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April 7, 2017

Honorable William Botzow

Chairman

House Commerce and Economic Development Committee

Vermont State House

115 State Street

Montpelier, VT 05633-5301

**Re: Vermont HB 467, Relating to the Regulation of Data Brokers and Protection of Personal Information**

Chairman Botzow; Members of the Committee:

My name is Sarah Lashford and I am the manager of Government Relations for the Consumer Data Industry Association (CDIA). CDIA is an international trade association, founded in 1906, of more than 130 corporate members. Our mission is to enable consumers, media, legislators and regulators to understand the benefits of the responsible use of consumer data which creates opportunities for consumers and the economy. CDIA members provide businesses with the data and analytical tools necessary to manage risk. This includes criminal background checks. Our members help ensure fair and safe transactions for consumers, facilitate competition and expand consumers' access to a market which is innovative and focused on their needs. CDIA member products are used in more than nine billion transactions each year.

I am here to urge your committee to oppose HB 467, an act relating to the regulation of data brokers and protecting personal information. While we care about protecting personal and sensitive information, this legislation applies a "one size fits all" approach to all data and mandates unnecessary requirements that are unwarranted and impractical.

HB 467 requires a data broker to register with the state of Vermont. However, there is nothing inherently unique to a data broker's operation that should require a state registration. There is no policy reason for a data broker to register because of what they do. When LL Bean started in 1912, the founder was acting as a data broker when he obtained a list of nonresident Maine hunting license holders, prepared a descriptive mail order circular, and started a nationwide mail order business. They have been operating successfully for over 100 years. The same is true with Sears, Roebuck & Company when they introduced their first mail order catalogue in 1888. In fact, the state of Vermont would be considered a data broker by the definition of this legislation. The State sells motor vehicle information to vendors; does the State need to register with the Department of Financial Regulation in order to protect its citizens? Imposing a registration on a business that has been buying and selling marketing data or publicly available information, does not in any way protect the consumers of Vermont.

HB 467 also requires data brokers to implement a customer ID program to verify that the customer is purchasing the information for legal purposes. Businesses buy and sell marketing information all of the time. Retailers, restaurants, plumbers are not required to have customer identification programs. This is because there is no reason to have a customer ID plan to protect consumers. The same is true with data brokers. There is nothing unique to a data broker that requires a need for such a program. Mandating such a program on a business only consumes time and money without offering any additional protections to the citizens of Vermont.

Additionally, HB 467 ignores that businesses currently are heavily regulated on privacy concerns at the federal level. Federal statutes such as the Fair Credit Reporting Act (FCRA), which regulates how consumer reporting agencies use personal information. The Gramm-Leach-Bliley Act, which requires financial institutions and companies that offer consumers financial products or services, to explain their information-sharing practices to their customers and to safeguard sensitive data. HB 467 ignores the Children's Online Privacy Protection Act, which places requirements on operators of websites or online services directed to children under 13 years of age. In addition, HB 467 does not recognize industry standards like direct marketing opt-outs, and the federal do not call list. All of these federal statutes exist to regulate business practices where personal information is collected and protects the consumer. HB 467 fails to appreciate that businesses are already operating under these tight regulations.

In conclusion, HB 467 takes a "one size fits all" approach to data and fails to regulate in a meaningful way. There is a long history of privacy regulations at the sectoral level that takes into account the unique needs of each industry. A bill that attempts to create one regulation, that is applied across all sectors, fails to distinguish

the unique uses of data, and the existing federal statutes that regulate differing industries. For example, the standards applied to sensitive personal information in the financial sector should be treated differently than information collected on who likes to buy blue sweaters. HB 467 does not acknowledge these differences and applies the same standards across the board. In addition, it fails to separate the industries that are already heavily regulated federally on privacy concerns. For the reasons above, we strongly oppose the bill. Thank you for your consideration of our comments.

I would be happy to answer any questions the Committee might have.

Sincerely,



Sarah M. Lashford

Manager of Government Relations