



**Testimony by Tim Phelan,
President, Connecticut Retail Network
(formerly the Connecticut Retail Merchants Association)**

**Judiciary Committee
March 22, 2023**

Sen. Winfield, Rep. Stafstrom, Rep. Fishbein, Sen. Kissel and members of the Judiciary Committee. My name is Tim Phelan, and I am the President of the Connecticut Retail Network, a statewide trade association representing thousands of Connecticut retailers, large and small, all across our state.

I am here today to testify regarding SB 3, “An Act Concerning Online Privacy, Data and Safety Protections...” First, let me briefly share some relevant context about the retail industry in Connecticut, and our work with the legislature on these and other important issues for our businesses and our customers.

Retail businesses are an indispensable segment of the Connecticut economy, supporting more than 470,000 jobs and contributing more than \$34 billion to our state’s economy. There are roughly 42,000 retail establishments in Connecticut, and in total, the retail industry produces approximately 14% of Connecticut's total GDP. Retail businesses provide good jobs for Connecticut families, and more than 98 percent of all retail companies are small businesses, employing fewer than 50 people.

The past few years have been tough for Connecticut families and for our retail businesses, as we all navigated through the pandemic. It has been more challenging to stay in business, to stay in business here in Connecticut, and to navigate supply chain issues and keep costs in check.

Although we are beginning to see signs that the COVID-19 economy is improving, retail businesses, particularly small independent retailers, continue to operate amidst a rapidly changing business environment, as we work diligently to provide our customers with the exceptional service that they are accustomed to receiving from Connecticut’s retail businesses.

The Connecticut Retail Network is concerned about numerous provisions in Senate Bill 3, especially in light of the great progress the legislature has already made in the area of consumer privacy, and the very real possibility that this bill threatens to undo all the great work from last year.

As many of you may recall, much hard work was put in last year, with input from all stakeholders, including the retail industry. As a result, a comprehensive and impactful law was passed - a law that is now a model used by a number of states.

It has been on the books here for just barely a year, with many of our members already making efforts to ensure compliance with the new law. So, it is just too soon to tell whether any modifications or adjustments may be necessary or if any amendments will need to be made.

The best public policy outcome at this juncture, in our view, would be that the Legislature allow retailers and consumers to absorb the requirements that are called for in Public Act 22-15 *before* any additional requirements are added. Let's give the new law time to work, and let's make an assessment on how it's going *before* we upend what took years to establish.

Significantly, last year's Public Act struck a great balance in terms of ensuring consumer protections, small business protection, and sufficient time for impacted retailers to comply. And most importantly for retailers, the final version of last year's bill did not place any undue barriers between retailers and their customers. As you know, it is that relationship – between customers and sales associates – your friends and neighbors – who interact through thousands of individual sales transactions, that is so important.

The legislature worked very hard to ensure that the consumer-retailer relationship was not disrupted, while adding important consumer protections. As a state, we should not take the risk of damaging that relationship. A misstep now can be harmful not only to our retail business, but to our customers, your constituents. It could replace predictability with uncertainty and make it more difficult for retailers to consistently respond to consumer preferences.

With past success still fresh in our minds, I need to express a word of caution to this Committee and other committees of the legislature, to proceed slowly and carefully before tinkering with and making changes to a landmark Public Act.

While well-intended, changing that law now with SB 3, seems to us to be premature, potentially throwing a carefully designed framework for consumer privacy out-of-whack. Doing so may be counterproductive and could disrupt opportunities that Connecticut has to do right by our consumers and our businesses, and to demonstrate to other states and jurisdictions that effective legislation in this area can be accomplished.

With respect to SB 3 more specifically, we are concerned that some of the language under consideration, such as the way in which consumer healthcare data is described, is overly broad and unspecific. It could therefore be misconstrued to include retailers and retail transactions far beyond what consumers think of as involving health care data. It could, as this bill is written, nonetheless be seen as applying to retail products that neither the consumer nor the business understands to be in any way related to an individual's health.

If the legislature determines that it will proceed despite these serious reservations, any action you consider demands the same degree of care, time and attention as occurred prior to approval of last year's Public Act. As we saw last year, that is absolutely essential. And that is how to avoid creating unintended consequences that could end up establishing requirements for retailers that would not only be onerous for us but would impose additional burdens on consumers that they would not understand.

In closing, we are very concerned that this proposed legislation will UNDO what was achieved with great care and took years of hard work to put into place. We would respectfully request the committee hold off on any changes, determine that Public Act 22-15 should not be amended, and that the balance that was achieved should not be disrupted or diminished.

Thank you, and I would welcome any questions you may have.