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**CALIFORNIA PRIVACY PROTECTION AGENCY**

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September 18, 2025

To: California Privacy Protection Agency Board  
(Meeting September 26, 2025)

From: Philip Laird  
General Counsel, CPPA

**Subject: Agenda Item 7 - Discussion and Possible Action to Adjust CPPA's Data Broker Registration and Access Fees, Pursuant to Civil Code § 1798.99.80, et seq.**

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This memorandum provides staff's recommendation for the Board to amend 11 CCR 7600 and proposed 11 CCR 7611 to adjust the data broker registration and access fees to fund Delete Act implementation, including the continued development and launch of the Delete Request and Opt-out Platform (DROP).

## **Background**

Senate Bill 362 (Chapter 709, Statutes of 2023) transferred responsibility to host and administer the Data Broker Registry from the Office of the Attorney General (OAG) to the California Privacy Protection Agency (Agency) beginning on January 1, 2024. The bill also introduced a new requirement for the Agency to implement, by January 1, 2026, an accessible deletion mechanism (i.e. DROP) through which Californians can make a one-time request for all registered data brokers to delete non-exempt personal information maintained about them. The Agency received budget authority in 2024-25, 2025-26, and 2026-27 to develop and implement the DROP system.

The Data Brokers' Registry Fund, administered by the Agency, is used for the deposit of all moneys collected or received by the Agency under SB 362, and offsets the costs of administering the law. The Agency has the authority to set and adjust the data broker registration fee to cover the costs of administering the registry, as well as the costs of "establishing, maintaining, and providing access to the accessible deletion mechanism." [Civil Code § 1798.99.82(b)(1)]. Additionally, the Agency may separately assess an access fee to cover the reasonable costs of providing data brokers with access to the DROP. [Civil Code § 1798.99.86(f)]. This means that the Agency is expected to fund costs associated with the registry and DROP system through registration and access fees.

In November 2024, as projections for the development and launch of DROP were finalized, the Board voted to set the annual registration fee at \$6,600. As DROP is scheduled to launch in January 2026 and the project enters a maintenance and operations status, it is fiscally prudent to evaluate the state of the fund and consider modifications to appropriately match expenditures and revenues.

## **DROP Development**

Agency staff continue to work closely with the California Department of Technology to ensure the successful development and timely implementation of DROP. The main components of the consumer-facing side of the DROP application have been completed as planned. Currently,

development is focused on the API that will allow data brokers to integrate with DROP seamlessly and automatically. The Agency is preparing to test the API with volunteer data brokers in October 2025 to ensure full technical operability, performance, and system stability. As integration of all components progresses, the Agency is also refining estimates for the technical infrastructure required to support the system—such as cloud storage capacity and transaction volume—which will directly impact ongoing operational costs.

### **Ongoing Support Costs, DROP Estimates, and Registration/Access Fee Adjustment**

Based on expenditures to date, development status and projected ongoing support workload, the Agency reasonably estimates the costs to implement and maintain the requirements set forth in law to total \$6.8 million over fiscal years 2025-26 and 2026-2027 (fiscal year runs July 1 to June 30<sup>th</sup>). This estimate includes costs borne from CPPA staffing, development of the DROP project, initial maintenance and operations for DROP, and the ongoing costs for administering the Data Broker Registry. These estimates align with the Agency's expenditure authority for 2025-26 and planned expenditures in 2026-27. These costs are highly volatile given the uncertainty around the utilization of the system by Californians. In addition, the data broker registrant population is undefined and so the Agency must rely on the 2025 registration numbers for calculating the registration fee.

In 2025, approximately 530 data brokers registered. The registration period runs January 1-31<sup>st</sup> each year. To ensure the Agency has sufficient revenues to fulfill its statutory mandate to develop and maintain the DROP system, the Agency recommends adjusting the registration fee from \$6,600 to \$6,000. Additionally, the Agency recommends continuing alignment between the currently proposed access fee (see 11 CCR 7611 in proposed DROP regulations) and the registration fee. The access fee will only be paid once by new data brokers who are not required to register in 2026 and is prorated depending on the month that they begin accessing the DROP system. These amounts will provide the necessary resources to implement the Delete Act.

<b>Data Broker's Registry Fund</b>		
	<b>2025-26</b>	<b>2026-27</b>
Salaries and Benefits	\$ 702	\$ 1,599
Infrastructure	\$ 426	\$ 325
Development	\$ 1,193	\$ 437
Residency Verification	\$ 643	\$ 1,179
Operating Expenses	\$ 116	\$ 224
<i>Total CPPA Expenditures</i>	<i>\$ 3,080</i>	<i>\$ 3,764</i>

(in thousands)

### **Future Fees**

In accordance with Civil Code § 1798.99.82(b)(1), Agency staff intends to continue monitoring the fund balance and expenditure rate in the Data Brokers' Registry Fund to adjust fees in the coming years to appropriately match the reasonable costs to implement and administer the Delete Act.

### **Recommendation**

Staff recommends that the Board adopt the proposed adjustment to the registration fee by amending 11 CCR § 7600 to revise the fee amount to \$6,000 in time for the 2026 registration period, which will run from January 1-31, 2026. In addition, staff recommends the Board adjust the currently proposed access fee to \$6,000 for the month of January and prorate each following month by \$500. This will maintain sufficient funding in the Data Brokers' Registry Fund to continue operations of the DROP system and comply with the mandates of the Delete Act.