



The Voice of Retailing

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**Testimony by Tim Phelan, President, Connecticut Retail Merchants Association
Government Administration and Elections Committee, March 25, 2019**

Sen. Flexer, Rep Fox, Sen. Sampson, Rep France and members of the GAE Committee. I am Tim Phelan, President of the Connecticut Retail Merchants Association. CRMA is a statewide trade association representing some of the world's largest retailers and the state's main street merchants.

As you know, overall, retailers in our state support more than 470,000 jobs and contribute more than \$34 billion to the state's economy. There are roughly 42,000 retail establishments in Connecticut, and in total, the retail industry produces approximately 14 percent of Connecticut's total GDP. As much as any other industry, retail is the lifeblood of commerce in Connecticut, indispensable to our economy and our quality of life.

I am here today in opposition to SB 1108, An Act Concerning Consumer Privacy.

As it relates to the core issue and intent of SB 1108, let me be perfectly clear: protecting consumer privacy is one of the highest priorities of any retail business large or small.

Retailers in Connecticut and nationwide have a long history of thoughtfully and responsively nurturing customer relationships and meeting consumer expectations for high quality service. Whether offering goods online or in-store, retailers use customer data to provide personalized experiences that customers value. Retailers know that establishing long-term relationships with their customers requires more than just providing the merchandise they want at prices they are willing to pay. Successful retailers earn their customers trust and provide a positive shopping experience, either thru sales on-line or in-person, so that consumers will continue to shop with them, time and again.

Customers, in turn, expect retailers to process their data responsibly and seamlessly when they are shopping. To meet these high customer expectations, retailers invest heavily in technology and spend years developing appropriate methods to comply with state, federal and global data protection regulations in ways that further their customer relationships and do not frustrate them. A critical element of establishing that trusted relationship lies in retailers acting as reliable stewards of the information their customers share with them when shopping.

Over the last decade or more, CRMA has worked closely with members of this Committee and other Committees of this legislature on various data breach and data privacy issues. As I mentioned, it is a vitally important issue for retailers, and a delicate balance that retailers respond to every day - protecting customer data while preserving customer experiences.

In short, retailers use consumer data for the principal purpose of serving their customers as they wish to be served. Retailer use of personal information is not an end in itself, but primarily a means to achieving the goal of improved customer service. A critical component of customer loyalty in the digital age that all retailers – large and small – must engage in to sustain and grow their business.

In our review of the language of SB 1108, it is clear to us that this bill is nearly identical to a bill that was passed by the California General Assembly in a 2018. That bill passed without extensive debate in their legislature, or input from stakeholders such as retailers. The result: those stakeholders have new and unreasonable burdens that will be placed on them, which has left them scrambling to deal with the unintended consequences prior to the effective date of 2020. The many unintended negative consequences of the law has led California policymakers to work on amendments to that law, right now. The retail community is working with lawmakers in California, along with the California Attorney General, on those modifications. All of this in an attempt to make sure that the intended outcomes of the bill are resolved.

Because the issue of data privacy is so critical to retailers, and all business, and certainly to customers as well, we would urge this committee to NOT move forward with this bill. The bill before you, while well intended, has serious unintended consequences that will place significant burdens on retailers and not meet the high expectations that customers expect. It is anti-retail, and anti-consumer.

Additionally, we strongly urge the Committee not to move forward with the bill because this issue - data privacy - in the internet era is one that knows no state border. Because of that, if Connecticut were to pass a bill like this, while other states, particularly California, are in the midst of making changes, we would add to the confusion that customers will no doubt have. That does not help consumers, or retailers.

While I understand that no state Legislator likes to hear this, we do feel quite strongly that in this policy area, Congressional action is needed. A state-by-state approach to internet privacy issues like those addressed in SB 1108, are best dealt with in Congress. A uniform national privacy standard is needed, not a state-by-state approach.

In closing, we thank the committee for providing us the time to testify and understand the desire to pass this type of bill. However, we hope that you will consider the negative impacts that this type of legislation would have on retail business, and on our customers.

Thank you very much.