

The NetChoice Coalition

Promoting Convenience, Choice, and Commerce on The Net

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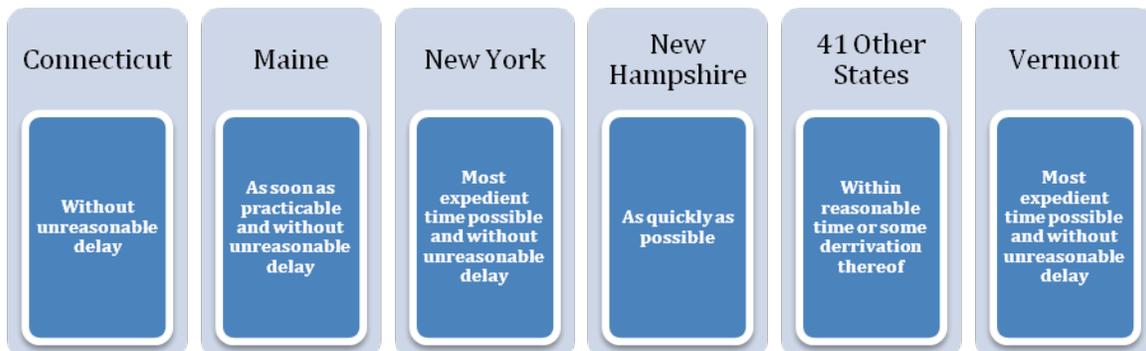
Rep. Donald Turner, Minority Leader
Rep. Patti Komline, Assistant Minority Leader
Vermont State House
115 State Street
Montpelier, VT 05633

RE: Opposition to H.254, Commerce and trade; consumer protection

Dear Reps. Turner and Komline:

We write to oppose the requirement in H.254 to report security breaches to the Attorney General within 14-days.

Vermont's present data breach laws require notification to consumers in the "most expedient time possible and without unreasonable delay." This matches the data reporting requirements of Vermont's neighboring states and states across the country.



However, the proposed 14-day data breach notification section of H.254 places Vermont as an outlier among state data breach laws and could actually endanger Vermont's citizens.

Under present Vermont data breach reporting law, any company that unnecessarily delays the reporting of the breach to the Attorney General violates the law. This means that current Vermont law requires companies to move *expeditiously*, but not *hastily* when a breach occurs.

On the other hand, H.254 encourages companies to rush to report any possible breach within the arbitrary fourteen-day window provided. This can cause companies to hastily report the breach rather than react in ways that best protect consumers and places the importance of reporting above the need to protect Vermont's residents.

For example, under H.254 if a breach occurs, the Attorney General could publicize the breach before the company has developed a response plan to help affected consumers mitigate risks and monitor their accounts.

Even worse, publication could expose a system vulnerability--before the company can repair it.

No other state imposes such arbitrary reporting requirements since they recognize the likely harm to residents these obligations create.

Data breaches create situations where businesses and states should analyze what approaches best protect consumers, not create a race between Attorney Generals to see who learns of the breach first.

Instead of making Vermont an outlier among states, the Attorney General could work with industry to create an early-warning mechanism available only to state AGs. That way, all Attorneys Generals could learn of potential breaches simultaneously, allowing Vermont's Attorney General to coordinate its response with other Attorneys General.

We strongly urge your opposition of the H.254's 14-day reporting requirement, since it puts Vermont residents at risk and puts Vermont at odds with virtually all other reporting statutes.

Thank you for considering our views. Please let me know if I can provide further information.

Sincerely,



Steve DelBianco
Executive Director, NetChoice

NetChoice is a coalition of trade associations and e-Commerce businesses who share the goal of promoting convenience, choice and commerce on the Net. More information about NetChoice can be found at www.netchoice.org

