



## Capitol Update



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August 27, 2020

### **California Proposition 24, the Consumer Personal Information Law and Agency Initiative**

[https://ballotpedia.org/California Proposition 24, Consumer Personal Information Law and Agency Initiative \(2020\)](https://ballotpedia.org/California_Proposition_24,_Consumer_Personal_Information_Law_and_Agency_Initiative_(2020))

#### **CFRW Executive Committee Recommends:**



In 2018, California lawmakers passed landmark legislation, the California Consumer Privacy Act, to give California the toughest privacy laws in the country to protect consumer information. The bill went into effect this year (2020), and is still being rolled out as of August. Now a group called The Californians for Consumer Privacy PAC, which originated the concept of the CCPA, feels there is room for improvement to be made in that law. Prop. 24 would purportedly strengthen the existing laws.

Under the 2018 CCPA, companies must: not share a consumer's information upon request of that consumer, provide consumers with an "opt out" option for having their sensitive personal information used or disclosed for advertising or marketing, obtain permission before collecting data from consumers younger than 16, obtain permission from a parent or guardian of a consumer younger than 13, and correct inaccurate personal info. upon the consumer's request. Fines range from \$2500-7500 for each complaint, depending on if the violation is found to be accidental or intentional, and there is a 30-day grace period to fix violations once a company is notified of it.

This applies to any company that has gross annual revenue of \$25 million or more, annually receives, buys, shares or sells personal info. of 50,000 or more California residences, households, or devices, or generates half or more of its revenue from selling personal information. These criteria include online retailers and technology firms, among others- anyone who does a lot of

online advertising. This of course makes online giants like Google, Facebook, and Amazon nervous, as some of them have recently paid out record high penalties for misuse of private consumer information. These companies feel our legislators, not voters, should make the decisions as to changes to “such complex and technical issues”.

Prop. 24 would remove any grace period and implements even more regulations on businesses, which could be stifling to small and medium sized companies. Most significantly, Prop. 24 would require the appointment of a new state agency to receive and review complaints and impose penalties. This is currently handled by our Attorney General’s office.

A fairly disparate group of people have expressed concerns about Prop. 24 and are encouraging a “NO” vote on this proposition, including the Consumer Federation of CA., the ACLU, the CA. GOP, the CA. Chamber of Commerce, and the CA. Retailers

Assoc., <http://www.capoliticalreview.com/capoliticalnewsandviews/these-california-privacy-prop-24-initiative-opponents-might-surprise-you/>.

The concerns are primarily that California does not need yet ANOTHER state agency full of political appointees that would cost millions annually, according to the LAO. There is much concern about the financial impact on small- medium-sized businesses that are just now becoming compliant with the existing law, if they have to again revise operations to accommodate new laws. It’s too soon to burden them with new and more confusing regulations before seeing how the existing law is working. Another concern is that provisions buried in Prop. 24 would make it harder for legislators to make corrections or fixes as needed.

**Fiscal Impact:** Increased annual state costs of roughly \$10 million for a new state agency to monitor compliance and enforcement of consumer privacy laws. Additional increased state costs, potentially reaching the low millions of dollars annually, from increased workload to DOJ and the state courts, some or all of which would be offset by penalty revenues. Unknown impact on state and local tax revenues due to economic effects resulting from new requirements on businesses to protect consumer information.



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