

IA Testimony on Consumer Privacy in New York

Good morning/afternoon and thank you to Chairs Thomas and Savino and members of the Senate Consumer Protection and Internet and Technology committees for allowing Internet Association to testify on consumer privacy in New York State. My name is John Olsen, and I am the Director of State Government Affairs in the Northeast Region for IA.

IA's mission is to foster innovation, promote economic growth, and empower people through the free and open internet. The internet creates unprecedented benefits for society, and as the voice of the world's leading internet companies, we ensure stakeholders understand these benefits. Nowhere is that understanding as critical to the functionality and vitality of our companies than in consumer trust - trust in the services our companies provide and trust in the handling of the data our users generate.

Earlier this year, IA appeared before your committees to offer comments on proposed legislation and to provide insight from efforts in other states as well as at the federal level regarding consumer privacy and the impacts privacy laws have on businesses in general, not just internet-based businesses. While I am happy to answer any questions regarding the feasibility of implementing the proposed New York Privacy Act here in New York, I would prefer to focus today's testimony on the broader picture concerning consumer data privacy.

Companies of all types have spent 2019 preparing to comply with newly enacted state privacy legislation, which will cost businesses millions of dollars in site redesigns, compliance attorneys, lawsuits, and in some cases, monetary penalties. For example, the California Consumer Privacy Act (CCPA) is set to take effect in January, and the State's official regulatory economic impact report estimates that direct compliance costs will be \$467 million - \$16.45 billion over the next decade¹. Meanwhile, as companies finalize their compliance preparations, CCPA is set to change in 2020, as yet another ballot initiative has been filed that would alter the nascent law significantly. This will undoubtedly add even more compliance costs and challenges for business. Elsewhere, a new data disclosure law was recently passed in Nevada, and several states, including Washington and Illinois have attempted to pass General Data

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http://www.dof.ca.gov/Forecasting/Economics/Major_Regulations/Major_Regulations_Table/documents/CCPA_Regulations-SRIA-DOF.pdf

Protection Regulation (GDPR)-like privacy legislation, which represents a different approach from California's law. In the Northeast, privacy legislation is being considered as close by as New Jersey. And here in New York, the recently adopted SHIELD Act has yet to undergo any assessment for efficacy and compliance.

There has never been a clearer indication that a federal privacy law is necessary than the patchwork of disparate state privacy laws that continues to grow. A uniform, national approach would deliver meaningful benefits to both businesses and consumers who would otherwise be forced to navigate a myriad of differing state privacy laws. IA recognizes today's hearing is meant to examine data privacy through the lens of state enforcement, but we respectfully request any legislation that would be advanced adhere to principles that could be adopted at the federal level.

All Americans, not just New Yorkers, deserve a modernized U.S. privacy framework that provides people meaningful control over the data they provide to companies online and offline. That includes the ability to access, correct, delete, and download their data. Privacy protections should be consistent, proportional, flexible, and should incentivize businesses to act as good stewards of the personal information provided to them by individuals.

Any regulatory framework must prioritize protecting individuals' personal information and foster trust through meaningful transparency. IA believes this can be done by empowering people to better understand and control how the personal information they share is collected, used, and safeguarded. People should also have reasonable access to the data they provide organizations, and to be able to move, correct, and delete their personal information when it's no longer necessary to provide a service.

In empowering people to exert greater control over their data, increased consumer education is also a fundamental necessity. Numerous tools and resources already exist to provide consumers with greater protections when they sign up for services or choose to share data and demonstrating how to locate and utilize these resources is essential to effective consumer protection. But it should not simply be a button or new browser window that alters a user's experience with products and services they have come to enjoy and rely on.

Further, any legislation that addresses the concept of data privacy should be comprehensive and include not only online and offline businesses, but government entities as well. It is notable that an exemption for government exists in the New York Privacy Act. Legislation has already been introduced that would examine the data collection and security protocols of New York State, and IA applauds this holistic and equitable approach to data privacy.

IA supports a federal privacy law that establishes a consistent nationwide standard and reflects an American approach to privacy. In the absence of such a law, we encourage states to be thoughtful and pragmatic in crafting privacy law. Privacy regulations done in the wrong way could actually make people's data less safe, cause economic harm, and risk America's global tech leadership.

IA acknowledges the challenges faced by your committees with respect to protecting consumer privacy while also encouraging innovation and ensuring New York businesses continue to thrive. Privacy law is a complicated subject matter and requires significant stakeholder input and as we enter a new legislative session, IA welcomes the opportunity to provide guidance and feedback from a national perspective.

Thank you for your time and I am happy to answer any questions your committees may have.