



Consumer Data Industry Association
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The Honorable Michael Marcotte
House Committee on Commerce & Economic Development
Room 35
Vermont State House
115 State Street
Montpelier, VT 05633

RE: VT. H 211 An Act relating to Data Brokers Personal Information

Dear Chair Marcotte:

I write on behalf of the Consumer Data Industry Association (CDIA) to express our concerns with H. 211 regarding data brokers. We appreciate the Committee's intent to strengthen protections for personal information and to provide consumers with meaningful control over their data. However, as currently drafted, the bill presents several compliance challenges that would make implementation difficult and may produce unintended consequences for consumers and businesses alike.

The Consumer Data Industry Association (CDIA) is the voice of the consumer reporting industry, representing consumer reporting agencies including the nationwide credit bureaus, regional and specialized credit bureaus, background check companies, and others. Founded in 1906, CDIA promotes the responsible use of consumer data to help consumers achieve their financial goals, and to help businesses, governments and volunteer organizations avoid fraud and manage risk. Through data and analytics, CDIA members empower economic opportunity, helping ensure fair and safe transactions for consumers, facilitating competition and expanding consumers' access to financial and other products suited to their unique needs.

As drafted, the bill raises several specific compliance concerns. First, to accurately process consumer deletion requests, data brokers must have reasonable mechanisms to authenticate the identity of the requesting individual. Without robust authentication standards, individuals with similar or identical names could be inadvertently affected, leading to the deletion of incorrect records and undermining data accuracy.

Second, the bill does not clearly provide an exemption for commercial credit reporting. While there appears to be an intent to exempt information contained in consumer credit reports, there is no explicit exception for commercial credit reports. As a result, businesses—and Vermont residents who own or manage them—could potentially use deletion rights to remove or restrict information contained in commercial credit reports, diminishing the utility and reliability of those reports. Every state that has enacted comprehensive privacy legislation has recognized the importance of protecting commercial credit data and has included appropriate exemptions.

Although portions of the bill resemble aspects of California's data broker framework, California's law operates in conjunction with a comprehensive privacy statute that includes detailed exemptions for the Fair Credit Reporting Act (FCRA), the Gramm-Leach-Bliley Act (GLBA), fraud prevention activities, and the Driver's Privacy Protection Act (DPPA), among others. While H. 211 attempts to provide an FCRA exemption, it lacks the specificity necessary to cover the full range of activities involved in furnishing and using information for consumer reporting purposes. Existing FCRA exemptions in all state privacy laws were developed over many years in collaboration with consumer advocates to ensure both strong consumer protections and the continued functioning of the credit reporting system.

The bill also requires data brokers to segregate "brokered personal data" (BPI), yet the definition of BPI is so broad that it effectively encompasses any data that can be linked to a consumer. This breadth creates uncertainty about what information must be segregated and how compliance could be achieved in practice.

Additionally, the provisions concerning the deletion mechanism present operational challenges. The bill grants consumers the right to request deletion of their information and then to alter that request after a 45-day period. Once information has been deleted in response to a consumer request, the data broker no longer possesses that information. Reinstating deleted data would be impracticable and could delay or disrupt services for consumers. The legislation does not clearly address how data brokers are expected to comply with such revised requests.

Finally, the requirement that data brokers maintain a \$20,000 bond appears punitive and is premised on the assumption of noncompliance. A blanket annual bonding requirement benefits third-party sureties while imposing additional costs on compliant businesses. A more appropriate approach would be to require bonding only in cases where a registered data broker has previously failed to satisfy assessed penalties.

We appreciate the opportunity to share our perspective on H. 211. We respectfully encourage the Committee to consider addressing consumer privacy protections within a comprehensive legislative framework that provides consistent, well-defined exemptions and clear operational standards. Such an approach would enable consumers to exercise meaningful privacy rights across the full ecosystem of data users, rather than a narrow subset defined in current Vermont law.

For the reasons outlined above, we respectfully ask the Committee to oppose the bill until these critical issues can be resolved. Thank you for your time and consideration. I would be pleased to answer any questions the Committee may have.

Sincerely,



Sarah M. Ohs
Vice President of Government Relations