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December 22, 1999

Hon. Bill Lockyer
Attorney General
1300 I Street, 17th Floor
Sacramento, California 95814

Attention: Ms. Diane Calkins
Initiative Coordinator

Dear Attorney General Lockyer:

Pursuant to Elections Code section 9005, we have reviewed the proposed initiative statutory amendment entitled the "Identity Theft Victim's Protection Act" (File No. SA 1999 RF 0062). The measure amends state law to prohibit certain businesses and government agencies from disclosing personal information about identity theft victims to felons or for direct marketing purposes. As Section 9005 directs, our review addresses the potential effects of the measure on state and local government costs and revenues.

Proposal

This proposal makes it a crime for certain private or governmental entities to (1) disclose to a convicted felon another person's personal identifying information (such as charge account numbers, social security number, or mother's maiden name) without consent from that person and (2) disclose personal identifying information about a victim of identity theft to third parties for direct marketing purposes.

The proposal sets forth procedures by which victims of identity theft can notify certain private and government entities to request they not release the victim's personal

identifying information to third-party direct marketing firms and outlines the procedures by which a victim can later consent to have identifying information released to direct marketing firms. Further, the proposal directs the Department of Consumer Affairs to develop model guidelines to be used by private and government entities to comply with the measure. In addition, the department would be responsible for (1) compiling a list of direct marketing firms doing significant business in California and (2) including guidelines for identifying the specific individuals within each entity responsible for ensuring compliance with the act.

Finally, this proposal sets up a six-member advisory committee to be appointed by the Governor. The committee is to be equally comprised of consumer and business representatives and is charged with advising the department on performing its duties under the measure. Committee members would serve without pay.

Impact on State and Local Government Costs

This measure would affect state and local government costs by (1) creating new workload for the state Department of Consumer Affairs and (2) requiring various state and local government departments to monitor the release of individual's personal information to ensure compliance with the measure. These costs are unknown, as they would depend on the process established for assuring information is not released to felons and on the number of requests to withhold personal information.

Further, since this measure creates new crimes, it could result in increased public safety, judicial, and correctional costs. These costs are unknown but probably not significant.

Summary. The major fiscal impact of this measure on state and local governments would be increased administrative costs of an unknown amount to comply with the provisions of the measure.

Sincerely,

Elizabeth G. Hill
Legislative Analyst

B. Timothy Gage
Director of Finance