



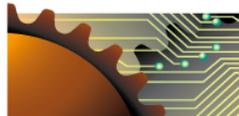
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CALIFORNIA
MANUFACTURERS
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ASSOCIATION

June 29, 2016

The Honorable Susan Bonilla
State Capitol, Room 4140
Sacramento, CA 95814

Re: AB 1592 – OPPOSE UNLESS AMENDED

Dear Assemblywoman Bonilla:

We regret to inform you that we have taken an *oppose unless amended* position on the June 22, 2016 version of your Assembly Bill 1592. While we appreciate the pro-innovation spirit of the bill, the language recently added as subdivision (c) of Section 37855 is incredibly premature, inappropriately prohibits many legitimate uses of data, places unnecessary burdens on the DMV, and will undoubtedly expose companies and courts to costly litigation. We provide additional detail regarding our concerns below:

Premature. Appropriate collection, management, and use of data is critical to the success of autonomous vehicle technology. While the technology has matured significantly over the past several years, it remains in a dynamic, rapid state of evolution. Innovators are still testing an array of technologies, deployment models, and potential user applications. At this stage of the technology’s development, broad based prohibitions on data use and retention will in no way protect users from harm and instead will only impede necessary, data-driven development of autonomous vehicle technology. There are far too many unknowns at this point to put such restrictions on the collection and use of data associated with autonomous vehicles and they may present unanticipated consequences that would inhibit the ability to learn and improve.

Prohibits necessary, legitimate, innovative uses of data. Limiting collection of data only to what is necessary for the operation of the vehicle and prohibiting its use for “marketing” and “commercial” purposes is overbroad and will stop development in its tracks. For example, use

of data is critical to facilitating ridesharing models. But under the recently added provisions of subdivision (c), this would be prohibited because use of data to facilitate ridesharing may be considered a commercial purpose not necessary for the “operation” of the vehicle. Additionally, the language would prohibit a company from using data to market its autonomous vehicle products and services to potential users while also prohibiting other legitimate uses of data such as the use of data in the negotiation of contracts or other, similar commercial activities.

Effects extend beyond just the Contra Costa Transportation Authority. While the bill and its related provisions are intended to focus on activities within the Contra Costa Transportation Authority’s authorized pilot program, the provisions of subdivision (c) will be construed as a clear endorsement of prohibitive, anti-innovation data policy by the Legislature. The endorsement of this policy will **set a very concerning precedent and** undoubtedly have an impact on the broader regulatory process underway at the Department of Motor Vehicles pursuant to SB 1298 (Padilla) and beyond.

Unnecessary burdens on the DMV: Subdivision (c) could impose significant new data management and protection liabilities on the DMV. The language of this subdivision gives the DMV broad authority to compel companies to provide data for the purpose of "evaluating the safety" of vehicles. Once such sensitive data is with the DMV, it will be responsible for protecting it from cyber security threats and other forms of release. We believe this level of strain on DMV resources for purposes of the bill's proposed pilot program is inappropriate and that DMV's focus should remain on completion of its autonomous vehicle regulations.

Increases exposure to litigation. The use of overbroad terms in subdivision (c) as described in the points above, along with poorly defined standards for data retention—e.g, data shall not be retained for “any longer than is necessary” is a subjective concept that will allow individuals and entities to pull companies into court to dispute how a company may have chosen to interpret and apply this particular requirement within its autonomous vehicle pilot.

Could Halt Participation. The recent amendments related to subdivision (c) could have the unintended consequences of causing innovators to look elsewhere due to the restrictions placed through the amendments. The new prohibitions could require that innovators have to engineer or re-engineer their data systems to comply with the requirements of subdivision (c) so they can test at the site in Contra Costa. The cost and benefit of this very well could mean that there is a reduction in participation.

For these reasons, we respectfully request the deletion of subdivision (c) in its entirety.

Thank you for your consideration of our views.

Sincerely,

California Chamber of Commerce
California Manufacturers & Technology Association
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Consumer Technology Association
CTIA
DMA
Information Technology Industry
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