



NEW PRIVACY BILL PUTS SMALL BUSINESSES AT RISK - INSIDE SOURCES

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When elected officials introduce legislation in Washington, even the most well-intentioned bill can have serious consequences that should cause lawmakers to pause. Every lawmaker has to consider the give-and-take inherent in legislating. However, for a bill gaining traction in Congress, there is too much of a downside for American small businesses. Lawmakers must not accept the compromise.

Consumers and companies alike have been asking Congress for years to pass a federal data privacy bill that provides guardrails concerning how consumers' data are collected, stored and shared. However, the result, called the American Privacy Rights Act (APRA), risks saddling small businesses with a complex web of regulations and threatens to open companies to a wave of frivolous lawsuits that could put Main Street out of business.

Concerningly, APRA includes a broad "private right of action" that would encourage bad actors trying to make a quick buck to bring on a deluge of litigation targeting small businesses. This private right of action means that instead of following standard rules and regulations set by a government agency or state attorneys general, the bill empowers lawyers to go after businesses for perceived privacy violations.

While APRA's supporters claim that the bill's private right of action will stop large companies from misusing Americans' data, lawyers will likely target small businesses to score a quick settlement. Large companies have the time and resources to fight the lawsuits APRA would encourage. Still, this type of complex, expensive litigation would be crippling to small businesses. Ultimately, the bill risks crushing Main Street under legal costs.

Additionally, APRA threatens to force small businesses to comply with new regulations that would strangle their ability to grow and reach customers. In an attempt to constrain how businesses use consumers' data, one of the core provisions of APRA would take away crucial tools that small businesses use to find and advertise to potential new customers. Of course, Congress should take steps to stop companies from misusing Americans' data. Still, for small-business owners operating on limited budgets, APRA's blunt, heavy-handed approach would take away their ability to make sure their ads are finding the right customers.

The truth is that APRA poses a serious risk to America's small-business community. Already, small businesses from 15 states [joined](#) the Chamber of Commerce to warn members of Congress of the bill's unintended consequences.

Meanwhile, curiously, the largest company in the world — Microsoft — has aggressively endorsed the bill and lobbied heavily in favor of it. This support should immediately raise red flags for a company with a track record of carving its way out of regulation for its own benefit and to the disadvantage of its competitors.

Of course, there is room for Congress to take steps to safeguard Americans' privacy. It's likely that the bill's lead sponsor in the House of Representatives, retiring Congresswoman Cathy McMorris Rodgers, R-Wash., — a longtime advocate for privacy rights — has good intentions.

Unfortunately, APRA is a weak solution to a legitimate problem. APRA opens the door to more litigation against small businesses, and every small business already knows how much it costs for the nuisance "sue to settle" lawsuits. Instead of cementing her legacy as a protector of Americans' privacy, the unintended consequences of this bill would open the floodgates to more lawsuits against small businesses. That's not the legacy someone who has been a champion of privacy and small business should want.*