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**CALIFORNIA PRIVACY PROTECTION AGENCY**

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May 12, 2025

The Honorable Brett Guthrie, Chair  
The Honorable Frank Pallone, Ranking Member  
House Energy & Commerce Committee  
United States House of Representatives  
Washington, D.C. 20515

**Re: Budget Reconciliation Bill – Committee Print, Title IV — Committee on Energy & Commerce, Subtitle C — Communications, Part 2, Section 43201 (c) & (d), Providing for reconciliation pursuant to H. Con. Res. 14**

Dear Chairman Guthrie and Ranking Member Pallone,

The California Privacy Protection Agency (“Privacy Agency” or “CPPA”) writes in respectful opposition to Part 2, Section 43201(c) & (d) of the Committee Print of Title IV, Subtitle C of the Budget Reconciliation Bill, which seeks to establish a moratorium on the enforcement of state laws and regulations regulating artificial intelligence systems and automated decision systems (“Enforcement Moratorium”).<sup>1</sup> The Enforcement Moratorium’s sweeping provisions could rob millions of Americans of rights they already enjoy. The Privacy Agency respectfully requests that the Enforcement Moratorium be removed from the Budget Reconciliation Bill. States play a crucial ongoing role in addressing emerging privacy challenges, and we urge you to preserve their ability to be nimble and respond to evolving privacy threats posed by new technologies.

California has a long history of privacy and data protection legislation and has often taken the lead nationwide on privacy and technology regulation. In 1972, California voters established the right of privacy in the California Constitution, amending it to include privacy as one of Californians’ “inalienable” rights.<sup>2</sup> In 2002, California became the first state to pass a data breach notification requirement, and in 2003, became the first state to require businesses to post privacy policies outlining their data use practices.<sup>3</sup> Then in 2018, it became the first state in the nation to adopt a comprehensive commercial privacy law, the California Consumer Privacy Act (CCPA), giving California consumers the right to access, delete, and stop the sale of their personal information.<sup>4</sup> With nearly nine and a half million votes, California voters further affirmed their desire for robust privacy protections by passing Proposition 24 in 2020, which amended the CCPA and established the Privacy Agency to implement and enforce the law.

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<sup>1</sup> Established by California voters in 2020, the California Privacy Protection Agency was created to protect Californians’ consumer privacy. The Privacy Agency implements and enforces the California Consumer Privacy Act. It is governed by a five-member board that consists of experts in privacy, technology, and consumer rights.

<sup>2</sup> Cal. Cons. Art. 1 § 1.

<sup>3</sup> Cal. Civ. Code § 1798.82; California Online Privacy Protection Act, Cal. Bus. & Prof. Code § 22575 et seq.

<sup>4</sup> Cal. Civ. Code § 1798.100 et seq.

California voters, through the ballot initiative, amended the CCPA to require the Privacy Agency to develop regulations to safeguard consumers' privacy. Specifically, the CPPA is instructed to issue regulations governing consumers' access and opt-out rights related to business use of automated decisionmaking technology, crucial rights that provide consumers with additional transparency about how their information is used and offer them greater control over how their personal information is processed.<sup>5</sup> The Enforcement Moratorium threatens these important protections, leaving gaps in consumer safeguards and overruling the will of California voters.

California's leadership in privacy and consumer protection represents the will of Californians and occurs alongside our leadership in business and innovation. California is the fourth largest economy in the world and is home to many of the largest artificial intelligence companies while also providing consumers with cutting-edge privacy rights and protections.<sup>6</sup>

The success of California's privacy framework has inspired similar legislation across the nation. To date, twenty states have enacted comprehensive privacy laws, all of which provide similar protections.<sup>7</sup> These laws are working as intended — protecting consumer privacy while allowing businesses to thrive and innovate. The coexistence of these state privacy regimes demonstrates that regional protections do not impede business operations or technological advancement.

Restricting state action is also not consistent with established federal privacy law frameworks. Many existing federal privacy laws recognize the importance of state-level innovation in privacy protection and explicitly preserve states' abilities to adopt stronger protections for their residents. For example, the Health Insurance Portability and Accountability Act (HIPAA) and the Gramm-Leach-Bliley Act operate alongside California's Confidentiality of Medical Information Act and Financial Information Privacy Act which build upon the protections offered by the federal statutes.<sup>8</sup> California's increased protections in these areas has not prevented it from becoming one of the largest economies in the world.

Unfortunately, the Enforcement Moratorium seeks to strip away many crucial protections that consumers in California and across the country currently enjoy under state laws related to the privacy risks associated with profiling and the automated processing of personal information. This provision is not germane to the budget and would be a significant step backward in privacy protection at a time when Americans are increasingly concerned about their privacy and data security, and when challenges from new technology are developing quickly.

States have been the laboratories of our democracy, innovating to protect consumers as new harms emerge. When we block responsible safeguards in the face of rapid technological change, we make ourselves — and future generations — less safe from privacy harms. The Enforcement Moratorium

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<sup>5</sup> Cal. Civ. Code § 1798.185(a)(15).

<sup>6</sup> Office of Governor Gavin Newsom, *California is Now the Fourth Largest Economy in the World*, April 23, 2025, <https://www.gov.ca.gov/2025/04/23/california-is-now-the-4th-largest-economy-in-the-world/>; Office of Governor Gavin Newsom, *ICYMI: California is home to 32 of the top 50 AI companies*, March 12, 2025, <https://www.gov.ca.gov/2025/03/12/icymi-california-is-home-to-32-of-the-top-50-ai-companies/>

<sup>7</sup> Colorado, Connecticut, Delaware, Florida, Indiana, Iowa, Kentucky, Maryland, Minnesota, Montana, Nebraska, Nevada, Oregon, Texas, New Hampshire, New Jersey, Rhode Island, Tennessee, Utah, and Virginia.

<sup>8</sup> 45 C.F.R. Part 160, Subpart B; 15 U.S.C. § 6807; Cal. Civ. Code § 56.10 et seq.; Cal. Fin. Code § 4051(b).

would undermine the careful work of state legislatures across the country to address emerging privacy risks and remove important privacy protections that millions of Californians currently rely upon. For these reasons, we urge Congress to strike this provision and uphold its longstanding approach to federal privacy and technology legislation: establish a baseline for protections while preserving states' authority to adopt stronger laws.

Sincerely,

A handwritten signature in red ink, appearing to read "Tom Kemp", with a stylized, cursive script.

Tom Kemp  
Executive Director  
California Privacy Protection Agency

cc: Members, House Energy and Commerce Committee