLARS PER AFFECTED INDIVIDUAL OR THE TOTAL AMOUNT
11 OF ECONOMIC LOSS SUSTAINED BY AFFECTED INDIVIDUALS, BUT THE MAXIMUM CIVIL
12 PENALTY FROM A BREACH OR SERIES OF RELATED BREACHES MAY NOT EXCEED FIVE
13 HUNDRED THOUSAND DOLLARS. THIS SECTION DOES NOT PREVENT THE ATTORNEY
14 GENERAL FROM RECOVERING RESTITUTION FOR AFFECTED INDIVIDUALS.

15 ~~I.~~ M. The state legislature determines that security system breach
16 notification is a matter of statewide concern. The power to regulate
17 security SYSTEM breach notification is preempted by this state, and this
18 ~~section shall supersede~~ ARTICLE SUPERSEDES and ~~preempt~~ PREEMPTS all
19 municipal and county laws, charters, ordinances and rules relating to
20 issues regulated by this ~~section~~ ARTICLE.

21 ~~J.~~ N. This ~~section~~ ARTICLE does not apply to either of the
22 following:

23 1. A person THAT IS subject to title V of the Gramm-Leach-Bliley
24 act (P.L. 106-102; 113 Stat. 1338; 15 United States Code sections 6801
25 through 6809).

26 2. A covered ~~entities and~~ ENTITY OR business associates as defined
27 under regulations implementing the health insurance portability and
28 accountability act of 1996, 45 Code of Federal Regulations section 160.103
29 ~~(2003)~~ (2013) OR A CHARITABLE FUND-RAISING FOUNDATION OR NONPROFIT
30 CORPORATION WHOSE PRIMARY PURPOSE IS TO SUPPORT A SPECIFIED COVERED
31 ENTITY, IF THE CHARITABLE FUND-RAISING FOUNDATION OR NONPROFIT CORPORATION
32 COMPLIES WITH ANY APPLICABLE PROVISION OF THE HEALTH INSURANCE PORTABILITY
33 AND ACCOUNTABILITY ACT OF 1996 AND ITS IMPLEMENTING REGULATIONS.

34 ~~K.~~ O. The department of public safety, a county sheriff's
35 department, a municipal police department, a prosecution agency and a
36 court shall create and maintain an information security policy that
37 includes notification procedures for a ~~breach of the~~ security system
38 BREACH of the department of public safety, the county sheriff's
39 department, the municipal police department, the prosecuting agency or the
40 court.

41 ~~L. For the purposes of this section:~~

42 1. ~~"Breach", "breach of the security of the system", "breach of the~~
43 ~~security system" or "security breach" means an unauthorized acquisition of~~
44 ~~and access to unencrypted or unredacted computerized data that materially~~
45 ~~compromises the security or confidentiality of personal information~~

1 ~~maintained by a person as part of a database of personal information~~
2 ~~regarding multiple individuals and that causes or is reasonably likely to~~
3 ~~cause substantial economic loss to an individual. Good faith acquisition~~
4 ~~of personal information by an employee or agent of the person for the~~
5 ~~purposes of the person is not a breach of the security system if the~~
6 ~~personal information is not used for a purpose unrelated to the person or~~
7 ~~subject to further wilful unauthorized disclosure.~~

8 ~~2. "Court" means the supreme court, court of appeals, superior~~
9 ~~court, courts inferior to the superior court and justice courts.~~

10 ~~3. "Encrypted" means use of an algorithmic process to transform~~
11 ~~data into a form in which the data is rendered unreadable or unusable~~
12 ~~without use of a confidential process or key.~~

13 ~~4. "Individual" means a person that is a resident of this state as~~
14 ~~determined by a principal mailing address in this state as reflected in~~
15 ~~the records of the person conducting business in this state at the time of~~
16 ~~the breach.~~

17 ~~5. "Person" means a natural person, corporation, business trust,~~
18 ~~estate, trust, partnership, association, joint venture, government,~~
19 ~~governmental subdivision or agency or any other legal or commercial~~
20 ~~entity. Person does not include the department of public safety, a county~~
21 ~~sheriff's department, a municipal police department, a prosecution agency~~
22 ~~or a court.~~

23 ~~6. "Personal information":~~

24 ~~(a) Means an individual's first name or first initial and last name~~
25 ~~in combination with any one or more of the following data elements, when~~
26 ~~the data element is not encrypted, redacted or secured by any other method~~
27 ~~rendering the element unreadable or unusable:~~

28 ~~(i) The individual's social security number.~~

29 ~~(ii) The individual's number on a driver license issued pursuant to~~
30 ~~section 28-3166 or number on a nonoperating identification license issued~~
31 ~~pursuant to section 28-3165.~~

32 ~~(iii) The individual's financial account number or credit or debit~~
33 ~~card number in combination with any required security code, access code or~~
34 ~~password that would permit access to the individual's financial account.~~

35 ~~(b) Does not include publicly available information that is~~
36 ~~lawfully made available to the general public from federal, state or local~~
37 ~~government records or widely distributed media.~~

38 ~~7. "Prosecution agency" means the attorney general, any county~~
39 ~~attorney or any municipal prosecutor.~~

40 ~~8. "Redact" means alter or truncate data such that no more than the~~
41 ~~last four digits of a social security number, driver license number,~~
42 ~~nonoperating identification license number, financial account number or~~
43 ~~credit or debit card number is accessible as part of the personal~~
44 ~~information.~~

1 Sec. 3. Section 33-1701, Arizona Revised Statutes, is amended to
2 read:

3 33-1701. Definitions; exception

4 A. In this article, unless the context otherwise requires:

5 1. "Default" means the failure to perform on time any obligation or
6 duty set forth in the rental agreement.

7 2. "Department" means the Arizona game and fish department in the
8 case of motorized watercraft and the department of transportation in the
9 case of all other vehicles.

10 3. "Electronic mail" means an electronic message or an executable
11 program or computer file that contains an image of a message that is
12 transmitted between two or more computers or electronic terminals and
13 includes electronic messages that are transmitted within or between
14 computer networks from which a confirmation of receipt is received.

15 4. "Last known address" means that postal address or electronic
16 address provided by the occupant in the rental agreement or the postal
17 address or electronic address provided by the occupant in a subsequent
18 written notice of a change of address.

19 5. "Late fee" means a reasonable fee or charge that is assessed by
20 the operator for the failure of the occupant to pay rent when due pursuant
21 to section 33-1703, subsection D.

22 6. "Leased space" means the storage space or spaces at the
23 self-service storage facility that are rented to an occupant pursuant to a
24 rental agreement.

25 7. "Net proceeds" means the total proceeds received from the lien
26 sale ~~less~~ MINUS the total amount of the lien.

27 8. "Occupant" means a person or the person's sublessee, successor
28 or assign~~;~~ **THAT IS** entitled to the use of the leased space at a
29 self-service storage facility under a rental agreement, to the exclusion
30 of others.

31 9. "Operator" means the owner, operator, lessor or sublessor of a
32 self-service storage facility, an agent or any other person authorized to
33 manage the facility.

34 10. "Personal information" has the same meaning prescribed in
35 section ~~18-545~~ 18-551. ~~and includes passport information and medical or~~
36 ~~legal records.~~

37 11. "Personal property" means movable property that is not affixed
38 to land and includes ~~but is not limited to~~ goods, wares, merchandise,
39 household items and furnishings and vehicles.

40 12. "Protected property" means personal property **FOR WHICH** the sale
41 or disposal ~~of which~~ is regulated by state or federal law and that is one
42 of the following:

43 (a) Documents, files or electronic data that contains personal
44 information relating to clients, customers, patients or others in
45 connection with the occupant's business.

1 (b) Alcoholic beverages.

2 (c) Pharmaceuticals other than those dispensed by a licensed
3 pharmacy for the occupant's personal use.

4 (d) Firearms.

5 13. "Registered owner" means an owner of a vehicle as stated in the
6 official records of the department.

7 14. "Rental agreement" means any written agreement provided to the
8 occupant that establishes or modifies the terms, conditions or rules
9 concerning the use and occupancy of leased space at a self-service storage
10 facility.

11 15. "Self-service storage facility" means any real property used
12 for renting or leasing storage spaces in which the occupants themselves
13 customarily store and remove their own personal property on a self-service
14 basis.

15 16. "Vehicle" means a motor vehicle, a trailer or a semitrailer as
16 defined in section 28-101 and a motorized watercraft as defined in section
17 5-301.

18 17. "Verified mail" means any method of mailing that is offered by
19 the United States postal service and that provides evidence of mailing.

20 B. This article does not apply to a warehouseman unless the
21 warehouseman issues a warehouse receipt, bill of lading or other document
22 of title for the personal property stored.

23 Sec. 4. Section 36-3802, Arizona Revised Statutes, is amended to
24 read:

25 36-3802. Individual rights

26 A. A health information organization must provide the following
27 rights to individuals:

28 1. To opt out of participating in the health information
29 organization pursuant to section 36-3803.

30 2. To request a copy of the individual's individually identifiable
31 health information that is available through the health information
32 organization. The health information organization may provide this right
33 directly or may require health care providers participating in the health
34 information organization to provide access to individuals. The copy may
35 be provided electronically, if the individual requesting the copy consents
36 to electronic delivery of the individually identifiable health
37 information, and must be provided to the individual within thirty days
38 after the individual's request. Charges for copies are governed by
39 section 12-2295.

40 3. To request THE amendment of incorrect individually identifiable
41 health information available through the health information organization.

42 4. To request a list of the persons who have accessed the
43 individual's individually identifiable health information through the
44 health information organization for a period of at least three years

1 before the individual's request. This list must be provided to the
2 individual within thirty days after the individual's request.

3 5. To be notified, pursuant to section ~~18-545~~ 18-552 and 45 Code of
4 Federal Regulations part 164, subpart D, of a breach at the health
5 information organization that affects the individual's individually
6 identifiable health information.

7 B. If an individual does not have the capacity to make health care
8 decisions, the individual's health care decision maker may exercise all
9 individual rights in this chapter on behalf of the individual.

10 Sec. 5. Repeal

11 Laws 2006, chapter 232, section 3, as amended by Laws 2016, chapter
12 80, section 31, is repealed.

APPROVED BY THE GOVERNOR APRIL 11, 2018.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 11, 2018.