



www.lsc.ohio.gov

OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
and Drafting

Legislative Budget
Office

H.B. 507
135th General Assembly

Fiscal Note & Local Impact Statement

[Click here for H.B. 507's Bill Analysis](#)

Version: As Introduced

Primary Sponsor: Rep. Hillyer

Local Impact Statement Procedure Required: No

Robert Meeker, Senior Budget Analyst

Highlights

- Local trial courts may see a savings effect due to a reduction in the court's workload as a result of fewer cases filed, or a quicker disposition of actions related to data breaches.
- Political subdivisions may see a savings in court costs, attorney's fees, and potential monetary penalties for any case that would otherwise proceed under current law.

Detailed Analysis

The bill extends the current law affirmative defense eligibility in any tort action alleging the failure to implement reasonable information security controls resulting in a data breach to political subdivisions.¹

Current law establishes a legal safe harbor for covered entities (certain businesses and nonprofit entities) that create, maintain, and comply with a written cybersecurity program which contains administrative, technical, and physical safeguards for the protection of personal or restricted information provided that the program satisfies the defined requirements. The safe harbor is an affirmative defense to any tort action against a covered entity or political subdivision alleging the failure to implement reasonable information security controls resulting in a data breach. A tort action against a covered entity alleging damages resulting from a data breach would be filed in a local trial court, either a municipal, county, or common pleas court depending on the value of damages sought.

¹ Under the bill, a political subdivision means a municipal corporation, township, county, park district, conservancy district, sanitary district, sewer district, special water district, or other body corporate and politic responsible for governmental activities in a geographic area smaller than that of the state.

As a result of the bill's affirmative defense, two potential effects on local trial courts seem plausible. First, the existence of an affirmative defense may reduce the likelihood that certain plaintiffs file an action. Second, once it determines that a covered entity's cybersecurity program is compliant, the court may be able to more promptly dispose of a case than it otherwise might have under current law. Either outcome creates a savings effect by reducing the court's docket and permitting court personnel to work on other matters.

Political subdivisions may also see a savings in court costs, attorney's fees, and potential monetary penalties for any case that would otherwise proceed under current law. While there may be administrative costs to create, maintain, and comply with a written cybersecurity program, the bill does not mandate that any political subdivision do any of those things.

The frequency with which torts alleging data breaches are currently being filed in local Ohio courts is not systematically recorded or reported.