Local Government Mandate Statement Kentucky Legislative Research Commission 2023 Regular Session

Part I: Measure Information

Bill Request #: 2						
Bill #: SB 15 SCS 1						
Document ID #: 4724						
Bill Subject/Title: AN ACT related to consumer data privacy.						
Sponsor: Senator Whitney Westerfield						
Unit of Government: X City X County X Urban-County Unified Local Image: County Image: County						
X Charter County X Consolidated Local X Government						
Office(s) Impacted: Local government legislative bodies						
Requirement: X Mandatory Optional						
Effect on Powers & Duties: X Modifies Existing X Adds New Eliminates Existing						

Part II: Bill Provisions and the Estimated Fiscal Impact Relating to Local Government

SB 15 SCS 1 would create 12 new sections of KRS Chapter 367 to be known as "The Consumer Data Protection Act." The bill largely excludes local governments from its requirements and applies to the following:

Persons that conduct business in this state or produce products or services that are targeted to residents of this state and that during a calendar year:

- (a) Control or process personal data of at least twenty-five thousand (25,000) consumers; or
- (b) Derive over forty percent (40%) of gross revenue from the sale of personal data.

SB 15 SCS 1 Section 12 would establish that the Act supersedes and preempts all rules, regulations, codes, ordinances, and other laws adopted by a city, county, charter county, urban-county government, consolidated local government, unified local government, municipality, or local agency regarding processing of personal data by controllers or processors.

The fiscal impact of SB 15 SCS 1 on local governments is indeterminable, but expected to be minimal. It is doubtful any local governments in Kentucky currently have laws regarding processing of personal data by controllers or processors; however, those who do would need to overhaul ordinances that conflict with the provisions of SB 15 SCS. Amending ordinances would require the services of an attorney, and publication costs. According to Kentucky League of Cities, most cities, especially the smaller ones, retain their city attorney on contract and pay on an hourly basis. Time spent drafting an ordinance is influenced by its complexity and the amount of research that is necessary. The latest estimate of the sum paid by cities to their attorneys is an average hourly rate of \$107-\$117. Rates for publishing legal notices vary greatly depending on the length of the notice, the number of times it needs to be published and the newspaper in which the publication is placed. In 2022, the City of Hopkinsville spent approximately \$12,000 publishing ordinances and notice of public hearings. One city newspaper reports that it charges the city \$18-\$21 dollars a column inch for city advertisements. It reports the average city advertisement is approximately 2"x5" or 10 column inches, for an average of \$180-\$210 per ad, or a total between approximately \$9,360-\$10,920 per year for publishing one ad each week.

Part III: Differences to Local Government Mandate Statement from Prior Versions

Part II applies to SB 15 SCS. The Senate Committee Substitute does not change the fiscal impact on local governments from the bill as introduced. The Senate Committee Substitute made the following changes to SB 15 as introduced:

1. Added small telephone utilities as defined in KRS 278.516 and Tier III CMRS providers as defined in KRS 65.7621 that do not sell or share personal data with any third-party processors to the list of exclusions from application of the bill,

2. Excluded information held by a prescription drug monitoring program from application of the bill,

3. Limited a consumer to injunctive relief only for violation of the rights and obligations of Sections 1 to 12 of the bill.

4. Deleted requirement that a controller of consumer data provide an annual report to the Legislative Research Commission.

Data Source(s):	City of Hopkinsville; Elizabethtown News-Enterprise; Kentucky League				
	<u>of Cities</u>				

Preparer:	Mary Stephens (RB)	Reviewer:	KHC	Date:	2/24/23
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