

August 31, 2023

Dear Lawmakers,

As the August recess comes to an end, the undersigned small business organizations urge policymakers to avoid adding to the growing patchwork of state privacy laws that have been passed or proposed in recent years. These bills carry unintended consequences in the form of burdensome and costly obligations for small businesses.

Over the past few years, a number of states have passed or proposed privacy laws with the understandable intention of protecting consumer's data. As of August 2023, [more than half](#) of U.S. states have passed or introduced state privacy bills, according to the International Association of Privacy Professionals. These laws and proposals often contain provisions allowing consumers to request, delete, or correct their data; to opt-in to the processing of consumer's sensitive data; require businesses to provide consumers with a clear privacy notice; and impose fines for violations.

For example, the [California Consumer Privacy Act](#) became law in 2018 and requires businesses with revenue over \$25 million, handling the data of more than 100,000 individuals, or deriving 50 percent or more of their revenue from selling California residents' personal information to allow individuals the right to know, delete, opt-out, correct or limit collection of their data. Similarly, [SB 3714](#) and [A505](#) were introduced in New Jersey and would establish certain requirements for the processing and disclosure of personally identifiable information, require opt-in consent to the processing of personal information, and grant consumers the right to access, correct, and delete their data.

Unfortunately, these laws and proposals carry costly and time-consuming compliance costs and take small business owners away from focusing on their businesses, employees, and customers. Indeed, an [independent analysis](#) prepared in 2019 for the California State Attorney General's office estimated the initial compliance costs at \$50,000 for employers with fewer than 20 employees.

These compliance costs are even worse for small enterprises doing business across state lines. These small businesses are required to track and comply with an increasing number of laws addressing privacy at the state level. A [March 2023 report by Engine](#) estimated small businesses spend between \$100,000 to \$300,000 on one-time compliance costs and \$15,000 to \$60,000 to comply with each additional state. This presents a significant opportunity cost for small businesses, which could alternatively invest that capital in growing their businesses, providing benefits to their employees, or other expenditures.

Consumer insights also underpin small business owners' targeted advertising capabilities that they rely on to reach new and existing customers. Small business owners not only use targeted advertising to compete with their larger counterparts, but targeted advertising also helps level the playing field for underserved entrepreneurs. For example, a recent [report](#) by the Connected

Commerce Council found Black-led SMB advertisers estimate their businesses have grown 48 percent in the past two years because of digital advertising compared to 39 percent for all SMB advertisers.

Protecting consumers' privacy should be a top priority. But this can be done without undermining small businesses. We urge policymakers to carefully consider the unintended consequences, including those impacting small businesses, when considering privacy legislation and ensure that legislation doesn't inadvertently dampen small business growth across our country.

Best regards,

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