



Testimony of John Blair, Associate Counsel
Connecticut Business and Industry Association
General Law Committee
Public Hearing
February 25, 2021

Senator Maroney, Representative D’Agostino, Senator Witkos, Representative Rutigliano, members of the General Law Committee, thank you for the opportunity to present testimony today. My name is John Blair, Associate Counsel at the Connecticut Business & Industry Association. CBIA is Connecticut’s largest business organization, with thousands of member companies, small and large, representing a diverse range of industries from across the state. Ninety-five percent of our member companies are small businesses, with less than 100 employees.

Today, I present the following testimony alerting the committee to concerns with [Proposed S.B. No. 156 An Act Concerning Consumer Privacy](#) and [Proposed S.B. No. 893 An Act Concerning Consumer Privacy](#).

CBIA believes that both proposals are premature and if implemented would create substantial costs to our member companies small and large. We oppose the proposals on three grounds - open data sharing has and will continue to help power our economy, both proposals create significant increased costs to our members and federal action is likely and could ultimately conflict and preempt any state law.

Economic Benefits of Open Data Sharing

There are significant economic benefits to data sharing. In a recent New York Times article, “A Need to Balance Privacy with Data Sharing” the Director of the Malcolm Weiner Center for Public Policy at the Harvard Kennedy School stated, “Governments and technology companies are increasingly collecting vast amounts of personal data, prompting new laws, myriad of investigations and calls for stricter regulation to protect individual privacy...Yet despite these issues, economics tell us that society needs more data sharing than less because the benefits of publicly available data often outweigh the costs.”

The economist discusses how data sharing has allowed for increased powers in innovation, ability to predict/anticipate consumer needs and access to public records like Department of Labor unemployment and earnings data to help power private companies.

The article also included “best examples” of the transformative power of open data. One example included facts that data sharing was so critical in the development of a coronavirus vaccine. The article points out that,

“the data norms established by the Bermuda Principles greatly sped up the development of the mRNA coronavirus vaccines. A Chinese lab announced the discovery of the novel coronavirus on January 9, 2020; sequenced it over the weekend; and released the genome sequence to the public immediately thereafter...Without a commitment to open data, a vaccine for coronavirus might still be months away.”

Imagine the increased costs to our economy, if we had to wait months still for a vaccine. Open data sharing hindered by over regulation/legislation would result in less innovation and greatly increase costs to our members.

Cost of Regulation/Legislation

If either [Proposed S.B. No. 156](#) or [Proposed S.B. No. 893](#) is acted upon, the cost to members is inevitably significant. The exact costs are hard to measure since only one state in the country, California, has enacted a comprehensive privacy bill. That said, [Proposed S.B. No. 156](#) appears to have the intent not dissimilar to the California Consumer Privacy Act (CCPA) which is the best representation of just how costly proposals like these are to states’ existing and potential businesses.

The total cost on businesses in California for initial compliance with the CCPA was estimated by the Attorney General’s Office at 55 billion dollars, largely due to software requirements. The following are estimates of initial compliance costs by business size:

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| 1 - 20 | employees would incur \$50,000; |
| 20-100 | employees would incur \$100,000; |
| 100 - 500 | employees would incur 450,000; and |
| 500 + | employees would incur 2 million in initial compliance costs |

In addition, to the initial compliance costs, there were incremental costs associated with passing this type of legislation. The incremental costs that would have to be borne by businesses large and small include, technology (estimated technology cost = 75k annually) and operations; complying with lookback requirements for firms selling personal information to 3rd parties; training requirements; and more detailed record keeping.

If the Initial compliance and incremental costs on small businesses do not cause them to shut their doors, they could force many of the smaller companies to forgo resources that would otherwise be dedicated to innovation and workforce development. At a time when businesses have had to pivot to online transactions due to the pandemic, many more businesses would be impacted than ever before. These are businesses that are barely hanging on due to loss of revenue. This is not the time to impose these added costs.

Federal Action

Lastly, the Federal government is considering legislation affecting consumer privacy. With a new Democratic administration, democratically controlled federal legislature, CBIA is requesting the committee to allow consideration and passage of the federal legislation before taking any further state action. It is likely that any state law passed regarding consumer privacy may be preempted by the passing of federal legislation and could cause unnecessary conflict of federal and state laws.

In conclusion, Connecticut businesses are struggling to emerge from the pandemic, they do not need to take on the additional and mounting costs this legislation would impose.

For the reasons stated, we respectfully request that the committee not to move these proposals forward.