



The Honorable Giovanni Capriglione
 Texas House of Representatives
 P.O. Box 2910
 Austin, TX 78768

April 7, 2021

Dear Chairman Capriglione,

The 87th session of the Texas Legislature is more than half-over. The business community in Texas appreciates how you and your colleagues are working long hours to help the Texas economy recover from the economic, social and health impacts of COVID-19 and winter storm Uri, balance our state budget without new taxes, reduce frivolous lawsuits, create a statewide broadband plan, and improve Texas schools and workforce.

The Texas business community is bullish in regard to our state leadership and the success of this legislative session. There is significant concern among Texas businesses about efforts to regulate the data privacy practices of private enterprises, specifically HB 3741 and HB 4164 which have been filed by Representative Giovanni Capriglione.

Similar efforts have been undertaken in California and Europe, creating enormous regulatory and financial challenges, a burden that has fallen on small and medium sized businesses. A study commissioned by the California Office of the Attorney General found that “[t]he total cost of initial compliance with the CCPA, which constitutes the vast majority of compliance efforts, is approximately \$55 billion. This is equivalent to approximately 1.8% of California Gross State Product in 2018.” In Europe, the General Data Protection Regulation (GDPR) caused many smaller web sites and companies to stop offering services or to shut down completely.

On behalf of thousands of businesses from across Texas and the entire country, we respectfully request that state leaders refrain from efforts to mandate business data privacy policies over the next 54 days of session. The first goal of state policymakers for years has been and should always be, first do no harm.

This is particularly true at a time when Texas business has still not fully recovered from the effects of COVID-19.

One major Texas employer estimated its cost to comply with HB 3741 would be over \$100 million. In whatever state they are attempted, data privacy laws and regulations have proven to be fraught with unintended consequences, staggering costs, and administrative complexity.

In 2019, lawmakers created the Texas Privacy Protection Advisory Council, but the Council's interim meeting and stakeholder engagement were largely prevented by COVID-19. Protecting users' privacy is a top concern for the business community, Texans, and all consumers, but businesses across all industries must actively and thoughtfully participate in a robust stakeholder process on this complicated and pervasive subject.

As we've seen in California, massive compliance costs as well as unintended and negative consequences for businesses have followed after passage of broad private sector focused data privacy legislation. This could be a daunting issue for businesses, consumers, and the government, especially during a time of economic recovery. Ideally, privacy legislation would be crafted at the federal level to avoid a patchwork quilt of 50 different state laws that could negatively impact job creators that operate in multiple states. If this is not possible, any state effort must be carefully vetted.

Again, we urge the Texas Legislature to oppose complicated and untested new regulations impacting data privacy practices of Texas businesses until there is an opportunity for additional stakeholder input given the complexity of this issue.

Thank you for your continued attention to our concerns on these important issues.

Sincerely,

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American Advertising Federation

American Advertising Federation-Amarillo

American Advertising Federation-Austin

American Advertising Federation-Corpus Christi

American Advertising Federation-Houston

American Association of Advertising Agencies

Arlington Chamber of Commerce

Association of National Advertisers

Austin Chamber of Commerce

Consumer Data Industry Association

CTIA

Dallas Regional Chamber

Greater Houston Partnership

Health Science Bio

Internet Association

NetChoice

North Texas Commission

San Antonio Chamber

State Privacy and Securities Coalition

TechNet

TechTitans

Texas Apartment Association

Texas Association of Business

Texas e-Health Alliance

Texas Retailers Association

Texas Technology Consortium

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