February 19, 2025

California Privacy Protection Agency
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Dear California Privacy Protection Agency Board Members & Staff,

On behalf of the undersigned coalitions and trade associations, representing hundreds of companies across all sizes and sectors of California's economy, we write today with an urgent request to significantly narrow the scope of the current proposed regulations.

While many of us are submitting standalone comments, we are taking the extraordinary step of sending this joint letter because the draft regulations, as currently formulated, represent an existential threat to California's business environment. They demonstrate an extremely concerning disregard for the realistic ability of businesses to meet the cost and operational requirements inherent in Articles 9, 10, and 11.

Put simply, these 40 pages of regulations carry with them a cost to businesses in the tens of billions of dollars. While the current economic impact estimate puts them at an (already staggering) $3.5 billion, this figure only accounts for businesses based in California – ***not businesses that are based elsewhere but still doing business in California***, and as such also under the purview of the California Consumer Privacy Act (CCPA). The cost estimate also suggests that these regulations will cost California about ***100,000 full time jobs***. Again, because of the parameters of the estimate, this number is also likely low by orders of magnitude.

Beyond the unreasonable and harmful costs that these draft regulations seek to impose, it is unclear that the CPPA has the authority to regulate, for example, Automated Decision-Making Technology (ADMT) that is not high-risk or that does not affect privacy. It is not clear that the CPPA has the authority to create new concepts and statutory definitions such as "Behavioral Advertising," or "Artificial Intelligence" – neither of which exist in the CCPA (as amended by the California Privacy Rights Act, or "CPRA") or in the enabling language in Cal. Civ. Code 1798.85.

The businesses included within our groups are intently focused on compliance with California's privacy regime; our concerns are motivated by the ways in which the draft regulations set businesses up for failure, not success. The Cybersecurity Audit provisions, for example, lack any kind of link to the well-established, internationally accepted frameworks that many of our members use to keep consumer data safe and evaluate systems for vulnerabilities. Instead, it attempts to institute novel cybersecurity policy by prescriptively listing controls that businesses must implement or explain how they are implementing the "equivalent" level of security. Yet, this is divorced from the reality in which cybersecurity operations work – on a *risk-based* approach, not a controls-based approach. Requiring annual submissions of the cybersecurity audits to the CPPA, without any corresponding data security controls, is itself a massive cybersecurity risk.

On an administrative level, it is difficult to understand how the CPPA will have the bandwidth to pore over annual submissions from tens of thousands of companies – or that this is even an effective use of time. What allows the Board, or staff, to evaluate whether a company which has chosen not to implement every available software and hardware control has done so in accordance with the appropriate risk profile?

These are questions that are not hypothetical – they are real, and they come with exorbitant expense. We do not anticipate that these rules will be the final rules promulgated by the CPPA, and thus the projections which show negative economic impacts to the state that extend into the ***next decade*** must be considered in that context as well.

Perhaps as distressing as the likely outcome of these regulations is the process at which we have arrived – one where our input has had virtually no impact on the draft before us now. At board meetings throughout the past year, the Board has repeatedly heard concerns from companies and trade associations about the scope and ultimate cost of this language and yet, there has been almost no substantive change in the that language. At the last board meeting, it was asserted that formal rulemaking was the easiest mechanism by which to make changes to the

draft regulations, but given how static these drafts have been, we are concerned that the significant effort we have put in to share our feedback will not materially change the draft regulations' scope or language during the formal process.

Our hope is that this letter outlines the broad-based concern these draft regulations are generating. We have not felt that our concerns have been seriously considered to this point, and more broadly are concerned that we are running out of ways to make clear our position. However, we remain willing to be collaborative partners on this effort and continue to share our best practices for achieving the intent of the statute's mandates.

Respectfully submitted,

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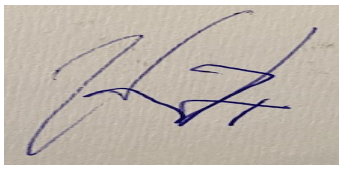

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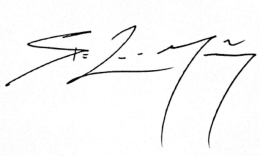

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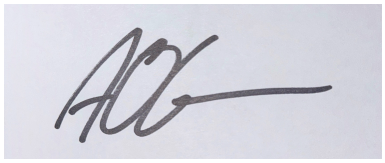

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