



Date: March 3, 2022

To: General Law Committee

From: Jeff Shaw, Senior Public Policy Advisor, CT Community Nonprofit Alliance (The Alliance)

Re: S.B. 6, An Act Concerning Personal Data Privacy and Online Monitoring.

Good afternoon Senator Maroney, Representative D'Agostino, Senator Witkos, Representative Rutigliano and distinguished members of the General Law Committee:

My name is Jeff Shaw, Senior Public Policy Advisor at the Connecticut Community Nonprofit Alliance (The Alliance). The Alliance is the statewide advocacy organization representing the nonprofit sector. Community nonprofits provide essential services to over half a million individuals and families in Connecticut every year and employ 115,000 Connecticut workers, improving the quality of life in communities across the State.

Thank you for the opportunity to testify on S.B. 6, An Act Concerning Personal Data Privacy and Online Monitoring. The proposal seeks to preserve personal data privacy while balancing consumer interests with practical concerns of the business community.

Section 3 rightly exempts nonprofit organizations from the disclosure requirements, and we appreciate the Committee for including that language. However, the exemption does not extend to a nonprofit's for-profit affiliates, should they exist. Examples of a nonprofit for-profit business could be facility rentals (concert hall, cabins, etc.) to the public for special event (wedding, retreat, etc.), back-office services or consulting. While the for-profit business might or might not advance the nonprofit's mission, the value of the business assets or its profits are often distributed to the nonprofit so it can reinvest in service delivery to advance its mission.

Subjecting part of a nonprofit's business to the proposed disclosure requirements would be overly onerous to an industry that is already under-staffed and under-resourced. According to a survey The Alliance released in January, nearly one in five (18%) nonprofit jobs are unfilled across Connecticut. The nationwide exodus from the healthcare industry has been well-documented, but it has hit Connecticut's nonprofits acutely. The survey also found almost 70% of respondents said that demand for services has increased over the past two years. Of those respondents, 11% stated that services have increased by more than 50%, and 30% said that demand for services increase by 25-49%. Further, almost 60% of nonprofits currently have a waiting list for services. Complying with additional mandates and/or increased reporting on administration and operations that are already transparent via annual 990s, financial audits, registrations, etc., would be overly burdensome.

We respectfully request the Committee to modify the definition of nonprofit to make clear that the exemption applies to both nonprofits and their subsidiaries and affiliates. The suggested language is below:

"Nonprofit organization" means any organization that is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as amended from time to time, and any subsidiaries and affiliates of such entities."

Thank you for the opportunity to testify on this proposal.