

The CCPA Catastrophe

After being hurried through the legislative process with little input from stakeholders, the California Consumer Privacy Act will go into effect on January 1, 2020. Let's take a look at how this rushed job will impact American businesses and consumers.

The CCPA casts a wide net and will impact over a million American — not just Californian — businesses, regardless of whether they are major corporations or individually-run blogs.

- The International Association of Privacy Professionals [found](#) that this law will apply to more than 500,000 U.S. companies.
- The criteria to qualify are remarkably broad. Any business that serves California and meets just one of the following [conditions](#) must comply with the CCPA:
 - Gross revenue exceeds \$25 million, within and outside of California
 - Possesses the personal data of 50,000 or more California “consumers, households, or devices”
 - Derives at least 50% of its annual revenues from selling Californians’ personal information
- The CCPA [defines](#) personal information as information that “identifies, relates to, describes, is capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular consumer or household.” That includes a lot of data, including IP addresses.
- This would impact large companies with sizeable legal teams, but it'd also impact smaller enterprises like Professor Eric Goldman's blog.
 - Professor Goldman [wrote](#): “For example, my blog gets 50,000-plus visitors per year and makes about \$400 per year in ad revenue, yet the law treats my blog like Google and Facebook. If the law doesn't change, I'll likely shut down ads and forego the associated revenue to avoid compliance costs that would vastly exceed my revenues.”

The CCPA's compliance costs will be astronomical, potentially forcing businesses across the country to shut down service to California.

- An economic impact assessment [found](#) that initial compliance with the CCPA would cost approximately \$55 billion.
- This will not only be borne by the biggest of the big companies. Below are initial costs businesses are [estimated](#) to face:
 - Smaller firms (fewer than 20 employees): \$50,000
 - Medium-sized firms (20-100 employees): \$100,000
 - Medium/larger firms (100-500 employees): \$450,000
 - Firms with more than 500 employees: \$2 million on average

- A TrustArc and Dimensional Research survey [found](#) that 71% of companies expect to spend more than six figures to comply with the law. One in five anticipate to spend over \$1 million in compliance costs.
- Most companies are unprepared for this new law.
 - A survey from IT security company ESET found that as of July 2019, [44.2%](#) of the 625 business owners and executives polled had never even heard of the CCPA.
 - 88% of companies will need external help to comply with the CCPA, according to the TrustArc and Dimensional Research [survey](#).

Despite the onerous rules to “protect” consumers, the CCPA likely will not boost Californians’ trust in and usage of digital services.

- An Information Technology and Innovation Foundation [study](#) found that strong data protections do not necessarily lead to increased trust.
- The study also examined usage rates for different technologies before and after Europe implemented a privacy law. The United States showed higher increases in usage of the Internet, social media and online shopping than the European Union did.

In spite of the CCPA’s numerous problems, it will become the de facto law of the land.

- The internet is an interstate service, essentially boundaryless within the United States, which makes it difficult for companies to comply with states’ conflicting laws.
- Because California is creating the most stringent regulations, most companies will adhere to its rules, regardless of who they are serving.
- Microsoft has recently [announced](#) that it will apply the CCPA’s rules across all of its U.S. operations. More companies will follow suit.

We can’t allow California to dictate how the rest of the country lives. Congress must stand up for American businesses and consumers by passing federal privacy legislation.

For more information on why CCPA-style regulation is bad for America, contact Katie McAuliffe at kmcauliffe@atr.org.