

Vermont Legislative Joint Fiscal Office

One Baldwin Street • Montpelier, VT 05633-5701 • (802) 828-2295 • Fax: (802) 828-2483

FISCAL NOTE

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Prepared by: Daniel Dickerson

H.764 An act relating to data brokers and consumer protection – As Introduced

<https://legislature.vermont.gov/assets/Documents/2018/Docs/BILLS/H-0764/H-0764%20As%20Introduced.pdf>

Bill Summary

This bill contains provisions dealing with the protection of personal information and the regulation of data brokers and data collectors. In regards to data brokers, the bill proposes to require brokers to register with and pay a \$100 fee annually to the Secretary of State and disclose certain information relating to the broker's data collection practices. The bill would also require brokers to enact and remove security freezes as requested by consumers and without charge. The bill contains reporting requirements for the State agencies charged with enacting the provisions of this bill. The sections of the bill containing the registration and fee payment requirements for data brokers would go into effect on July 1, 2018.

Fiscal Impacts

Secretary of State – Data brokers would be required to register, pay a \$100 fee and provide certain information about data collection practices to the Secretary of State on an annual basis. Registration would only be required if, in the prior year, the broker collected and licensed or sold to a third party the personal information of a Vermont consumer. Registrations would be due no later than January 31 each year for brokers that are required to register.

The Secretary of State estimates that approximately \$80k would be needed to create the internal capacity to process registrations. This would be a one-time expense and would presumably be incurred in FY2019 in order to be ready to process registrations prior to Jan. 31, 2019 year one deadline for brokers. This one-time expense is not currently built into the Secretary of State's FY19 budget request. After the one-time expense, annual operating expenses would be minimal and could be managed with existing resources. The Secretary of State reasonably expects that approximately 200 brokers would register with the state on a yearly basis, which would generate approximately \$20k in revenue per year. This is a highly preliminary estimate, as there is very little data for how many data brokers currently exist and of that number, how many are actually collecting Vermonters' personal information. Theoretically, fee revenues would match the up-front cost in four years, but there is some risk that revenues could take longer to fully cover the initial costs and it is not a guarantee that the Secretary of State's IT vendor would allow annual installment payments for the new registration capacity. A one-time FY19 appropriation is another mechanism that could be utilized to enable the Secretary of State to establish the registration system and not be completely reliant on an unknown revenue stream.

Attorney General – The AG’s office would be charged with enforcing the registration requirement on a year-to-year basis. Enforcement powers would include the ability to levy civil penalties up to \$10,000 per year on non-registrants, in addition to the annual fees and other penalties imposed by law, as well as the ability to seek assistance from the courts in collecting the penalties and fees. With these enforcement powers, and under the existing scope of its duties, the AG’s office believes that it can perform its role under this bill without the need for additional state funding.