1	Introduced by Senator Sirotkin
2	Referred to Committee on
3	Date:
4	Subject: Commerce and trade; consumer protection
5	Statement of purpose of bill as introduced: This bill proposes to create a chief
6	privacy officer; to direct the State to conduct a privacy audit concerning the
7	collection and use of citizens' data; to adopt a student online privacy protection
8	act; to expand the definition of personally identifiable information subject to
9	the Security Breach Notice Act and ensure consumer notice of a data breach;
10	and to require internet service providers to provide notice concerning the
11	potential sharing of private data.
12	An act relating to data privacy and consumer protection
13	It is hereby enacted by the General Assembly of the State of Vermont:
14	Sec. 1. CHIEF PRIVACY OFFICER
15	The Secretary of Digital Services shall designate a current employee as
16	Chief Privacy Officer for the State of Vermont and shall specify the duties of
17	the position, which shall include responsibility for:
18	(1) ensuring that the State complies with privacy obligations and
19	protects the privacy of its citizens through:
20	(A) training State employees;

1	(B) reviewing contracts to ensure that vendors are protecting citizen
2	data; and
3	(C) considering the privacy implications of new programs and
4	technologies; and
5	(D) other duties that the Secretary in his or her discretion determines
6	are appropriate to protect citizens' privacy;
7	(2) providing education and outreach to help citizens better protect
8	themselves;
9	(3) advocating working within the Executive and Legislative Branches
10	concerning further protections for Vermonters, including amending existing
11	law and recommending areas where data need not be collected; and
12	(4) serving as an ombudsman to hear citizen concerns regarding privacy
13	<u>issues.</u>
14	Sec. 2. PRIVACY AUDIT
15	On or before January 15, 2020, the Chief Privacy Officer shall conduct
16	commence a privacy audit and submit to the House Committees on Commerce
17	and Economic Development and on Government Operations and to the Senate
18	Committees on Economic Development, Housing and General Affairs and on
19	Government Operations a report concerning how the State of Vermont
20	acquires and uses citizen data, including:
21	(1) which State government actors collect citizen data;

1	(2) what data they collect and whether it is publicly available;
2	(3) how they use the data;
3	(4) to whom they convey the data;
4	(5) the purposes for which the recipients use the data;
5	(6) revenue impacts; and
6	(7) a survey of federal and State statutes and rules that require data
7	collection.
8	Sec. 3. 9 V.S.A. § 2430(9) is amended to read:
9	(9)(A) "Personally identifiable information" means a consumer's first
10	name or first initial and last name in combination with any one or more of the
11	following digital data elements, when either the name or the data elements are
12	not encrypted or redacted or protected by another method that renders them
13	unreadable or unusable by unauthorized persons:
14	(i) Social Security number;
15	(ii) motor vehicle operator's license number or nondriver
16	identification card number;
17	(iii) financial account number or credit or debit card number, if
18	circumstances exist in which the number could be used without additional
19	identifying information, access codes, or passwords;
20	(iv) account passwords or personal identification numbers or other
21	access codes for a financial account;

1	(v) biometric information, including a finger print, retina scan, and
2	facial recognition data; [further refine?]
3	(vi) genetic information;
4	(vii) health information;
5	(viii) login credentials, including a username or password; and
6	(ix) a passport number.
7	(B) "Personally identifiable information" does not mean publicly
8	available information that is lawfully made available to the general public from
9	federal, State, or local government records.
10	Sec. 4. 9 V.S.A. § 2432 is added to read:
11	§ 2432. STUDENT ONLINE PRIVACY PROTECTION
12	(a) As used in this section:
13	(1) "Covered information" means personal information or materials, in
14	any media or format, that meets on or more of the following:
15	(A) is created or provided by a student, or the student's parent or
16	legal guardian, to an operator in the course of the student's, parent's, or legal
17	guardian's use of the operator's site, service, or application for K-12 school
18	purposes;
19	(B) is created or provided by an employee or agent of the K-12
20	school, school district, local education agency, or county office of education to
21	an operator; and

1	(C) is gathered by an operator through the operation of a website,
2	service, or application described in subdivision (4) of this subsection (a) and is
3	descriptive of a student or otherwise identifies a student, including information
4	in the student's educational record or e-mail, first and last name, home address,
5	telephone number, e-mail address, or other information that allows physical or
6	online contact, discipline records, test results, special education data, juvenile
7	dependency records, grades, evaluations, criminal records, medical records,
8	health records, Social Security number, biometric information, disabilities,
9	socioeconomic information, food purchases, political affiliations, religious
10	information, text messages, documents, student identifiers, search activity,
11	photos, voice recordings, or geolocation information.
12	(2) "K-12 school purposes" means purposes that customarily take place
13	at the direction of the K-12 school, teacher, or school district or aid in the
14	administration of school activities, including instruction in the classroom or at
15	home, administrative activities, and collaboration between students, school
16	personnel, or parents, or are for the use and benefit of the school.
17	(3) "Online service" includes cloud computing services, which shall
18	comply with this section if they otherwise meet the definition of an operator.
19	(4) "Operator" means the operator of an Internet website, online service,
20	online application, or mobile application with actual knowledge that the site,

1	service, or application is used primarily for K-12 purposes and is designed and
2	marketed for K–12 purposes.
3	(b) An operator shall not knowingly engage in any of the following
4	activities with respect to its site, service, or application:
5	(1)(A) target advertising on the operator's site, service, or application;
6	<u>or</u>
7	(B) target advertising on any other site, service, or application when
8	the targeting of the advertising is based upon information, including covered
9	information and persistent unique identifiers, that the operator acquired
10	because a consumer used the operator's website, service, or application.
11	(2) Use information, including persistent unique identifiers, created or
12	gathered by the operator's website, service, or application, to amass a profile
13	about a K-12 student except in furtherance of K-12 school purposes.
14	(3) Sell a student's information, including covered information. This
15	prohibition does not apply to the purchase, merger, or other type of acquisition
16	of an operator by another entity, provided that the operator or successor entity
17	continues to be subject to the provisions of this section with respect to
18	previously acquired student information.
19	(4) Disclose covered information unless the disclosure is made:

1	(A) in furtherance of the K–12 purpose of the website, service, or
2	application, provided the recipient of the covered information disclosed
3	pursuant to this subdivision (4):
4	(i) shall not further disclose the information unless done to allow
5	or improve operability and functionality within that student's classroom or
6	school; and
7	(ii) is legally required to comply with subsection (d) of this
8	section;
9	(B) to ensure legal and regulatory compliance;
10	(C) to respond to or participate in judicial process;
11	(D) to protect the safety of users or others or security of the site; or
12	(E) to a service provider, provided the operator contractually:
13	(i) prohibits the service provider from using any covered
14	information for any purpose other than providing the contracted service to, or
15	on behalf of, the operator;
16	(ii) prohibits the service provider from disclosing any covered
17	information provided by the operator with subsequent third parties; and
18	(iii) requires the service provider to implement and maintain
19	reasonable security procedures and practices as provided in subsection (d) of
20	this section.

l	(c) Nothing in subsection (b) of this section shall be construed to prohibit
2	the operator's use of information for maintaining, developing, supporting,
3	improving, or diagnosing the operator's website, service, or application.
4	(d) An operator shall:
5	(1) implement and maintain reasonable security procedures and
6	practices appropriate to the nature of the covered information, and protect that
7	information from unauthorized access, destruction, use, modification, or
8	disclosure; and
9	(2) delete a student's covered information if the school or district
10	requests deletion of data under the control of the school or district.
11	(e) Notwithstanding subdivision (b)(4) of this section, an operator may
12	disclose covered information of a student, as long as subdivisions (b)(1)–(3)
13	are not violated, under the following circumstances:
14	(1) if other provisions of federal or State law require the operator to
15	disclose the information, and the operator complies with the requirements of
16	federal and State law in protecting and disclosing that information; and
17	(2) for legitimate research purposes:
18	(A) as required by State or federal law and subject to the restrictions
19	under applicable State and federal law; or
20	(B) as allowed by State or federal law and under the direction of a
21	school, school district, or state department of education, if no covered

I	information is used for any purpose in furtherance of advertising or to amass a
2	profile on the student for purposes other than K-12 school purposes; and
3	(3) to a State or local educational agency, including schools and school
4	districts, for K-12 school purposes, as permitted by State or federal law.
5	(f) Nothing in this section prohibits an operator from using deidentified
6	student covered information as follows:
7	(1) within the operator's website, service, or application or other
8	websites, services, or applications owned by the operator to improve
9	educational products; or
10	(2) to demonstrate the effectiveness of the operator's products or
11	services, including in their marketing.
12	(g) Nothing in this section prohibits an operator from sharing aggregated
13	deidentified student covered information for the development and
14	improvement of educational sites, services, or applications.
15	(h) This section shall not be construed to limit the authority of a law
16	enforcement agency to obtain any content or information from an operator as
17	authorized by law or pursuant to an order of a court of competent jurisdiction.
18	(i) This section does not limit the ability of an operator to use student data,
19	including covered information, for adaptive learning or customized student
20	<u>learning purposes.</u>

1	(j) This section does not apply to general audience Internet websites,
2	general audience online services, general audience online applications, or
3	general audience mobile applications, even if login credentials created for an
4	operator's website, service, or application may be used to access those general
5	audience websites, services, or applications.
6	(k) This section does not limit Internet service providers from providing
7	Internet connectivity to schools or students and their families.
8	(l) This section shall not be construed to prohibit an operator of an Internet
9	website, online service, online application, or mobile application from
10	marketing educational products directly to parents so long as the marketing did
11	not result from the use of covered information obtained by the operator
12	through the provision of services covered under this section.
13	(m) This section does not impose a duty upon a provider of an electronic
14	store, gateway, marketplace, or other means of purchasing or downloading
15	software or applications to review or enforce compliance of this section on
16	those applications or software.
17	(n) This section does not impose a duty upon a provider of an interactive
18	computer service, as defined in 47 U.S.C. § 230, to review or enforce
19	compliance with this section by third-party content providers.

1	(o) This section does not impede the ability of students to download,
2	export, or otherwise save or maintain their own student created data or
3	documents.
4	(p) A person who violates this section commits an unfair and deceptive act
5	in commerce in violation of section 2453 of this title.
6	* * * "Compromise Version" of SOPIPA * * *
7	CHAPTER 134: STUDENT PRIVACY
8	§4032. DEFINITIONS
9	As used in this Chapter:
10	(1) "Covered information" means personal information or material or
11	information that is linked to personal information or material in any media or
12	format that is not publicly available (other than information that is publicly
13	available by virtue of having been disclosed under FERPA) and is any of the
14	following:
15	(a) Created by or provided to an operator by a student or the student's
16	parent or legal guardian in the course of the student's, parent's, or legal
17	guardian's use of the operator's site, service, or application for K-12 school
18	purposes.
19	(b) Created by or provided to an operator by an employee or agent of a
20	school or school district for K-12 school purposes.

1	(c) Gathered by an operator through the operation of its site, service, or
2	application for K-12 school purposes and is descriptive of a student or
3	otherwise identifies a student personally identifies a student, including, but not
4	limited to, information in the student's educational record or electronic mail,
5	first and last name, home address, telephone number, electronic mail address,
6	or other information that allows physical or online contact, discipline records,
7	test results, special education data, juvenile dependency records, grades,
8	evaluations, criminal records, medical records, health records, a social security
9	number, biometric information, disabilities, socioeconomic information, food
10	purchases, political affiliations, religious information, text messages,
11	documents, student identifiers, search activity, photos, voice recordings, or
12	geolocation information.
13	(2) "Disclosable directory information" means with respect to a student, the
14	student's name; photograph; age (other than exact date of birth); major field of
15	study; grade level; enrollment status (e.g., undergraduate or graduate, full-time
16	or part-time); dates of attendance; participation in officially recognized
17	activities and sports; weight and height of members of athletic teams; degrees,
18	honors and awards received; and the most recent educational agency or
19	institution attended.

1	(3) "Interactive computer service" has the meaning ascribed to that term in
2	Section 230 of the federal Communications Decency Act of 1996 (47 U.S.C.
3	230). [this definition is unnecessary – defined later and term used only once]
4	(4) "K-12 school purposes" means purposes that are directed by or that
5	customarily take place at the direction of a school, teacher, or school district;
6	aid in the administration of school activities, including, but not limited to,
7	instruction in the classroom or at home, administrative activities, and
8	collaboration between students, school personnel, or parents; or are otherwise
9	for the use and benefit of the school.
10	(3) "Online service" includes cloud computing services, which shall
11	comply with this section if they otherwise meet the definition of an operator.
12	(5) "Operator" means, to the extent that an entity is operating in this capacity,
13	the operator of an Internet website, online service, online application, or
14	mobile application with actual knowledge that the site, service, or application
15	is used primarily for K-12 school purposes and was designed and marketed for
16	K-12 school purposes.
17	(6) "School" means (1) any preschool, public kindergarten, elementary or
18	secondary educational institution, vocational school, special educational
19	agency or institution or (2) any person, agency, or institution that maintains
20	school student records from more than one school. "School" includes a private
21	or nonpublic school.

1	(7) "Targeted advertising" means presenting advertisements to a student where
2	the advertisement is selected based on information obtained or inferred over
3	time from that student's online behavior, usage of applications, or covered
4	information. The term does not include advertising to a student at an online
5	location based upon that student's current visit to that location or in response to
6	that student's request for information or feedback, without the retention of that
7	student's online activities or requests over time for the purpose in whole or in
8	part of targeting subsequent ads.
9	(8) "Student", "directory information", and "eligible student", have the same
10	meaning as in 34 Code of Federal Regulations Part 99.
11	§ 4033. OPERATOR PROHIBITIONS
12	An operator shall not knowingly do any of the following with respect to its
13	site, service, or application:
14	(1) Engage in targeted advertising on the operator's site, service, or application
15	or target advertising on any other site, service, or application if the targeting of
16	the advertising is based on any information, including covered information and
17	persistent unique identifiers, that the operator has acquired because of the use
18	of that operator's site, service, or application for K-12 school purposes.
19	(2) Use information, including persistent unique identifiers, created or gathered
20	by the operator's site, service, or application to amass a profile about a K-12
21	student, except in furtherance of K-12 school purposes. "Amass a profile" does

1	not include the collection and retention of account information that remains
2	under the control of the student, the student's parent or legal guardian, or the
3	school.
4	(3) Sell, barter or rent a student's information, including covered information.
5	This subdivision (3) does not apply to the purchase, merger, or other type of
6	acquisition of an operator by another entity if the operator or successor entity
7	complies with this Act regarding previously acquired student information.
8	(4) Except as otherwise provided in §4035 of this Act, disclose covered
9	information, unless the disclosure is made for the following purposes and is
10	proportionate to the identifiable information necessary to accomplish the
11	purpose:
12	(a) In furtherance of the K-12 purposes of the site, service, or
13	application if the recipient of the covered information disclosed under this
14	clause (a) does not further disclose the information, unless done to allow or
15	improve operability and functionality within that student's classroom or school
16	and [the recipient] is legally required to comply with subsection (d) of this
17	section; of the operator's site, service, or application and is not used for
18	purpose inconsistent with this Act.
19	(b) To ensure legal and regulatory compliance or take precautions against
20	<u>liability.</u>
21	(c) To respond or participate in to judicial process.

1	(d) To protect the safety or integrity of users of the site or others or the
2	security of the site, service, or application.
3	(e) For a school, educational, or employment purpose requested by the
4	student or the student's parent or legal guardian, provided that the information
5	is not used or further disclosed for any other purpose.
6	(f) To a service provider third party if the operator contractually prohibits
7	the third party from using any covered information for any purpose other than
8	providing the contracted service to or on behalf of the operator, prohibits the
9	third party from disclosing any covered information provided by the operator
10	to subsequent third parties, and requires the third party to implement and
11	maintain reasonable security procedures and practices as provided in
12	subsection (d) of this section.
13	Nothing in this section prohibits the operator's use of information for
14	maintaining, developing, supporting, improving, or diagnosing the operator's
15	site, service, or application.
16	§4034. OPERATOR DUTIES
17	An operator shall do the following:
18	(1) Implement and maintain reasonable security procedures and practices
19	appropriate to the nature of the covered information and designed to protect
20	that covered information from unauthorized access, destruction, use,
21	modification, or disclosure.

1	(2) Delete, within a reasonable time period and to the extent practicable, a
2	student's covered information if the school or school district requests deletion
3	of data covered information under the control of the school or school district,
4	unless a student or his or her parent or legal guardian consents to the
5	maintenance of the covered information.
6	(3) Publicly disclose and provide the school with material information about
7	its collection, use, and disclosure of covered information, including, but not
8	limited to, publishing a term of service agreement, privacy policy, or similar
9	document.
10	§4035. PERMISSIVE USE OR DISCLOSURE
11	An operator may use or disclose covered information of a student under the
12	following circumstances:
13	(1) If other provisions of federal or State law require the operator to disclose
14	the information, and the operator complies with the requirements of federal
15	and State law in protecting and disclosing that information.
16	(2) For legitimate research purposes as required by State or federal law and
17	subject to the restrictions under applicable State and federal law or as allowed
18	by State or federal law and under the direction of a school, school district, or
19	the State Board of Education if the covered information is not used for
20	advertising or to amass a profile on the student for purposes other than for K-
21	12 school purposes.

1	(3) To a State or local educational agency, including schools and school
2	districts, for K-12 school purposes, as permitted by State or federal law.
3	§4036. OPERATOR ACTIONS THAT ARE NOT PROHIBITED.
4	Nothing in this section prohibits an operator from using deidentified student
5	covered information as follows:
6	This Act does not prohibit an operator from doing any of the following:
7	
8	(1) Using covered information to improve educational products if that
9	information is not associated with an identified student within the operator's
10	site, service, or application or other sites, services, or applications owned by
11	the operator.
12	(2) Using covered information that is not associated with an identified student
13	to demonstrate the effectiveness of the operator's products or services,
14	including in their marketing.
15	(3) Sharing aggregated deidentified student covered information that is not
16	associated with an identified student for the development and improvement of
17	educational sites, services, or applications.
18	(4) Using recommendation engines to recommend to a student either of the
19	following:
20	(a) Additional content relating to an educational, other learning, or
21	employment opportunity purpose within an online site, service, or application

1	if the recommendation is not determined in whole or in part by payment or
2	other consideration from a third party.
3	(b) Additional services relating to an educational, other learning, or
4	employment opportunity purpose within an online site, service, or application
5	if the recommendation is not determined in whole or in part by payment or
6	other consideration from a third party.
7	(5) Responding to a student's request for information or for feedback without
8	the information or response being determined in whole or in part by payment
9	or other consideration from a third party.
10	§4037. APPLICABILITY
11	§§4033-4036, inclusive, shall not do any of the following:
12	(1) Limit the authority of a law enforcement agency to obtain any content or
13	information from an operator as authorized by law or under a court order.
14	(2) Limit the ability of an operator to use student data, including covered
15	information, for adaptive learning or customized student learning purposes.
16	(3) Apply to general audience Internet websites, general audience online
17	services, general audience online applications, or general audience mobile
18	applications, even if login credentials created for an operator's site, service, or
19	application may be used to access those general audience sites, services, or
20	applications.

1	(4) Limit service providers from providing Internet connectivity to schools or
2	students and their families.
3	(5) Prohibit an operator of an Internet website, online service, online
4	application, or mobile application from marketing educational products
5	directly to parents if the marketing did not result from the use of covered
6	information obtained by the operator through the provision of services covered
7	under this Act.
8	(6) Impose a duty upon a provider of an electronic store, gateway, marketplace,
9	or other means of purchasing or downloading software or applications to
10	review or enforce compliance with this Act on those applications or software.
11	(7) Impose a duty upon a provider of an interactive computer service as
12	defined in Section 230 of Title 47 of the United States Code, to review or
13	enforce compliance with this Act by third-party content providers.
14	(8) Prohibit students from downloading, exporting, transferring, saving, or
15	maintaining their own student-created data or documents.
16	(9) Supersede the federal Family Educational Rights and Privacy Act of 1974
17	or rules adopted pursuant to that Act.
18	§ 4038. SCHOOL LIMITS ON DISCLOSURE OF DIRECTORY
19	INFORMATION AND COVERED INFORMATION

1	(1) A school shall disclose covered information about a student to the parent
2	of the student or to the eligible student in accordance with applicable state and
3	federal law.
4	(2) In addition to the uses allowed in §§4033 through 4036, inclusive, a school
5	may disclose directory information about a student as provided in 34 Code of
6	Federal Regulations Section 99.37 only:
7	(a) after giving the parent of the student or the eligible student
8	at the school notice and an opportunity to opt-out of the disclosure in
9	accordance with Section 4;
10	(b) such opportunity shall be available online on the website of
11	the school, if the school has a website, for at least all days during the
12	academic year; and
13	(c) the school shall offer the opportunity to allow a parent to
14	opt-in to disclosure to a school newspaper; local newspaper; school
15	club or organization; school yearbook; honor roll or other recognition
16	list; graduation program; sports related publication which provides
17	specific information about particular students for the purposes of a
18	specific sports activity or function; or parent and teacher organization –
19	while allowing the parent to opt out of other uses of directory
20	information.
21	§ 4039. NOTICE

1	(1) Within the first week of each school year, each school shall issue a public
2	notice, include in a student or parent handbook, provide online in an easily
3	accessible location, and provide to each student in a form that the student can
4	retain or give to a parent, information describing the school's disclosure
5	procedures for covered information.
6	(2) The information required under subsection (a) shall include:
7	(a) a description of any covered information that the school expects to
8	disclose during the school year;
9	(b) the procedure that a parent of a student or an eligible student can follow
10	to prohibit the school from disseminating disclosable directory information
11	under section 3 of this Act; and
12	(c) the procedure that a parent of a student or an eligible student can follow
13	to authorize the school to disseminate covered information.
14	(3) If the school does not receive an objection from the parent of a student or
15	the eligible student within thirty days of the dissemination of the information
16	required to be provided under subsection (a), the school may disseminate
17	disclosable directory information relating to the student.
18	(4) The parent or eligible student may update this form at any time throughout
19	the year., except for emergency circumstances including but not limited to the
20	safety of the student.
21	§4040. ENFORCEMENT

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1	Violations of this Act shall constitute unlawful practices for which the
2	Attorney General may take appropriate action under the [VT UDAP Statute].
3	§4041. SEVERABILITY
4	The provisions of this Act are severable.
5	
6	Sec. 5. 9 V.S.A. § 2433 is added to read:
7	§ 2433. INTERNET SERVICE PROVIDERS; PRIVACY; DISCLOSURE
8	(a) A person who offers or provides Internet access service in this State
9	shall, prior to executing a contract for service:
10	(1) disclose to a consumer in writing its data privacy practices, including
11	what data the provider may collect about the consumer, to whom it may be
12	disclosed and for what purposes, and whether the consumer has the right to opt
13	out of data sharing; and
14	(2) obtain acknowledgment from the consumer that he or she has
15	received a disclosure of the service provider's data privacy practices and that
16	he or she accepts the terms and conditions of use, specifically including the
17	terms and conditions applicable to data sharing.
18	(b) A person who violates this section commits an unfair and deceptive act
19	in commerce in violation of section 2453 of this title.
20	Sec. 6. 9 V.S.A. § 2435(b)(6) is amended to read:

1	(6) A data collector may shall provide direct notice of a security breach
2	to a consumer by one or more of the following methods:
3	(A) Direct notice, which may be by one of the following methods:
4	(i)(A) written notice mailed to the consumer's residence;
5	(ii)(B) electronic notice, for those consumers for whom the data
6	collector has a valid e-mail address if:
7	(I)(i) the data collector's primary method of communication
8	with the consumer is by electronic means, the electronic notice does not
9	request or contain a hypertext link to a request that the consumer provide
10	personal information, and the electronic notice conspicuously warns consumers
11	not to provide personal information in response to electronic communications
12	regarding security breaches; or
13	(II)(ii) the notice is consistent with the provisions regarding
14	electronic records and signatures for notices in 15 U.S.C. § 7001; or
15	(iii)(C) telephonic notice, provided that telephonic contact is made
16	directly with each affected consumer and not through a prerecorded message.
17	(B)(i) Substitute notice, if:
18	(I) the data collector demonstrates that the cost of providing
19	written or telephonic notice to affected consumers would exceed \$5,000.00;
20	(II) the class of affected consumers to be provided written or
21	telephonic notice exceeds 5,000; or

1	(III) the data collector does not have sufficient contact
2	information.
3	(ii) A data collector shall provide substitute notice by:
4	(I) conspicuously posting the notice on the data collector's
5	website if the data collector maintains one; and
6	(II) notifying major statewide and regional media.
7	Sec. 7. EFFECTIVE DATE
8	This act shall take effect on July 1, 2019.