

Attachment #27

Rhode Island Hospitality Association, 5/2/19 letter

May 2, 2019

The Honorable Evan Shanley
RI House of Representatives
Rhode Island State House
Providence, RI 02903

Re: Data Privacy Legislation Package

Dear Chairman Shanley:

On behalf of the RI Hospitality Association, I want to thank you for offering the industry an opportunity to comment on the most recent privacy and data security proposals currently proposed by this Commission.

As the backbone of local communities throughout the state, our members take seriously the issue of protecting their customers' sensitive information. In fact, most local businesses already take voluntary steps to do so because many of the people who patron our member' establishments are also friends, neighbors, and members of the same community as the business owner and staff: making the issue of building and maintaining trust of paramount and natural importance.

The goals of the most recent package of privacy and data security proposals are laudable, and we commend you on your willingness to improve upon the previous measures. However, the hospitality industry still has concerns and reservations related to certain provisions, especially with regards to the *Rhode Island Right-To-Know Data Transparency and Privacy Act*.

Data Broker Legislation

RIHA believes that the newly proposed Data Broker Legislation is a vast improvement over the original proposal and better achieves the goal of the legislation. We also appreciate that restaurants and "hospitality businesses" are generally exempted from the law. However, we ask that that this clarified in the definitions as to avoid confusion in the future. We had included some proposed language below;

B) Excludes businesses that collect information from their own customers, employees, users, or donors, including: banks and other financial institutions; utilities; insurers; retailers and grocers; ~~restaurants~~ food service establishments as defined in §21-27-1(9), mobile food establishment as

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defined §5-11.1-3, hotel as defined in §5-14-3, summer camp, resort, or other recreational facility and ~~hospitality~~ businesses; social media websites and mobile "apps"; search websites; and businesses that provide services for consumer-facing businesses and maintain a direct relationship with those consumers, such as a website, "app," and e-commerce platforms; and...

Rhode Island Right-To-Know Data Transparency and Privacy Act

Thank you again for your willingness to amend and improve the original version of the *Rhode Island Right-To-Know Data Transparency and Privacy Act* (Right to Know Act). However, we still have grave concerns and reservations about the impact this measure will have on our industry and other similarly situated small Main Street businesses; in terms of both efficacy and equity.


Essentially, the Right to Know Act will place small businesses in an impossible position by making them responsible for regulating the conduct of much larger entities that have far more resources, sophistication, and leverage.

§ 6-48.1-3(3)(ii)(A) seemingly offers an exemption for a business to disclose certain customer information with a Third Party provided that a contract exists, which restricts the manner in which the Third Party can use that data. While requiring certain industries to regulate the conduct of others may work on paper, it will not withstand the pressure of the real world.

First, any privacy and data security measure must be industry neutral for it to be both effective and fair; every sector of the economy should have similar obligations to secure sensitive personal information. However, the Right to Know Act does just the opposite by making small Rhode Island businesses responsible for regulating the actions of much larger, out of state companies by contract while simultaneously exempting these much more sophisticated and potentially threatening actors. These contracts of adhesion are patently unfair and unrealistic. It is requiring David to regulate Goliath.

Restaurants and other small businesses rely on Third Party vendors for many essential services, such as accounting, administering customer loyalty programs, human resources, and internet access. Instead of selling customer information to anonymous data brokers, hospitality businesses use it in ways customers expect and enjoy, such as designing better products, tailoring their menu, and improving the dining experience; ultimately benefiting both the guest and the business.

In stark contrast, Third Parties often view individuals as the product, and use their personal data to generate enormous profits; often anonymously, without consent, and in an inappropriate and unforeseeable manner. Realistically, these entities are not going to be willing to negotiate millions of individual contracts, and accept any form of liability for their actions, especially if it threatens their

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business model. Instead, they will continue to do what they have always done, and issue boiler-plate, take-it-or-leave-it contracts that provide no new protections the citizens of Rhode Islanders and leave the little guy holding the bag.

The intent of the "Right to Know" legislation is to help protect the privacy of consumers, which is an admirable goal and one RIHA supports. However, this legislation puts the onus of this intent on the backs of Rhode Island based small businesses instead of targeting the companies that actually have the ability to achieve the intent.

If you have any questions, please don't hesitate to contact us at 401-223-1120 or sarah@rihospitality.org.

Sincerely,


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