

BUSINESS BEWARE: NEW PRIVACY MANDATES AND COSTS PROPOSED

THE CALIFORNIA PRIVACY RIGHTS ACT (CPRA)



In early June, Attorney General Becerra submitted the final regulations for the privacy legislation passed in 2018. With the ink barely dry on those regulations, a new initiative, the California Privacy Rights Act of 2020 (CPRA), has been submitted to the Secretary of State to for the November 2020 ballot. Unfortunately, the initiative will add more state mandates, raise costs for business, and create more confusion. The authors of the CPRA should consider the negative effects of the initiative on small and midsize business owners and withdraw the initiative from the November ballot.

Costly New Government Agency. The initiative creates a new government agency when the state is facing an estimated \$54 billion dollar deficit. While education, health care and other state priorities are being cut, this initiative proposes to spend approximately \$10 million on a new agency to enforce consumer privacy laws.

Interferes with the State's Road to Economic Recovery. While most business owners are trying to recover from the pandemic and put together a multi-year program to restore their business and customers, the proposed initiative will add new costs and mandates. An AG-commissioned study found that the initial compliance costs for the current privacy law are estimated at roughly \$55 billion, with each small business owner facing about \$50,000. The new initiative will result in even more cost. Given the challenges facing employers, California needs policies that will help business owners recover and restore jobs, not add new mandates that will drain resources and discourage hiring.

Initiative Limits Legislative Authority to Fix Problems. The initiative limits the ability of the Governor and the Legislature to modify privacy laws that are not working as intended, instead requiring another initiative to fix problems! Believing that the sponsors alone know what is right, the initiative limits the Legislature to modify the language in the initiative only if the "amendments are consistent with and further the purpose and intent of the Act." Privacy law is new and complex area. Prohibiting the Legislature from making necessary changes will harm business.

More Restrictions on Marketing Data. Under current law, business owners are already required to comply with complicated and confusing regulations concerning the use of data. Those requirements place restrictions on the use of data, impacting small business owners that utilize digital advertising. While many are still trying to understand the current requirements and adjust their marketing programs, the initiative would create a whole new set of regulations, further complicating the ability of business to utilize, low cost digital marketing tools.