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THE MARYLAND HOUSE OF DELEGATES ANNAPOLIS, MARYLAND 21401

HB 1089 - Building Information Guardrails Data Act of 2025 (Data Brokers – Registry and Gross Income Tax) February 25, 2025 – House Economic Matters Committee

Chair Wilson, Vice Chair Crosby, and colleagues,

Thank you for your consideration of House Bill 1089 - the Building Information Guardrails (BIG) Data Act of 2025. This legislation offers an innovative approach to addressing our budget shortfalls, while imposing a necessary fee on those that are buying and selling our personal data.

HB 1089 addresses the growing role of data brokers by introducing much-needed regulation and transparency. Data brokers, companies that collect, analyze, and sell personal data, have built a lucrative industry, generating millions, if not billions, in revenue by buying and selling individual information. However, while these firms profit immensely, they fail to contribute their fair share to Maryland in return. A recent example highlights the danger of this unregulated industry: in 2023, the Federal Trade Commission (FTC) sued data broker Kochava Inc. for selling highly sensitive geolocation data from millions of mobile devices.¹ This data enabled third parties to track individuals to locations such as:

- 1) Reproductive health clinics
- 2) Places of worship
- 3) Homeless and domestic violence shelters, and
- 4) Addiction recovery centers

This case exposed the harsh reality that data brokers are no longer collecting just names and addresses; they are harvesting and monetizing every available piece of data, often without the consumer's knowledge. While the FTC took action against Kochava, the case did not prevent other data brokers from engaging in similar exploitative practices. Building off the tremendous work of this committee to pass groundbreaking data privacy legislation last year, we must

¹ Stephanie T. Nguyen, "FTC V Kochava, Inc.," Federal Trade Commission, July 15, 2024, <https://www.ftc.gov/legal-library/browse/cases-proceedings/ftc-v-kochava-inc>.

continue to act to hold these companies accountable and ensure they contribute to the communities from which they profit.

HB 1089 addresses these issues by ensuring companies in the data industry share responsibility for supporting our state's needs, particularly in the areas of education, consumer protection, and economic growth.² We believe the 6% tax on data brokers' profits could generate significant revenue, which would go directly to establish a new Privacy Protection and Enforcement Unit in the Office of the Attorney General, support the Blueprint fund, the Consortium for Coordinated Community Supports, and more.

Currently, there is no federal law regulating data brokers, but states like Vermont and California have already started to act. Vermont and California require data brokers to register and disclose their data collection practices, while Washington has proposed a 1.8% tax on data brokers' profits.³ Maryland has the chance to lead on this issue and ensure our residents, rather than just corporations, benefit from the revenues generated by data brokers.

HB 1089 achieves this by:

1. Imposing a 6% tax on data broker profits.

- a. Allocates the greater of 0.75% of the profits or \$2.5 million each to key programs, including:
 - i. The Privacy Protection and Enforcement Unit, which will enforce state and federal laws including technology, online services and products, cybersecurity, and artificial intelligence. It will also educate consumers on their rights and strategies for protecting their privacy and security, as well as assisting local, state, and federal agencies in protecting the interests of consumers regarding privacy- and cybersecurity-related issues;
 - ii. The Major Information Technology Development Project (MITDP) Fund for expedited AI-related projects;
 - iii. Maryland Public Television's Digital Literacy Support for K-12 students.
- b. Directs the greater of 35% of the profits or \$120 million to the Consortium for Community Supports Partnership in the Blueprint to strengthen Maryland's education system.
- c. The remaining funds will support the Blueprint General Fund.

2. Creating a Data Broker Registry

- a. Mandates annual registration with the Comptroller for all data brokers operating in Maryland.
- b. Requires the Comptroller to make registry data of data collection and sales practices available to the public.
- c. Establishes penalties for non-compliance, ensuring transparency and accountability.

² Building Information Guardrails Data Act of 2025, S.B. 409

³ Gemma Galdon Clavell, "Data Brokerage Tax," Ashoka's Tech & Humanity Initiative, March 2023, https://www.next-now.org/sites/default/files/2023-03/Data%20brokerage%20tax_0.pdf

As technology continues to evolve, and as artificial intelligence increasingly relies on vast amounts of personal data, the risks to consumer privacy will only grow. Without action, Marylanders could face greater exploitation and security risks. HB 1089 provides a necessary and reasonable step to protect consumers, create transparency, and generate funding for critical state programs. **For these reasons, I am requesting a favorable report on HB 1089.**