

15 REASONS [SB 362](#) WILL HARM CALIFORNIA

1. The bill is unnecessary and duplicative, as CCPA already applies to data brokers. There are no existing gaps in California privacy law.

Data brokers are subject to the California Consumer Privacy Act ("CCPA"). There are no gaps in law. The full set of rights afforded to Californians under the CCPA are applicable to data brokers, including the transparency and deletion elements of SB 362. A bill applicable to data brokers alone is unnecessary.

2. The bill will cause a rise in identity theft and fraud, crimes that especially target senior citizens and other vulnerable communities.

Data brokers help protect California consumers by providing data to verify digital identities and prevent fraud, saving senior citizens and other potential victims from having their accounts compromised and savings stolen. If data brokers are forced to delete data used for fraud prevention, criminals will be able to focus their scams and online attacks on California's most vulnerable populations.

3. The bill will increase waste and fraud in government services like unemployment and nutrition assistance, raising costs while reducing benefits.

Data brokers provide services to the California government to help administer public benefits like unemployment and nutrition assistance and to police fraud in the system. With missing data from broad deletions, more government money will be misallocated or wasted, and criminals will exploit the lack of accurate data to steal resources intended for the needy.

4. The bill will prevent political campaigns from reaching constituents, driving turnout, and raising money.

Political campaigns rely on data broker services to identify local voters, educate constituents, drive turnout, and fundraise. The bill's deletion provisions would result in the loss of those services for hundreds of California campaigns and officeholders at every level of government.

5. The bill will dramatically reduce funding for nonprofits and charitable organizations in California.

Charitable organizations depend on data and lists to identify and reach new donors, volunteers, and other advocates interested in their missions. Without that data, California charities of every type – from animal welfare to civil rights, the environment, education, veterans, and health care – will suffer.

6. The bill will hurt the small, mid-size, and start-up business community, and it will disproportionately impact minority-owned businesses.

The data-driven services that allow these entities to compete, such as marketing and advertising, will be severely impacted due to the bill's deletion requirements, making those services more expensive, less effective, and less accessible to small business owners, particularly those owned by women and minorities.

7. Severe restrictions like those in SB 362 can harm the economy.

Under GDPR, restrictions that limited information flow caused smaller e-commerce sites to see almost twice the decline in recorded revenue than their larger counterparts. Studies also show that GDPR's limitations induced the exit of about a third of available apps in the Google Play Store, and in the quarters following GDPR implementation, entry of new apps fell by half. The bill's data deletion mechanism would impact the US economy even more forcefully and detrimentally than GDPR impacted Europe.

8. The bill will make it impossible to accurately update contact databases, leaving consumers without vital health, financial, and government information.

Nearly every government agency, major non-profit, and large company uses data from data brokers to perform database hygiene, cleaning and updating their records with changes in address and contact information. Without the services of data brokers, important health and financial updates will go undelivered, government agencies will be unable to confirm which people they serve, and businesses will not be able to communicate with their past and current customers.

9. The bill will raise health care costs for Californians and lead to the closure of already struggling health systems as payment fraud and other costs rise.

Hospital systems and health care providers that rely on data brokers to identify patients across health systems would lose the ability to resolve patient identity due to the deletion requirements of the bill, lowering the quality of care and driving up costs for health care providers and patients.

10. The bill will create a tax of \$30,000 per year on individual consumers and virtually ensure consumers cannot access many products and services for free or at a low-cost.

The bill's universal deletion mechanism will remove the fuel that powers the ad-supported products and services that consumers rely on in their daily lives.

11. With more than 500 companies currently registered as data brokers in California, it is impossible for consumers to make an informed decision about the ramifications of deleting data.

The hundreds of companies on the data broker registry, and the countless governments, nonprofits, and other business across California and the country they support, use data for very different purposes, often in ways consumers are unaware of. The bill's blunt deletion instrument fails to inform consumers about the benefits companies provide to them based on data and will cause consumers to unintentionally remove their ability to access services they use every day and expose them to higher risks of fraud and identity theft.

12. The bill will deprive family members of public and private benefits owed them when a relative dies, as it will be impossible to locate the beneficiaries.

Data brokers are a primary source of information for financial institutions, companies, and government agencies who need to find the relatives of deceased pension holders, annuitants, and account holders. Without that data, grieving families will be deprived of the benefits they are owed after a loved one dies.

13. The bill would deprive public interest researchers and academics of the complete data sets they need to conduct comprehensive and accurate analyses.

Good policy is driven by good data, and good data may be a thing of the past for the researchers and academics who conduct those policy studies if huge sections of the current data marketplace are removed.

14. The bill allows self-interested companies and pay-to-play "privacy" services to submit deletion requests on behalf of large groups of consumers.

This bill opens the floodgates to the mass deletion of consumer data needed for hundreds of beneficial purposes by authorizing companies to request hundreds or thousands of deletions at a time. Companies with a vested financial interest in cutting off third-party data — or in convincing consumers to pay them for that free service — could leave California's robust data marketplace in tatters.

15. The bill will cause severe anticompetitive effects by solidifying the dominant market position of the largest of entities and platforms.

By limiting the ability of competitors to effectively enter the marketplace and connect with consumers, due to a lack of data in the marketplace, the bill would benefit "big tech" at the expense of the smaller companies, entrepreneurs, and start-ups that drive California's economic growth and success.