

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 6598**

**BILL NUMBER:** SB 150

**NOTE PREPARED:** Dec 22, 2023

**BILL AMENDED:**

**SUBJECT:** Artificial Intelligence and Cybersecurity.

**FIRST AUTHOR:** Sen. Brown L

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**  **GENERAL**  
 **DEDICATED**  
 **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** *Task Force:* The bill creates the Artificial Intelligence Task Force (Task Force) to study and assess use of artificial intelligence technology by state agencies. It requires the Task Force to report the Task Force's findings and recommendations to the General Assembly not later than November 1, 2025.

*Policies:* It requires political subdivisions, state agencies, school corporations, and state educational institutions (public entities) to adopt a:

- (1) technology resources policy; and
- (2) cybersecurity policy, subject to specified guidelines.

*State Agencies and Political Subdivisions:* The bill specifies requirements for:

- (1) public entities; and
- (2) entities other than public entities; that connect to the state technology infrastructure of Indiana.

*Software Application:* It provides that a person with which a state agency enters into a licensing contract for use of a software application designed to run on generally available desktop or server hardware may not restrict the hardware on which the state agency installs or runs the software.

*AI Technologies:* The bill requires each executive and legislative state agency to submit to the Office of Technology and the Task Force an inventory of all artificial intelligence technologies in use, or being developed or considered by the state agency for use, by the state agency.

*Cybersecurity Insurance Program and Board:* It creates:

- (1) the Cybersecurity Insurance Program (Program) for the purpose of providing coverage to a participating government entity for losses incurred by the government entity as a result of a cybersecurity incident; and
- (2) the Cybersecurity Insurance Board (Board) to administer the Program.

*Premiums and Claims:* The bill provides that coverage for losses incurred by a participating government entity as a result of a cybersecurity incident are paid under the Program from premiums paid into a trust fund by participating government entities. It provides that money in the trust fund is continuously appropriated for the purposes of the program.

It also provides that the board shall contract with cybersecurity professionals that can be dispatched by the board to assist a participating government entity in the event of a cybersecurity incident.

**Effective Date:** Upon passage.

**Explanation of State Expenditures:** *Task Force:* The Task Force will consist of 7 members. The members consist of 2 legislative members, 1 member of the executive branch, and 4 lay members. The Task Force is required to meet for the first time no later than August 1, 2024. Before November 1, 2025, a report must be submitted to the General Assembly containing the Task Force's findings and recommendations.

Legislative Council resolutions in the past have established budgets for interim study committees in the amount of \$13,500 per interim for committees with less than 16 members. All members of the task force are entitled to mileage reimbursement of \$0.655 per mile (after Dec. 31, 2022). Legislators are also entitled to a per diem of \$196 (as of Oct. 1, 2022). Lay members are also entitled to a \$75 per diem (HEA 1001-2023). Expenses of the task force are to be paid from appropriations to the Legislative Council.

The Legislative Services Agency will provide staff support to the Task Force and will result in an increase in workload for the agency. The bill's requirements are within the agency's routine administrative functions and should be able to be implemented with no additional appropriations, assuming near customary agency staffing and resource levels.

*Office of Technology (IOT):* The bill requires the IOT to oversee and provide support to state agencies, state educational institutions, and government entities regarding cybersecurity. To meet the requirements of this bill, the IOT would likely need to hire additional staff. It is expected the IOT would hire an Information Security Analyst with a salary range of \$74,000 to \$124,00 per year, inclusive of salary and benefits. As of December 12, 2023, the IOT had a total of 525 positions with 49 being vacant. The increase in staffing expenditures for the IOT may be mitigated to the extent that the open positions may be filled and utilized to staff the program. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend on legislative and administrative actions.

*Policies:* The bill requires all state agencies and state educational institutions to create policies regarding technology resources, and cybersecurity. Once the policies have been created and approved by IOT, a training program will be implemented for the public entity's employees. The bill requires the Department of Education (DOE) in collaboration with IOT, to create a uniform technology resources policy for school corporations. The bill's requirements are within the agency's routine administrative functions and should be able to be implemented with no additional appropriations, assuming near customary agency staffing and resource levels.

*Inventory of AI Technologies:* The bill also requires each executive and legislative branch agency to submit an inventory of all artificial intelligence (AI) technologies currently in use or being considered by September 1, 2024. The bill's requirements should be able to be implemented with no additional appropriations, assuming near customary agency staffing and resource levels.

*Cybersecurity Insurance Program and Fund:* The bill establishes the Cybersecurity Insurance Program to provide coverage to participating government entity for losses incurred as a result of a cybersecurity incident. also establishes the nonreverting Cybersecurity Insurance Fund. It limits the Board to using no more than 5% of the fund for purposes of administering the fund and program. Money in the fund will be continuously appropriated. The fund will be administered by the Insurance Commissioner.

*Department of Insurance (DOI):* The bill requires the DOI to administer the Cybersecurity Insurance Fund. The bill's requirements are within the agency's routine administrative functions and should be able to be implemented with no additional appropriations, assuming near customary agency staffing and resource levels.

*Cybersecurity Insurance Board:* The Board will consist of 10 members. The members consist of 3 lay members appointed by the Governor, the Governor or governor's designee, 1 representative of a state educational institution, the Insurance Commission, the Secretary of Education, the Chief Information Officer, the Executive Director of the Department of Homeland Security, and the State Comptroller. The Board is required to meet 3 times in 2024. Lay members and state employees who are not members of the General Assembly will receive reimbursement for mileage and traveling expenses. General Assembly members will receive the same per diem, mileage, and travel allowances paid to legislative members of interim study committees established by the Legislative Council.

No later than July 1, 2025, the Board is required to submit a report to the Legislative Services Agency regarding the number of claims and the amount of coverage paid in the preceding calendar year. The Board will determine the minimum and maximum amounts of coverage allowed under the Program. The maximum amount of coverage will be no more than \$50,000.

*Premiums:* The Board will establish how participating government entities must provide premiums under the Program to be covered for any cybersecurity incidents. The bill requires that the total amount of premiums payable by a participating government entity in the first two years of the program does not exceed \$300,000.

*Claims:* Any government entity that incurs a loss as a result of a cybersecurity incident must submit a claim to the designated contact no less than 24 hours after becoming aware of the cybersecurity incident. The designated contact is then required to notify the Board no later than the next business day of the notice and description of the incident, and the Board will be required to meet as soon as practicable. The Board will determine if the government entity is eligible for coverage, and if so, will provide the lesser amount of the maximum coverage allowed under the program or \$100,000 minus any deduction or copayment. If a government entity incurs a loss greater than the coverage provided by Program and receives additional payment from another source, the government entity is required to provide the difference. If a government entity fails to remit, the Board is allowed to withhold payment for future claims until the difference is recovered.

*Additional Information:* Many state agencies have training and policies already in place and would need to potentially alter them based on changes dictated by the IOT. The Legislative Services Agency currently does cybersecurity training with a program called KnowBe4. The IOT also uses this for training. The IOT also has

an Agency Liaison Program to better work with state agencies to improve their business relationship with the IOT.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** *Government Entities:* The bill requires government entities to pay premiums, which will be determined by the Cybersecurity Incident Board, to be eligible for coverage if a cybersecurity incident occurred. Any increase in workload or expenditures would depend on local action. The bill could increase workload and expenditures for government entities to participate in the Cybersecurity Incident Program and submit claims if a incident occurs.

*School Corporations:* The bill requires school corporations to implement the policies prescribed by the Department of Education. Any increase in workload or expenditures would depend on local action. The bill could increase workload and expenditures for school corporations to implement the policies and train employees and students.

**Explanation of Local Revenues:**

**State Agencies Affected:** Executive branch agencies; Office of Technology; General Assembly; Legislative Services Agency; State Educational Institutions; Department of Education; Department of Insurance.

**Local Agencies Affected:** School corporations; counties; cities; towns.

**Information Sources:** Indiana State Staffing Table, December 2023;  
<https://www.in.gov/iot/files/IOT-Services-Catalog.pdf>;  
<https://www.in.gov/iot/files/Agency-Liaison-List-2023.pdf>.

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