

Businesses Explore Options as CCPA Exemption Sunsets

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Privacy lawyers are alerting businesses to plan ahead for the upcoming termination of certain employee's exemption from the California Consumer Privacy Act (CCPA) for employee and business-to-business (B2B) data. According to California Chamber of Commerce official, Ben Golombek, the California Labor Federation had plans of maintaining a permanent exemption before essentially changing their minds in the final two weeks of the legislative session.

Sheppard Mullin associate Julia Kadish spoke with *Consumer Electronics Daily* and said the CCPA is "really no longer just a consumer law."

Kadish added that most of CCPA's requirements haven't applied to human resources and B2B data, but starting next year, California employees, job applicants and contractors will have privacy rights. Contracts with payroll providers and other vendors handling employee data also will require updates. "We're looking at less than four months for businesses to implement changes and I think many really have been holding out because they expected the carve-out to be extended."

Some companies may find it simplest to implement California rules for all employees, said Kadish. As of Jan. 1, California privacy law will cover companies with at least \$25 million annual revenue globally or that buy, sell or share personal information of at least 100,000 California residents yearly, or that derive 50% or more of annual revenue from selling or sharing consumer information. The law applies to many industries, including telecom, and sunseting the exemption will "pick up a lot of companies that were in the B2B space and less consumer-facing," including those that are "some link in the chain of telecom infrastructure," said Kadish.

The article further states that despite extensions being passed by legislators with the California Privacy Rights Act in 2021, the introduction of bills that would have passed a further extension in 2022 did not pass before the end of California legislator's session on August 31. Following the end of the legislative session, hope for an extension has been further lost, as attempts to include an extension as a ballot initiative in November 2022 has also been deemed unlikely.

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Practice Areas

Privacy and Cybersecurity