

OFFICE OF THE SECRETARY OF STATE  
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SECRETARY OF STATE  
  
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## NOTICE OF PROPOSED RULEMAKING INCLUDING STATEMENT OF NEED & FISCAL IMPACT

CHAPTER 128  
**DEPARTMENT OF ADMINISTRATIVE SERVICES**  
**OFFICE OF THE STATE CHIEF INFORMATION OFFICER**

**FILED**

09/08/2025 9:14 AM  
ARCHIVES DIVISION  
SECRETARY OF STATE

FILING CAPTION: Amending State Chief Information Officer rules to implement HB 3936 (2025) addressing Covered Product.

LAST DAY AND TIME TO OFFER COMMENT TO AGENCY: 11/12/2025 5:00 PM

*The Agency requests public comment on whether other options should be considered for achieving the rule's substantive goals while reducing negative economic impact of the rule on business.*

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Filed By:  
Janet Chambers  
Rules Coordinator

### HEARING(S)

*Auxiliary aids for persons with disabilities are available upon advance request. Notify the contact listed above.*

DATE: 11/12/2025

TIME: 1:30 PM - 2:00 PM

OFFICER: Shirlene Gonzalez

### REMOTE HEARING DETAILS

MEETING URL: [Click here to join the meeting](#)

PHONE NUMBER: 1-503-446-4951

#### SPECIAL INSTRUCTIONS:

Meeting ID: 2123721442200

Meeting passcode: mr9Vd7Br

Phone Conf ID: 750036908#

### NEED FOR THE RULE(S)

Rule amendments are needed to implement HB 3936 (2025). HB 3936 defines Artificial Intelligence as it relates to Covered Product and amends the definition of Covered Product.

### DOCUMENTS RELIED UPON, AND WHERE THEY ARE AVAILABLE

HB3936: <https://olis.oregonlegislature.gov/liz/2025R1/Downloads/MeasureDocument/HB3936/Enrolled>  
OR Laws 2025, ch 396 (HB 3936) - <https://www.oregonlegislature.gov>

### STATEMENT IDENTIFYING HOW ADOPTION OF RULE(S) WILL AFFECT RACIAL EQUITY IN THIS STATE

Enterprise Information Services does not collect data about race or ethnicity for Covered Vendors and does not have sufficient data needed to estimate specific effects on racial equity in Oregon but invites public input.

FISCAL AND ECONOMIC IMPACT:

Enterprise Information Services projects the proposed rule amendments, if adopted, will not affect the organization’s cost to carry out its responsibilities under ORS chapter 276A and OAR chapter 128.

Possible impacts on stakeholders are included under “Statement of Cost of Compliance” below.

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COST OF COMPLIANCE:

*(1) Identify any state agencies, units of local government, and members of the public likely to be economically affected by the rule(s). (2) Effect on Small Businesses: (a) Estimate the number and type of small businesses subject to the rule(s); (b) Describe the expected reporting, recordkeeping and administrative activities and cost required to comply with the rule(s); (c) Estimate the cost of professional services, equipment supplies, labor and increased administration required to comply with the rule(s).*

1. Impact on state agencies, units of local government and the public (ORS 183.335(2)(b)(E)):

a. Some agencies may be economically affected by the rules based on the subsequent policy and procedure development. For example, the Oregon Health Authority (OHA) and Department of Human Services (DHS) may need additional resources depending on whether subsequent policy is higher than existing OHA/DHS policies to allow approved software on OHA and DHS devices.

b. The organization estimates that proposed rules will not increase or decrease costs to units of local government for compliance with the rules.

2. Cost of compliance effect on small business (ORS 183.336):

a. Estimate the number of small businesses and types of business and industries with small businesses subject to the rule: The organization does not currently have data on the number of small businesses that may be impacted.

b. Projected reporting, recordkeeping and other administrative activities required for compliance, including costs of professional services: The organization estimates that adoption of the proposed rules will not increase costs to small businesses for reporting, recordkeeping, other administrative activities, or professional services required for compliance.

c. Equipment, supplies, labor and increased administration required for compliance: The organization estimates that adoption of the proposed rules will not increase costs to small businesses for equipment, supplies, labor, or increased administration required for compliance.

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DESCRIBE HOW SMALL BUSINESSES WERE INVOLVED IN THE DEVELOPMENT OF THESE RULE(S):

Small businesses were not involved in the development of these rules.

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WAS AN ADMINISTRATIVE RULE ADVISORY COMMITTEE CONSULTED? NO IF NOT, WHY NOT?

The drafted rules do not expand broadly beyond the requirements of HB3936 (2025).

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RULES PROPOSED:

128-020-0005, 128-020-0010

AMEND: 128-020-0005

RULE SUMMARY: Amending to define artificial intelligence.

CHANGES TO RULE:

128-020-0005

Purpose

(1) The State Chief Information Officer has responsibility for and authority over executive department information systems security in accordance with ORS 276A.300, including responsibility for taking all measures that are reasonably necessary to protect the availability, integrity or confidentiality of information systems or the information stored in information systems.¶

(2) The primary purpose of these rules is to establish the criteria and processes by which the State Chief Information Officer will determine when a corporate entity poses a national security threat, and when a corporate entity no longer poses a national security threat. These rules define "national security threat" and "artificial intelligence" for purposes of protecting state information technology assets.

Statutory/Other Authority: ORS 276A.300

Statutes/Other Implemented: ORS 276A.340-276A.344, Or Laws 2023~~5~~, ch 25~~3~~96 (HB 3127~~9~~36)

AMEND: 128-020-0010

RULE SUMMARY: Amending to add definition for artificial intelligence and update definition for covered product.

CHANGES TO RULE:

128-020-0010

#### Definitions

For the purposes of these Chapter 020 rules, the following definitions apply:¶

(1) "Artificial intelligence" means a machine-based system that is capable, for a given set of human-defined objectives, of making predictions, recommendations or decisions influencing real or virtual environments and uses machine- or human-based inputs to:¶

(a) Perceive real or virtual environments;¶

(b) Abstract the perceptions into models through analysis in an automated manner; and¶

(c) Use model inference to formulate options for information or action.¶

(2) "Corporate entity" means any type of organization or legal entity other than an individual natural person, such as a corporation, partnership, limited liability company, or other organization, whether incorporated or unincorporated.¶

(23) "Covered product" means a:¶

(a) Any form of hardware, software or service provided by a covered vendor; and¶

(b) Any hardware, software or service that uses artificial intelligence and the artificial intelligence is developed or owned by a covered vendor.¶

(34) "Covered vendor" means any of the following corporate entities, or any parent, subsidiary, affiliate, or successor entity of:¶

(a) The following corporate entities:¶

(A) Ant Group Co., Limited;¶

(B) ByteDance Limited;¶

(C) Huawei Technologies Company Limited;¶

(D) Kaspersky Lab;¶

(E) Tencent Holdings Limited; and¶

(F) ZTE Corporation.¶

(b) Any other corporate entity designated by the State Chief Information Officer as a covered vendor because it is a national security threat.¶

(c) Any corporate entity that has been prohibited or had its products or services prohibited from use by a federal agency pursuant to the Secure and Trusted Communications Networks Act of 2019, 47 USC 1601, et seq, including as amended.¶

(45) "National security threat" means, for purposes of protecting state information technology assets, a corporate entity that has been designated as a covered vendor because its covered product(s) pose(s) an unacceptable risk of harm to the operations of government, business entities, or the economy, or an unacceptable risk of harm to the rights and privacy of individuals, because of its engagement in a pattern or serious instance(s) of conduct significantly adverse to the security of federal or state infrastructure, government operations or systems, public and private institutions, law enforcement or military intelligence, individuals' personal information, or other sensitive or protected information.¶

(56) "State agency" means any board, commission, department, division, office, or other entity of state government, as defined in ORS 174.111, except that state government does not include the Secretary of State or State Treasurer.¶

(67) "State information technology asset" means any form of hardware, software or service for data processing, office automation, or telecommunications that is used directly by a state agency or used to a significant extent by a contractor in the performance of a contract with a state agency.

Statutory/Other Authority: ORS 276A.300

Statutes/Other Implemented: ORS 276A.340-276A.344, Or Laws 20235, ch 25396 (HB 3127936)