

SENATE BILL 2544

By Niceley

AN ACT to amend Tennessee Code Annotated, Title 4;
Title 12; Title 45 and Title 47, relative to financial
transaction integrity.

WHEREAS, electronic information, communication, internet, data storage and hosting, payment and transaction systems, including all hardware, firmware, operating systems, software and peripherals (hereinafter "system" or "systems") are subject to threats to integrity, including but not limited to, surveillance, interruption, and insecure or compromised performance or failure, including, but not limited to, interruption of power supply or critical infrastructure as a result of: operational failure; severe weather, tornadoes, hurricanes, and other natural disasters; electromagnetic pulse (EMP) events; EMP attacks; cybersecurity attacks; sanctions or other terms and conditions and controls imposed by governments, banks and financial institutions, payment services, and corporate and technology entities owned and controlled external to this State or not subject to this State's jurisdiction; extreme economic disruption, including dislocation of the global dollar currency system; and war and other natural disasters or act of God; and

WHEREAS, it is of the utmost importance in the event of an interruption of systems that the state and its agencies, municipalities, and subdivisions are able to transact freely and efficiently with their respective banks, credit unions, and other financial institutions, key vendors and contractors, and residents by physical and analog means or through state-owned and controlled systems to ensure no interruption of: payments to residents of and entities doing business with the State; payments to utilities and critical infrastructure operations; collection of State revenues and taxes and other amounts owing to the State; and payments to and from the federal and other governments; and

WHEREAS, the following State departments engage in material banking and other financial transactions: the Department of Treasury; the Tennessee Consolidated Retirement System; the hybrid retirement plan for State employees and teachers; the Department of Revenue; and the Comptroller of the Treasury; now, therefore,

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 12, Chapter 4, Part 1, is amended by adding the following as a new section:

(a) For purposes of ensuring that this state has jurisdiction over its systems, state departments, agencies, and pension funds, municipalities and political subdivisions of this state shall require that contracts, subcontracts, agreements, or other arrangements for systems involving financial transactions, products, and services, and contracts or arrangements for the purchase of products and services dependent on such financial transaction services and systems paid for with state funds or providing access to state data, are subject to the jurisdiction of this state and subject to enforcement under the Tennessee Constitution, state laws and regulations through Tennessee law enforcement agencies, and the courts of this state. A government agency or instrumentality shall not renew or amend any contract, agreement, or arrangement as described in this subsection (a) currently in existence that is not subject to the jurisdiction of this state as described in this subsection (a) or that is subject to a choice of law provision that requires that the applicable law or enforcement for the contract, agreement, or arrangement lies outside of this state, unless such amendment or renewal brings the contract or arrangement into full compliance with this section.

(b) The commissioner of each state department shall develop a written plan stating how the respective department must conduct its financial transactions and related communications in the event that electronic transactions by existing means are

compromised, restricted, or not possible and shall issue a report on such plan by August 1, 2024. The report must be made available to the governor, the treasurer, the comptroller, the office of attorney general and reporter, the department of finance and administration, and to each member of the general assembly.

(c) The departments may assemble one (1) or more intergovernmental task forces to produce one (1) or more joint contingency plans in order to achieve compliance with this section. Such an interdepartmental task force shall invite members and the staff of the house and senate finance, ways and means committees to join as observers.

SECTION 2. This act takes effect upon becoming a law, the public welfare requiring it.