

ATTACHMENT 1  
ECONOMIC IMPACT STATEMENT

**B. Estimated Costs**

Estimated costs were calculated by assessing the initial impact on data broker businesses in one year. The Department of Justice (Department) estimates that 1,000 data brokers operate in California and will be required to register under the provisions of Assembly Bill (AB) 1202 (Chapter 753, Statutes of 2019). The initial registration fee for each data broker business will be set in the amount of \$360.00. An annual renewal fee to support ongoing maintenance would be determined at a later date. Based on the volume of data broker businesses, and the fact that initial registration would be a one-time cost for each business, the Department estimates the total statewide dollar costs that businesses may incur to comply with this regulation over its lifetime to be \$360,000.00.

*Volume*

There is limited information available on the data broker industry. A Vermont law (H.764) that took full effect on January 1, 2019, requires all businesses that trade data on Vermont's residents to register publicly and share some basic information about how they operate. The Vermont Attorney General's Office reported last year that there are likely between 400 and 1,200 data brokers engaged in the purchase and sale of Vermonters' personal information. Vermont's new data broker registry highlights the difficulties to determining the volume of secretive firms engaged in the purchase and sale of personal data, as only 138 data brokers had registered at the time of the Vermont Attorney General's last report.

According to WebFX, a digital marketing agency, there are over 4,000 data brokering companies worldwide. Vermont's population in 2018 was 626,299, compared to California's 39.56 million in 2018. If the number of data brokers in California mirrored the volume per population in Vermont, California would have approximately 8,700 data brokers, which is not consistent with the worldwide volume of such businesses. Therefore, given the population of California and size of its economy, the Department estimated that one quarter of the worldwide volume (1,000 data brokers) would be impacted by California's legislation.

*Fee*

The Department will have one-time information technology (IT) costs of \$360,972.00, based on the following:

- Infrastructure Costs: \$142,980.00
  - Software license/subscription - \$2,980.00
  - Accessibility Review - \$20,000.00
  - Drupal 8 Training - \$70,000.00
  - Storage - \$50,000.00

- Personnel: \$173,371.00
  - One Information Technology Specialist I, Range C
  - See attached Fiscal Detail Sheet for complete position cost breakdown
- Departmental fees: \$44,621.00

The Department anticipates receiving \$360,000.00 from the 1,000 initial registrations in the first year if the initial registration fee is set in the amount of \$360.00.

## **FISCAL IMPACT STATEMENT**

### **B. Fiscal Effect on State Government**

4. The regulation imposes an initial registration fee to cover the Department's costs to establish the system, detailed in the *Fee* section above.