LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY, No. 1204
STATE OF NEW JERSEY
221st LEGISLATURE

DATED: JUNE 19, 2024

SUMMARY

Synopsis: Requires New Jersey Cybersecurity and Communications Integration Cell to study cybersecurity infrastructure and establish cybersecurity guidelines.

Type of Impact: Annual State Expenditure and Revenue Increases.

Agencies Affected: Department of Law and Public Safety.

Office of Legislative Services Estimate

Fiscal Impact	Years 1 & 2	Thereafter
State Expenditure Increase	Indeterminate	Indeterminate
State Revenue Increase	None	Indeterminate

- The Office of Legislative Services (OLS) determines that the bill may result in an indeterminate State expenditure increase for the New Jersey Cybersecurity and Communications Integration Cell to conduct a study and promulgate guidelines over a period of about two years, and monitor instances of cyber breaches in future years.

- The Office of Homeland Security and Preparedness would be required to adopt a schedule of civil administrative penalties for certain businesses that fail to adhere to the bill's provisions. The OLS notes that once the penalty schedule is adopted, there may be indeterminate State revenues derived from any fines and penalties.

BILL DESCRIPTION

This bill requires the New Jersey Cybersecurity and Communications Integration Cell (NJCCIC), in the Office of Homeland Security and Preparedness, to study the State's cybersecurity infrastructure and promulgate cybersecurity guidelines.

Under the bill, the NJCCIC is required to conduct a 12-month study of the cybersecurity infrastructure of public entities and private businesses that conduct business in this State for the purpose of identifying potential cybersecurity threats and vulnerabilities to cyberattacks. Within

120 days of the bill's effective date, the NJCCIC is to establish parameters for the study, which are to include the requirement for public entities and private businesses that conduct business within the State to report to the NJCCIC, for a period of 12 months, any cybersecurity incident or breach of security and the results of the subsequent investigation of the cybersecurity incident or breach of security. The bill provides that within six months of the conclusion of the 12-month study, the NJCCIC is to establish cybersecurity guidelines for all public entities and private businesses that conduct business in the State based on the data collected under the bill. Public entities and private businesses that conduct business in the State are required to implement the cybersecurity guidelines within one year of the establishment of the guidelines, after which time a penalty may be imposed for failure to implement the guidelines.

The NJCCIC is required to monitor cybersecurity incidents and breaches of security after public entities and private businesses have implemented the required guidelines and NJCCIC may need to modify the guidelines, as necessary.

Finally, the Office of Homeland Security and Preparedness is to adopt, pursuant to the Administrative Procedure Act, a schedule of civil administrative penalties to be applied for the failure of a public entity or private business that conducts business in the State to implement the required guidelines, rules, and regulations to implement the provisions of the bill.

FISCAL ANALYSIS

EXECUTIVE BRANCH

A representative with the Office of Homeland Security and Preparedness provided the OLS with an informal assessment that this bill would result in no additional cost to the New Jersey Cybersecurity and Communications Integration Cell. The Office of Homeland Security and Preparedness representative further assessed that the office has both the reporting system in place and the personnel to review and produce guidelines according to the provisions of the bill.

OFFICE OF LEGISLATIVE SERVICES

The OLS determines that the bill may result in an indeterminate State expenditure increase for the New Jersey Cybersecurity and Communications Integration Cell to conduct a study and promulgate guidelines over a period of about two years, and monitor instances of cyber breaches in future years. Additionally, there may be indeterminate State revenue increases in future years derived from fines and penalties.

Expenditures for the Cybersecurity and Communications Integration Cell, in the Office of Homeland Security and Preparedness, may include administrative expenses for staff support for conducting the required 12-month study, promulgating guidelines within six months of the conclusion of the study, and monitoring instances of cyber breaches in future years. Depending on the office's resource allocation policies, the added initial workload may or may not augment the administrative expenditures of the office, as indicated by the representative with the Office of Homeland Security and Preparedness.

The office would be required to adopt a schedule of civil administrative penalties for certain businesses that fail to adhere to the bill's provisions. The OLS notes that once the penalty schedule is adopted, there may be indeterminate State revenues derived from any fines and penalties.

The Cybersecurity and Communications Integration Cell receives an annual State appropriation toward cybersecurity and data protection and anticipates receipt of federal funds according to the FY 2025 Governor's Budget.

New Jersey Cybersecurity and Communications Integration Cell
Annual State Appropriation and Expenditures

Fiscal Year	Appropriation Amount	Expended Amount
Fiscal Year 2024*	$8,645,000	$8,192,925
Fiscal Year 2023	$8,645,000	$8,618,846
Fiscal Year 2022	$8,384,000	$8,371,922
Fiscal Year 2021	$6,545,000	$6,472,830
Fiscal Year 2020	$6,000,000	$5,829,847
Fiscal Year 2019	$6,000,000	$5,894,786
Fiscal Year 2018	$6,000,000	$5,990,644

* FY 2024 expenditures as of June 14, 2024

Section: *Law and Public Safety*

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).