

ONE HUNDRED FOURTEENTH CONGRESS
Congress of the United States
House of Representatives
COMMITTEE ON ENERGY AND COMMERCE
2125 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-6115

Majority (202) 225-2927
Minority (202) 225-3641

Opening Statement of Rep. Frank Pallone
Ranking Member, Committee on Energy and Commerce
Subcommittee on Commerce, Manufacturing, and Trade
“What are the Elements of Sound Data Breach Legislation?”
January 27, 2015

I want to start by congratulating Dr. Burgess on his appointment as Chairman. I look forward to working with him on many issues, starting with the issue of today’s hearing, data security and breach notification. I also want to thank Ms. Schakowsky for her service as the Democratic Ranking Member.

The title of this hearing, “What are the Elements of Sound Data Breach Legislation?” assumes that legislation is needed. I agree that it is time to legislate -- but only if the result is a strong bill that puts consumers in a better place than they are today.

Right now, millions of consumers are being hit with endless waves of breaches. Criminal hackers will always target our communities. And while we cannot expect to eliminate data breaches, we can work harder to reduce the number of breaches and better protect consumers’ information. Just as we expect a bank to lock its vaults of money, we should expect that companies lock and secure personal consumer information.

Unfortunately, that is not happening. According to the Online Trust Alliance, over 90 percent of data breaches in the first half of 2014 could have been prevented had businesses implemented security best practices. Firms must do a better job at protecting the information they demand of consumers. Preventing breaches is not just best for the consumer, in the long-run, it is cheaper for companies as well.

I believe that we should also expect companies to notify consumers in the event of a breach. During this hearing, we will hear the often repeated statistic that 47 states, plus Washington, D.C., Guam, Puerto Rico, and the Virgin Islands, already have data breach notification laws on the books. While no one, on either side of the aisle, wants to unnecessarily burden business with duplicative or overlapping requirements, these state laws provide baseline breach notification to most Americans. In addition, businesses that operate nationally often follow the strictest state laws, giving our constituents strong data security and breach notification protections coverage regardless of what is written in any individual state law. Therefore, I cannot support any proposal that supersedes strong state protections and replaces them with one weak federal standard.

Mr. Chairman, this Subcommittee has had a tradition of being bipartisan, particularly on the issue of data security. In the 111th Congress, this Committee passed a compromise bill on the House floor as H.R. 2221. That bill was shepherded by then-Subcommittee Chairman Bobby Rush and was based on a bill crafted by former Subcommittee Chairman Cliff Stearns. Chairman Upton, Vice Chairman Blackburn, and Chairman Emeritus Barton were original cosponsors of these various iterations.

I look forward to working with this Subcommittee on a bipartisan basis to craft similar legislation — legislation that requires companies to have reasonable security measures in place and to provide notification to consumers once a breach has occurred.

Thank you.