# HOUSE BILL 1654

## By: Delegates Frick<u>, Reznik</u>, Barve, Carr, Chang, Clippinger, Ebersole, Healey<u>,</u> <u>Jones</u>, Krimm, Lafferty, Luedtke, McIntosh, Morhaim, Pena-Melnyk, Pendergrass, Stein, A. Washington, M. Washington, and P. Young

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Committee Report: Favorable with amendments House action: Adopted with floor amendments Read second time: March 25, 2018

## CHAPTER \_\_\_\_\_

1 AN ACT concerning

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## **Commercial Law – Internet Privacy and Net Neutrality**

3 FOR the purpose of specifying the circumstances under which a broadband Internet access 4 service provider may handle certain customer personal information in a certain  $\mathbf{5}$ manner; establishing a mechanism through which a broadband Internet access 6 service provider may obtain customer consent to have certain personal information 7 handled in a certain manner; prohibiting a broadband Internet access service 8 provider from taking certain actions based on whether a customer has consented to 9 have certain customer personal information handled in a certain manner; specifying 10 the circumstances under which a broadband Internet access service provider may 11 handle certain customer personal information in a certain manner without consent 12from a customer; authorizing a broadband Internet access service provider to handle 13 certain customer personal information in a certain manner for the purpose of 14advertising or marketing to the customer; requiring a broadband Internet access 15service provider to disclose certain customer personal information under certain 16 circumstances; requiring a broadband Internet access service provider to implement 17certain measures to protect certain customer personal information; authorizing a 18 broadband Internet access service provider to take certain actions to comply with the 19requirement to implement certain measures to protect certain customer personal 20information; prohibiting a broadband Internet access service provider from retaining 21 certain customer personal information for longer than a certain amount of time, 22subject to certain exceptions; requiring a broadband Internet access service provider 23to provide certain notice; specifying that a certain term in a contract is void and

#### EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

Strike out indicates matter stricken from the bill by amendment or deleted from the law by amendment.



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1 unenforceable under certain circumstances; providing for the enforcement of this  $\mathbf{2}$ Act; providing that State funds may be used only by the State, a political subdivision, 3 or a unit, an agency, or any instrumentality of the State or a political subdivision or 4 by a person awarded a contract or grant by certain persons to procure services from an Internet service provider that does not block certain content applications,  $\mathbf{5}$ services, and devices, impair or degrade certain Internet traffic on a certain basis, or 6 engage in certain commercial traffic preferencing; declaring the intent of the General 7 8 Assembly to prohibit the State and municipalities that provide broadband services 9 from imposing certain restrictions; providing for the construction and application of this Act; defining certain terms; and generally relating to Internet privacy and usage. 10

- 11 BY adding to
- 12 Article Commercial Law
- Section 14–4101 through 14–4109 to be under the new subtitle "Subtitle 41. Internet
   Privacy and Net Neutrality"
- 15 Annotated Code of Maryland
- 16 (2013 Replacement Volume and 2017 Supplement)
- 17 BY adding to
- 18 Article State Finance and Procurement
- Section 2–801 to be under the new subtitle "Subtitle 8. Restrictions on the Use of
   State Funds"
- 21 Annotated Code of Maryland
- 22 (2015 Replacement Volume and 2017 Supplement)
- 23 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, 24 That the Laws of Maryland read as follows:

25	Article – Commercial Law
26	SUBTITLE 41. INTERNET PRIVACY AND NET NEUTRALITY.

27 **14–4101.** 

28 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS 29 INDICATED.

30 **(B)** "AGGREGATE CUSTOMER PERSONAL INFORMATION DATASET" MEANS 31 COLLECTIVE DATA THAT:

32 (1) RELATES TO A GROUP OR A CATEGORY OF CUSTOMERS, FROM
 33 WHICH INDIVIDUAL CUSTOMER IDENTITIES AND CHARACTERISTICS HAVE BEEN
 34 REMOVED; AND

35(2)Is not linked or able to be linked through reasonable36EFFORTS TO AN INDIVIDUAL, A HOUSEHOLD, OR A DEVICE.

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1 (C) (1) "BROADBAND INTERNET ACCESS SERVICE" OR "BIAS" MEANS A 2 MASS-MARKET RETAIL SERVICE BY WIRE OR RADIO THAT PROVIDES THE 3 CAPABILITY TO TRANSMIT DATA TO AND TO RECEIVE DATA FROM ALL OR 4 SUBSTANTIALLY ALL INTERNET ENDPOINTS.

5 (2) "BROADBAND INTERNET ACCESS SERVICE" OR "BIAS" 6 INCLUDES:

7 (I) CAPABILITIES THAT ARE INCIDENTAL TO AND ENABLE 8 OPERATION OF THE COMMUNICATIONS SERVICE; AND

9 (II) SERVICE THAT THE FEDERAL COMMUNICATIONS 10 COMMISSION DETERMINES PROVIDES A FUNCTIONAL EQUIVALENT OF THE SERVICE 11 DESCRIBED IN PARAGRAPH (1) OF THIS SUBSECTION.

12 (3) "BROADBAND INTERNET ACCESS SERVICE" OR "BIAS" DOES NOT 13 INCLUDE DIAL-UP INTERNET ACCESS SERVICE.

14 (D) "BROADBAND INTERNET ACCESS SERVICE PROVIDER" OR "BIAS 15 PROVIDER" MEANS AN INDIVIDUAL OR A PERSON ENGAGED IN THE PROVISION OF 16 BROADBAND INTERNET ACCESS SERVICE.

17 (E) "CUSTOMER" MEANS AN INDIVIDUAL OR ANY OTHER PERSON WHO IS:

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(1) AN APPLICANT FOR BROADBAND INTERNET ACCESS SERVICE; OR

19(2)A CURRENT OR FORMER SUBSCRIBER TO BROADBAND INTERNET20ACCESS SERVICE.

(F) (1) "CUSTOMER PERSONAL INFORMATION" MEANS INFORMATION
 THAT IS COLLECTED BY OR MADE AVAILABLE TO A BROADBAND INTERNET ACCESS
 SERVICE PROVIDER SOLELY THROUGH THE CUSTOMER–PROVIDER RELATIONSHIP.

- 24 (2) "CUSTOMER PERSONAL INFORMATION" INCLUDES:
- 25 (I) NAME AND BILLING INFORMATION;

26 (II) GOVERNMENT-ISSUED IDENTIFIERS, SUCH AS A SOCIAL 27 SECURITY NUMBER OR A DRIVER'S LICENSE NUMBER;

28 (III) OTHER CONTACT INFORMATION, SUCH AS A PHYSICAL 29 ADDRESS, AN E–MAIL ADDRESS, OR A TELEPHONE NUMBER; 1 (IV) DEMOGRAPHIC INFORMATION, SUCH AS DATE OF BIRTH, 2 AGE, RACE, ETHNICITY, NATIONALITY, RELIGION, POLITICAL BELIEFS, GENDER, OR 3 SEXUAL ORIENTATION;

- 4 (V) FINANCIAL INFORMATION, HEALTH INFORMATION, OR 5 INFORMATION PERTAINING TO CHILDREN;
- 6 (VI) GEOLOCATION INFORMATION THAT IS SUFFICIENT TO 7 IDENTIFY A STREET NAME AND THE NAME OF A CITY OR TOWN;

8 (VII) INFORMATION THAT RELATES TO THE QUANTITY, 9 TECHNICAL CONFIGURATION, TYPE, DESTINATION, LOCATION, AND AMOUNT OF USE 10 OF THE BROADBAND INTERNET ACCESS SYSTEM, INCLUDING WEB-BROWSING 11 HISTORY, APPLICATION USAGE HISTORY, TIMING OF USE, QUANTITY OF USE, AND 12 ORIGIN SOURCE AND DESTINATION INTERNET PROTOCOL ADDRESSES OF ALL 13 TRAFFIC;

(VIII) CONTENT OF COMMUNICATIONS, INCLUDING ANY PART OF
THE SUBSTANCE, PURPOSE, OR MEANING OF A COMMUNICATION OR ANY OTHER
PART OF A COMMUNICATION THAT IS HIGHLY SUGGESTIVE OF THE SUBSTANCE,
PURPOSE, OR MEANING OF A COMMUNICATION, SUCH AS APPLICATION PAYLOAD;

18 (IX) DEVICE IDENTIFIERS, SUCH AS A MEDIA ACCESS CONTROL 19 ADDRESS, INTERNATIONAL MOBILE EQUIPMENT IDENTITY NUMBER, AND 20 INTERNET PROTOCOL ADDRESS;

(X) CUSTOMER INFORMATION THAT IS COLLECTED OR MADE
 AVAILABLE AND MAINTAINED IN A WAY THAT THE INFORMATION IS LINKED OR ABLE
 TO BE LINKED THROUGH REASONABLE EFFORTS TO A CUSTOMER OR A DEVICE; AND

24 (XI) INFORMATION THAT IS RELATED TO A CUSTOMER, DESPITE 25 THE CUSTOMER'S IDENTITY AND CHARACTERISTICS HAVING BEEN REMOVED.

26 (G) "MATERIAL CHANGE" MEANS ANY CHANGE THAT A CUSTOMER WOULD
27 REASONABLY CONSIDER IMPORTANT TO THE CUSTOMER'S DECISIONS REGARDING
28 THE CUSTOMER'S PRIVACY.

29 (H) "OPT-IN CONSENT" MEANS AFFIRMATIVE, EXPRESS CUSTOMER 30 APPROVAL FOR THE REQUESTED USE, DISCLOSURE, SALE, OR ACCESS TO CUSTOMER 31 PERSONAL INFORMATION AFTER THE CUSTOMER HAS BEEN PROVIDED 32 APPROPRIATE NOTIFICATION OF ITS PRACTICES UNDER § 14–4106 OF THIS 33 SUBTITLE.

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1 **14–4102.** 

# 2 THIS SUBTITLE APPLIES TO A BIAS PROVIDER OPERATING IN THE STATE 3 WHEN THE BIAS PROVIDER IS PROVIDING BIAS TO CUSTOMERS IN THE STATE.

4 **14–4103.** 

5 (A) A BIAS PROVIDER MAY USE, DISCLOSE, SELL, OR PROVIDE ACCESS TO 6 CUSTOMER PERSONAL INFORMATION IF THE BIAS PROVIDER OBTAINS OPT-IN 7 CONSENT THAT THE CUSTOMER HAS NOT REVOKED.

8 (B) EXCEPT AS PROVIDED IN § 14–4104 OF THIS SUBTITLE, A BIAS 9 PROVIDER MAY NOT USE, DISCLOSE, SELL, OR PROVIDE ACCESS TO A CUSTOMER'S 10 PERSONAL INFORMATION WITHOUT OPT–IN CONSENT FROM THE CUSTOMER.

11 (C) IN ORDER TO DETERMINE WHETHER A BIAS PROVIDER HAS RECEIVED 12 OPT-IN CONSENT, THE BIAS PROVIDER SHALL DEVELOP A MECHANISM FOR 13 CUSTOMERS TO GRANT, DENY, OR REVOKE CONSENT THAT IS:

- 14 (1) EASY TO USE AND UNDERSTAND;
- 15 (2) NOT MISLEADING;

16 (3) CONTINUOUSLY AVAILABLE THROUGH ALL METHODS THAT THE 17 BIAS PROVIDER USES TO MANAGE ACCOUNTS;

18 (4) IN THE LANGUAGE THAT THE BIAS PROVIDER PRIMARILY USES
 19 TO CONDUCT BUSINESS WITH THE CUSTOMER; AND

20 (5) MADE AVAILABLE TO THE CUSTOMER FOR NO ADDITIONAL 21 CHARGE.

(D) A CUSTOMER'S GRANT, DENIAL, OR REVOCATION OF CONSENT SHALL BE
 GIVEN EFFECT PROMPTLY AND REMAIN IN EFFECT UNTIL THE CUSTOMER REVOKES
 OR LIMITS THE GRANT, DENIAL, OR REVOCATION OF CONSENT.

25 (E) A BIAS PROVIDER MAY NOT:

26 (1) REFUSE TO SERVE A CUSTOMER WHO DOES NOT PROVIDE 27 CONSENT UNDER THIS SECTION; OR

28 (2) CHARGE A CUSTOMER A HIGHER PRICE OR OFFER A CUSTOMER A

1 DISCOUNTED PRICE BASED ON THE CUSTOMER'S DECISION TO PROVIDE OR NOT 2 PROVIDE OPT-IN CONSENT.

3 **14–4104.** 

4 (A) NOTWITHSTANDING § 14–4103 OF THIS SUBTITLE, A BIAS PROVIDER 5 MAY USE, DISCLOSE, SELL, OR PROVIDE ACCESS TO CUSTOMER PERSONAL 6 INFORMATION WITHOUT OPT–IN CONSENT FROM A CUSTOMER TO:

7 (1) USE THE INFORMATION WHEN IT IS DERIVED FROM OR 8 NECESSARY FOR THE PROVISION OF BIAS;

9 (2) COMPLY WITH LEGAL PROCESS OR OTHER LAWS, COURT ORDERS, 10 OR ADMINISTRATIVE ORDERS;

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(3) INITIATE, RENDER, BILL FOR, AND COLLECT PAYMENTS;

12 (4) PROTECT THE RIGHTS OR PROPERTY OF THE BIAS PROVIDER OR 13 TO PROTECT CUSTOMERS AND OTHER BIAS PROVIDERS FROM FRAUDULENT, 14 ABUSIVE, OR UNLAWFUL USE OF OR SUBSCRIPTION TO THE BIAS PROVIDER'S 15 NETWORK; OR

16(5) PROVIDE LOCATION INFORMATION CONCERNING THE17 CUSTOMER:

18 (I) IF A CUSTOMER HAS REQUESTED EMERGENCY SERVICES, 19 TO A PUBLIC SAFETY ANSWERING POINT, AN EMERGENCY MEDICAL SERVICE 20 PROVIDER OR AN EMERGENCY DISPATCH PROVIDER, A PUBLIC SAFETY, FIRE 21 SERVICE, OR LAW ENFORCEMENT OFFICIAL, OR A HOSPITAL EMERGENCY OR 22 TRAUMA CARE FACILITY;

(II) IF AN EMERGENCY SITUATION ARISES THAT INVOLVES THE
RISK OF DEATH OR SERIOUS INJURY, TO THE CUSTOMER'S LEGAL GUARDIAN,
MEMBERS OF THE CUSTOMER'S FAMILY, OR A PERSON REASONABLY BELIEVED BY
THE BIAS PROVIDER TO BE A CLOSE PERSONAL FRIEND OF THE CUSTOMER; OR

27(III) IF THE DELIVERY OF EMERGENCY SERVICES IS NEEDED, TO28PROVIDERS OF INFORMATION OR DATABASE MANAGEMENT SERVICES.

(B) EXCEPT AS OTHERWISE PROVIDED IN STATE LAW, UNLESS A CUSTOMER
HAS OPTED OUT OF RECEIVING THE COMMUNICATION, A BIAS PROVIDER MAY USE,
DISCLOSE, SELL, OR PROVIDE ACCESS TO CUSTOMER PERSONAL INFORMATION TO
ADVERTISE OR MARKET THE BIAS PROVIDER'S COMMUNICATIONS-RELATED

DISCLOSURE, SALE, ACCESS, DESTRUCTION, OR MODIFICATION. (2) MEASURES SHALL BE BASED ON AN ASSESSMENT OF: **(I) ACTIVITIES; (II)** THE SENSITIVITY OF THE DATA IT COLLECTS; (III) THE SIZE OF THE BIAS PROVIDER; AND (IV) THE TECHNICAL FEASIBILITY OF THE MEASURES. **(B)** COMPLY WITH THE REQUIREMENT UNDER SUBSECTION (A) OF THIS SECTION. EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, A **(C)** (1) BIAS PROVIDER MAY NOT RETAIN CUSTOMER PERSONAL INFORMATION FOR LONGER THAN REASONABLY NECESSARY TO ACCOMPLISH THE PURPOSES FOR WHICH THE INFORMATION WAS COLLECTED. (2) A BIAS PROVIDER MAY RETAIN CUSTOMER PERSONAL INFORMATION FOR LONGER THAN REASONABLY NECESSARY IF: THE RETENTION IS REQUIRED BY § 14-4104 OF THIS **(I)** SUBTITLE; OR

26**(II)** THE DATA IS PART OF AN AGGREGATE CUSTOMER 27PERSONAL INFORMATION DATASET.

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1 SERVICES TO THE CUSTOMER.

 $\mathbf{2}$ (C) ON WRITTEN REQUEST BY A CUSTOMER, THE BIAS PROVIDER SHALL DISCLOSE CUSTOMER PERSONAL INFORMATION TO THE CUSTOMER OR TO ANY 3 4 PERSON THAT THE CUSTOMER DESIGNATES.

514 - 4105.

6 (A) (1) A BIAS PROVIDER SHALL IMPLEMENT REASONABLE MEASURES 7 TO PROTECT CUSTOMER PERSONAL INFORMATION FROM UNAUTHORIZED USE, 8

9 THE REASONABLENESS OF THE BIAS PROVIDER'S SECURITY 10

11 THE NATURE AND SCOPE OF THE BIAS PROVIDER'S 12

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16 A BIAS PROVIDER MAY EMPLOY ANY LAWFUL SECURITY MEASURE TO 17

2425 1 (A) A BIAS PROVIDER SHALL PROVIDE NOTICE OF THE REQUIREMENTS OF 2 THIS SUBTITLE THAT IS:

3 (1) IN THE LANGUAGE THAT THE BIAS PROVIDER PRIMARILY USES
 4 TO CONDUCT BUSINESS WITH THE CUSTOMER; AND

5 (2) CONTINUOUSLY AVAILABLE THROUGH ALL METHODS THAT THE 6 BIAS PROVIDER USES TO MANAGE ACCOUNTS.

7 (B) THE NOTICE SHALL SPECIFY AND DESCRIBE, OR LINK TO A RESOURCE 8 THAT SPECIFIES AND DESCRIBES:

9 (1) THE TYPES OF CONSUMER PERSONAL INFORMATION THAT THE 10 BIAS PROVIDER COLLECTS, THE WAYS IN WHICH THE BIAS PROVIDER USES THE 11 INFORMATION, AND THE LENGTH OF TIME THAT THE BIAS PROVIDER RETAINS THE 12 INFORMATION;

13(2) THE CIRCUMSTANCES UNDER WHICH THE BIAS PROVIDER14DISCLOSES, SELLS, OR PROVIDES ACCESS TO THE INFORMATION THAT IT COLLECTS;

15 (3) THE CATEGORIES OF ENTITIES TO WHICH THE BIAS PROVIDER 16 DISCLOSES, SELLS, OR PROVIDES ACCESS TO CUSTOMER PERSONAL INFORMATION 17 AND THE PURPOSES FOR WHICH EACH CATEGORY OF ENTITY WILL USE THE 18 INFORMATION; AND

19 (4) THE CUSTOMER'S RIGHT TO CONSENT WITH REGARD TO THE USE,
 20 DISCLOSURE, SALE, OR ACCESS TO CUSTOMER PERSONAL INFORMATION AND HOW
 21 THAT RIGHT MAY BE EXERCISED.

22 (C) BEFORE A BIAS PROVIDER MAY MAKE MATERIAL CHANGES TO HOW IT 23 USES, DISCLOSES, SELLS, OR PROVIDES ACCESS TO CUSTOMER PERSONAL 24 INFORMATION, THE BIAS PROVIDER SHALL:

25 (1) **PROVIDE ADVANCE NOTICE OF THE CHANGE; AND** 

26 (2) REMIND CUSTOMERS OF THE ABILITY TO GRANT, DENY, OR 27 REVOKE CONSENT AT ANY TIME.

28 **14–4107.** 

29 NOTHING IN THIS SUBTITLE MAY BE CONSTRUED TO RESTRICT A BIAS 30 PROVIDER FROM:

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1(1) GENERATING AN AGGREGATE CUSTOMER PERSONAL2INFORMATION DATASET USING CUSTOMER PERSONAL INFORMATION; OR

3 (2) USING, DISCLOSING, SELLING, OR AUTHORIZING ACCESS TO AN 4 AGGREGATE CUSTOMER PERSONAL INFORMATION DATASET THAT THE BIAS 5 PROVIDER HAS GENERATED.

6 **14–4108.** 

7 A TERM IN A CONTRACT THAT PURPORTS TO WAIVE THE RIGHTS UNDER THIS 8 SUBTITLE IS VOID AND UNENFORCEABLE AS CONTRARY TO THE PUBLIC POLICY OF 9 THE STATE.

10 **14–4109.** 

THE CONSUMER PROTECTION DIVISION IN THE OFFICE OF THE ATTORNEY
 GENERAL SHALL ENFORCE THIS SUBTITLE.

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- **Article State Finance and Procurement**
- 14 SUBTITLE 8. RESTRICTIONS ON THE USE OF STATE FUNDS.
- 15 **2–801.**

16 (A) (1) IN THIS SECTION, "REASONABLE NETWORK MANAGEMENT" 17 MEANS A NETWORK MANAGEMENT PRACTICE THAT HAS PRIMARILY TECHNICAL 18 NETWORK MANAGEMENT JUSTIFICATION.

19 (2) "REASONABLE NETWORK MANAGEMENT" INCLUDES A PRACTICE 20 THAT IS PRIMARILY USED FOR AND TAILORED TO ACHIEVING A LEGITIMATE 21 NETWORK MANAGEMENT PURPOSE, TAKING INTO ACCOUNT THE PARTICULAR 22 NETWORK ARCHITECTURE AND TECHNOLOGY OF THE BROADBAND INTERNET 23 ACCESS SERVICE.

24 (3) "REASONABLE NETWORK MANAGEMENT" DOES NOT INCLUDE 25 OTHER BUSINESS PRACTICES.

(B) STATE FUNDS MAY BE USED ONLY BY THE STATE, A POLITICAL SUBDIVISION, OR A UNIT, AN AGENCY, OR ANY INSTRUMENTALITY OF THE STATE OR A POLITICAL SUBDIVISION OR A PERSON AWARDED A CONTRACT OR GRANT BY THE STATE, A POLITICAL SUBDIVISION, OR A UNIT, AN AGENCY, OR ANY INSTRUMENTALITY OF THE STATE OR A POLITICAL SUBDIVISION TO PROCURE SERVICES FROM AN INTERNET SERVICE PROVIDER THAT DOES NOT:

1 (1) BLOCK LAWFUL CONTENT, APPLICATIONS, SERVICES, OR  $\mathbf{2}$ NONHARMFUL DEVICES, SUBJECT TO REASONABLE NETWORK MANAGEMENT; 3 (2) IMPAIR OR DEGRADE LAWFUL INTERNET TRAFFIC ON THE BASIS 4 OF INTERNET CONTENT, APPLICATION, OR SERVICE, OR USE OF A NONHARMFUL DEVICE, SUBJECT TO REASONABLE NETWORK MANAGEMENT; AND  $\mathbf{5}$ 6 (3) ENGAGE IN COMMERCIAL TRAFFIC PREFERENCING, INCLUDING 7 TRAFFIC SHAPING, PRIORITIZATION, RESOURCE RESERVATION, OR OTHER FORMS OF PREFERENTIAL TRAFFIC MANAGEMENT: 8 9 **(I)** IN EXCHANGE FOR CONSIDERATION FROM A THIRD PARTY; 10 OR 11 **(II)** TO BENEFIT AN AFFILIATED ENTITY. 12SECTION 2. AND BE IT FURTHER ENACTED, That: 13 (a) In this section, "broadband Internet access services" means a service by wire 14or radio that provides the capability to transmit data to and receive data from all or substantially all Internet endpoints. 1516 It is the intent of the General Assembly that, if the State or a municipality (b) provides broadband Internet access services, the State or the municipality may not impose 17use restrictions that prohibit the exercise of free speech. 18

SECTION 2: <u>3.</u> AND BE IT FURTHER ENACTED, That this Act shall take effect
 June 1, 2018.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.