

Department of Planning and Budget
2025 General Assembly Session
State Fiscal Impact Statement

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ORIGINAL

Bill Number: HB2591

Patron: Freitas

Bill Title: Information and communications technology and services; transactions with foreign adversaries.

Bill Summary: Requires the Chief Information Officer (CIO) of the Virginia Information Technologies Agency to establish and maintain a list of prohibited information and communications technology and services that (i) are designed, developed, manufactured, or supplied by persons owned by, controlled by, or subject to the jurisdiction or direction of a foreign adversary and (ii) have been determined to pose an unacceptable risk to the national security of the United States or the security and safety of the United States. The bill specifies that the list shall include any information and communications technology and services determined by the U.S. Department of Commerce, the Federal Communications Commission, the U.S. Department of Homeland Security, or any other appropriate federal agency to pose an unacceptable risk to the national security of the United States or the security and safety of the United States pursuant to the provisions of Executive Order 13873 on Securing the Information and Communications Technology and Services Supply Chain and any related regulations or official guidance.

The bill prohibits any public body or person conducting business in the Commonwealth from acquiring, importing, transferring, installing, dealing in, or using any information and communications technology and services included on the list established and maintained by the CIO unless (i) (a) such transaction was initiated, is pending, or will be completed after July 1, 2025, or (b) the public body received a waiver from the CIO and (ii) such transaction is not otherwise prohibited by law. The bill also allows the Superintendent of State Police, in consultation with the CIO, to grant an exception to the prohibition on such transactions by public bodies for the purpose of allowing any employee, agent, person, or entity to participate in any law-enforcement-related matters.

Budget Amendment Necessary: Yes

Items Impacted: 82

Explanation: The Virginia Information Technologies Agency (VITA) expects a fiscal impact from this bill, as it puts VITA in a position of regulating not just state and local government, but also all private businesses in Virginia. There may also be an indeterminate fiscal impact to all state agencies who currently use information and communications technology on this list of prohibited services.

Fiscal Summary: This bill would require VITA to assess foreign adversary involvement with respect to information and communications technology and services, and evaluate and respond to waiver requests from private businesses and government entities. At a minimum, an additional, dedicated position would be needed to develop the necessary information and manage related requests and communications.

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State agencies who currently use the services that will be included on this prohibited list, may incur additional costs from transitioning to a new service. However, it is not possible to determine the potential cost or the number of agencies that will need to make this transition until such list is created.

Nongeneral Fund Expenditure Impact:

<u>Agency</u>	<u>FY2025</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>
VITA	\$0	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
TOTAL	\$0	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000

Position Impact:

<u>Agency</u>	<u>FY2025</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>
VITA	0	1.0	1.0	1.0	1.0	1.0
TOTAL	0	1.0	1.0	1.0	1.0	1.0

Fiscal Analysis: The salary and benefits of this additional employee will total to \$200,000. The revenue source of this appropriation will be VITA's internal service fund.

Other: None