

# Silicon Valley uses growing clout to kill a digital privacy bill

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Silicon Valley has wielded its growing political clout at the state Capitol to kill a digital privacy bill that would have given consumers access to information about them being collected online.

Had the Right to Know Act become law, California would have been the first state to take direct aim at an online industry that stockpiles and trades in a wide range of personal data about nearly every adult in the United States.

In a major defeat for consumer groups and [privacy watchdogs](#), AB 1291 will instead become a two-year bill, effectively putting it into a deep freeze until next year.

California Assemblywoman Bonnie Lowenthal said she preferred to wait rather than "water down" the substance of her bill.

"Californians don't need to be persuaded that they should be able to ask a business what it knows about them and who it's sharing that information with. But in the Legislature, it has become clear that we still have our work cut out for us," she said.

The bill faced vehement opposition from a powerful coalition of technology companies and business lobbies that included Facebook Inc., [Google Inc.](#), the California Chamber of Commerce, insurers, bankers and cable television companies as well as direct marketers and data brokers. Their members collectively give millions of dollars to

lawmakers and politicians.

Looking to sway public policy, the technology industry has significantly ramped up its presence and spending in Sacramento as it has in Washington. [Silicon Valley companies](#) now employ a phalanx of lobbyists in the state Capitol and, in the last six years, have more than doubled spending on lobbying to about \$18 million in the 2011-12 legislative session from \$8 million in 2005-06.

It's part of a new wave of political action as Silicon Valley leaders - such as [Facebook](#) Chief Executive [Mark Zuckerberg](#), who is personally lobbying for comprehensive immigration reform in Washington - become more engaged in the issues that directly affect their businesses. Silicon Valley has become a regular stopover for President Obama, whose visits highlight the tech industry's increased political activism. They also afford the president and the Democratic Party the chance to raise money from the affluent region and cash in on its cool factor.

With Silicon Valley's political influence on the rise in the state and national capitals, political observers said AB 1291 had little chance of survival, just like a dozen other bills dealing with Internet privacy that have been defeated in the California Legislature or vetoed by a governor over the last 14 years.

The industry gets a sympathetic hearing from both business-friendly Republican legislators and more liberal Democratic colleagues, especially those representing the San Francisco Bay Area and the Silicon Beach section of Santa Monica and West Los Angeles that reap the benefits of mining personal data, said Dan Schnur, a former political consultant and director of the Jesse M. Unruh Institute of Politics at the University of Southern California.

"It's not just that Silicon Valley has a lot of money and a lot of lobbyists,

but they wear a halo too," Schnur said. "Most voters tend to think of technology companies in an entirely different context than most other businesses.

"It's not that difficult to pass a bill to make life hard on oil companies, but when you take on Apple or [Google](#), you're running a bigger risk. Not only do voters enjoy their products but they have an intuitive sense that Silicon Valley is a critical component of the state's economy."

Yet many consumers say they are in favor of shining a bright light on the shadowy way their personal information is gathered and shared on the Internet. Some 82 percent of California voters say they are concerned about how their information is being collected by companies, according to a USC Dornsife/Los Angeles Times poll taken last year.

The current fight over personal information on the Internet comes as consumer groups and privacy advocates say they are increasingly alarmed by the number of companies that glean detailed information about people's buying habits, financial activities, health concerns and even sexual preferences from their online activities. These companies deploy sophisticated tracking techniques that yield sometimes very sensitive data, yet consumers have little control over what becomes of it.

Yalda T. Uhls, a researcher at UCLA's Children's Digital Media Center and regional director of Common Sense Media who has two children, 13 and 10, said she supported the bill.

"I like what I get to do on the Internet, and I like that it's free, and I am willing to give up some privacy in order to get all of that," Uhls said.

"But I don't think consumers understand the kind of stuff being gathered on us. We should be able to access that information."

A top U.S. Senate Democrat, John D. Rockefeller of West Virginia,

recently warned the industry that he would push for federal legislation this year to create a universal "do not track" option for consumers so they could opt out of data collection on the Internet altogether.

Rockefeller said the industry's voluntary efforts to address the issue have fallen short in protecting Americans' online privacy.

Lowenthal's bill would not have given Californians the ability to block online tracking and data collection. Instead it would have updated a 2003 law aimed at the direct marketing industry, including email spam, junk mail and telemarketing. It would shed light on the thousands of details gathered on adults in the U.S. by giving that information to consumers who requested it.

These in-depth profiles assembled by marketers and data brokers can be used to offer better prices and treatments to some consumers or to deny life insurance coverage or a home mortgage to others, said Nicole Ozer, technology and civil liberties policy director for the ACLU of California, which is sponsoring the bill.

"If companies are fighting so hard against this basic transparency bill and are scared to even tell us what's happening to our personal information, they must be doing a lot of things that we wouldn't like," Ozer said.

The industry argues that any legislation is unnecessary because consumers, through voluntary industry programs, already can tell advertising networks and data brokers they don't want to be tracked. Online tracking benefits consumers, they say, by enabling businesses to show them relevant ads that support online services that are free to consumers. Moreover, consumers are tracked across the Web but not identified by name.

The bill made unreasonable, costly demands on the industry to turn over data that would be difficult to aggregate, said Jim Halpert, a Washington

lawyer whose State Privacy and Security Coalition represents 19 major tech and media companies and six trade associations.

Lowenthal's bill was just one of more than a dozen pending [digital privacy](#) bills that have drawn attention from [Silicon Valley](#) and now face an uncertain future. The technology industry scrutinizes proposed legislation in California that can have far-reaching consequences beyond the state's borders. California already has the strongest digital privacy laws of any state.

States across the country are introducing digital privacy bills to address a groundswell of anxiety over online privacy. By far the most contentious issue is "do not track." The tracking technology underpins the online advertising industry, which brought in nearly \$37 billion in revenue in 2012 - and demand is constantly growing for more detailed information on individuals' behavior and interests.

"I think people have gotten to the point that they want to have some measure of control over what these website operators are doing and how they are collecting information about them," said Assemblyman Al Muratsuchi, who has a digital [privacy bill](#) pending that would require websites to tell consumers if they honor do-not-track signals from Web browsers.

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