

# **INTERIM JOINT COMMITTEE ON TOURISM, SMALL BUSINESS, AND INFORMATION TECHNOLOGY**

## **Minutes of the 4th Meeting of the 2019 Interim**

**September 12, 2019**

### **Call to Order and Roll Call**

The 4th meeting of the Interim Joint Committee on Tourism, Small Business, and Information Technology was held on Thursday, September 12, 2019, at 3:00 PM, in Room 154 of the Capitol Annex. Senator Danny Carroll, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Danny Carroll, Co-Chair; Representative Tommy Turner, Co-Chair; Senators Perry B. Clark, Rick Girdler, Ernie Harris, Alice Forgy Kerr, Reginald Thomas, and Max Wise; Representatives Lynn Bechler, Terri Branham Clark, Jeffery Donohue, Deanna Frazier, Chris Freeland, Chris Fugate, Robert Goforth, Jim Gooch Jr., David Hale, Richard Heath, Kim King, Bobby McCool, Michael Meredith, Charles Miller, Ruth Ann Palumbo, Brandon Reed, Steve Sheldon, Maria Sorolis, Cherlynn Stevenson, Ashley Tackett Laferty, Rob Wiederstein, and Les Yates.

Guests: Senator Whitney Westerfield and Kristina Joyce, State Director, Kentucky Small Business Development Center

LRC Staff: Andrew Manno, Chip Smith, Candice Messer, and Sasche Allen

### **Security of Connected Devices and Telecommunications Location Data Legislation**

Senator Whitney Westerfield explained that laws pertaining to cyber security are limited and have not caught up with the technological advancements of today's society. The only data related laws in the Commonwealth relate to private and public sector data breach notifications, but there are no time limits on when an individual should be notified about a breach of their information. The European Union enacted the General Data Protection Regulation (GDPR) in 2018 that governs every company and digital service in the EU even if it is not based in the EU. It gives the citizens of the EU a right to delete information and provides privacy regulations. Vermont passed data broker opt-out legislation in 2018. In 2019 Connecticut created a task force to study what data should be protected, and Illinois restricted the use of DNA information acquired through companies such as 23andMe and AncestryDNA. In addition, California's Consumer Privacy Act goes into effect in 2020 that creates some of the same rights as the GDPR.

Senate Bill 195 from the 2019 Regular Session deals with the security of connected devices and the “internet of things”. The “internet of things” is the interconnection of computing devices via the internet that are embedded in everyday technological devices which are enabled to send and receive information. There will be about 30 billion connected devices by 2020. These internet connected devices include computers, phones, televisions, thermostats, refrigerators, medical equipment, transportation systems, and countless others. The manufacturers of these devices collect all of a person’s data and information whether the user realizes it or not. This is important to note because Kentucky has no laws governing who stores and controls consumer data collected; the security level or length of time the data is stored; or what types of companies can buy and sell consumer data.

Senator Westerfield said he was motivated to file Senate Bill 243 in the 2019 Regular Session after learning that wireless carriers were collecting location data about their users and then selling that information to third parties, arguably without the consent of the consumer. He gave the example of a free online site that allows anyone to look up every internet router that has ever been mapped anywhere that is still active. This would make it fairly simple to identify a person based strictly on their router usage. Senator Westfield said these bills may not address all areas of the security of connected devices or telecommunications location data, but these are two issues that need to be governed for the privacy and safety of the citizens of the Commonwealth.

Responding to Co-Chair Danny Carroll, Senator Whitney Westerfield said that at the federal level there are guidelines for companies but no regulations or statutes that an organization must abide by. He also said he is not aware of anything that the Federal Communications Commission or the Federal Trade Commission has done to address these issues. There should not be a hindrance of technological innovation, but there should be regulations that protect consumers.

Representative Kim King gave the example of talking about a specific product while her cell phone was nearby and then receiving advertisements on her phone’s applications about that same product. Senator Westerfield said that although his two bills would not address that type of issue, instances such as that should be discussed from a policy and regulation standpoint.

Replying to Senator Ernie Harris, Senator Westerfield explained that state boundaries would not be an issue. A company would have to abide by whatever regulations or statutes Kentucky has adopted.

Addressing Representative Steve Sheldon, Senator Westerfield stated that data mining in the healthcare industry does exist. He also said that there are not necessarily any companies that he knows of that being intentionally nefarious, but they are taking advantage of the fact there are not any concrete regulations pertaining to the security of devices, location data, or other related issues.

Representative Terri Branham Clark gave an example similar to Representative Kim King's and said that legislators should use caution around their devices due to the nature of their work.

### **Kentucky Small Business Development Center**

The Kentucky Small Business Development Center (KSBDC) is funded in part through a cooperative agreement with the U.S. Small Business Administration and is hosted by the University of Kentucky College of Agriculture, Food, and Environment. The organization is a cash match program and funds that are invested are leveraged with additional resources to establish centers. As of October 1, there will only be nine locations throughout the state. The KSBDC helps small businesses start, grow, and succeed through technical assistance, training, education, and referrals. KSBDC will assess a business's needs and chart a plan of action. It also offers entrepreneurs help with business plans, assistance with applying for a loan, market research, or connections with additional small business resources. From 2015 to 2018 the KSBDC's economic impact included almost 500 new business starts, 3,400 created jobs, and clients have received over \$2 million in capital infusion. Current partners that aid the KSBDC include Morehead State University, Southeast Kentucky Community and Technical College, and Northern Kentucky University. Due to decreases in funding, after September 2019, Northern Kentucky University and Western Kentucky University's contracts will end.

As a relatively new director of the KSBDC, Ms. Joyce created a strategic plan for the KSBDC that included increasing relevancy, promoting value, maximizing resources, and strengthening network sustainability. The increased presence and relevancy of the KSBDC across the state is needed to advance business success. The organization needs to be positioned as the leading source of valued guidance for entrepreneurs and businesses. The KSBDC will continue to effectively utilize resources, tools, and technology to maximize client success. Lastly, the organization plans to grow and expand collaborative relationships with key stakeholders such as additional educational institutions, economic development partners, and chambers of commerce to strengthen and diversify funding. Ms. Joyce concluded her presentation by showing a video about one of KSBDC's clients.

Responding to Co-Chair Danny Carroll, Ms. Joyce said she is impressed by the resources available for small businesses in Kentucky, but she thinks there needs to be increased communication between small business providers. There are opportunities that can be cultivated in areas across the state that have faced challenges that can be small business driven.

Answering a question from Representative Kim King, Ms. Joyce said the KSBDC was able to assist the client in the video that was shown, Tree of the Field, by helping with a strategic plan, a business plan, a pitch for investors, and connected her with other resources.

There being no further business, the meeting adjourned at 4:25 p.m.