

Date of Hearing: January 23, 2020

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Lorena Gonzalez, Chair

AB 499 (Mayes) – As Amended January 15, 2020

Policy Committee:	Rules	Vote:	12 - 0
	Privacy and Consumer Protection		11 - 0

Urgency: No State Mandated Local Program: No Reimbursable: no

SUMMARY:

This bill prohibits a state agency from sending any outgoing mail with a person's full social security number (SSN). Specifically, **this bill**:

- 1) Prohibits any state agency from sending out mail that contains an individual's full SSN unless federal law requires inclusion of the full SSN.
- 2) Requires a state agency, on or before September 1, 2021, to report to the Legislature when and why it has mailed documents containing individuals' full SSNs.
- 3) Mandates a state agency that, in its own estimation, is unable to comply with the prohibition against mailing out full SSNs to submit an annual corrective action plan to the Legislature until that agency is in full compliance.
- 4) Provides a state agency not in compliance with the prohibition against sending out SSNs to offer appropriate identity theft prevention and mitigation services to any individual, at no cost to the individual, if it sent outgoing United States mail that contained the individual's full SSN.
- 5) Specifies the reporting requirement imposed by this bill will be inoperative on January 1, 2024.

FISCAL EFFECT:

- 1) One-time costs (GF/special funds) possibly in the low millions of dollars to Employment Development Department (EDD) to revise forms and re-program systems responsible for issuing unemployment and disability insurance payments. According to the March 2019 State Auditor Report, EDD sent out more than 17 million pieces of mail, including disability and unemployment forms, containing full SSNs in fiscal year 2017-2018.
- 2) Costs (GF/special funds) to state agencies such as the Department of Motor Vehicles (DMV) in the millions of dollars annually in additional staff and infrastructure to provide appropriate identity theft prevention and mitigation services if it sends out a person's SSN.

COMMENTS:1) **Purpose.** According to the author:

EDD exposed nearly 300 claimants to the risk of identity theft when it inappropriately disclosed their personal information, including SSNs, to other mail recipients. EDD is currently undergoing a system modernization project, which will incorporate a unique identifier to replace SSNs.

2) **California State Auditor Report on Publication of SSNs.** In March 2019, the California State Auditor reported that EDD exposed approximately 300 people to possible identity theft by disclosing their personal identifying information in correspondence. EDD claims it is required to use SSNs to determine eligibility and comply with federal law and that it is in the process of developing unique identifiers for claimants. However, EDD had not completed the transition as of March 2019. This bill creates additional and significant costs to all state agencies in that it requires a state agency to provide identity theft protection services to a person if that agency mails out their SSN. Costs per person could be in the thousands of dollars. If SSNs are included in one mass mailing, costs could be in the millions of dollars.3) **Prior Legislation.**

- a) AB 241 (Dababneh), of the 2017-2018 Legislative Session, required a public agency that is the source of a data breach to offer affected customers at least 12 months of identity theft prevention and mitigation services at no cost. AB 241 was held on this committee's Suspense file.
- b) SB 447 (DeSaulnier), of the 2011-2012 Legislative Session prohibited a state agency from sending any communication to any individual that contains more than the last four digits of the social security number (SSN) of that individual, unless required by federal law, beginning January 1, 2015. SB 447 was vetoed by Governor Brown.

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