



**The American Consumer Institute
Center for Citizen Research**

To Whom It May Concern:

On behalf of the American Consumer Institute, I express our concerns regarding the proposed Automated Decision Making Technology and Risk Assessment regulations. The advent of new and emerging artificial intelligence technology promises to improve the lives of California consumers in healthcare, finance, manufacturing, logistics, and even education. The reality is that artificial intelligence runs on vast amounts of data that it then analyzes to run predictive applications that save and improve lives. Carefully designed—and narrowly tailored—consumer data privacy protections are therefore paramount, lest they harm the consumers they were designed to protect.

The specificity of certain parts of this rulemaking, specifically the rules around significant decisions mirror policy proposals put forth by many state legislatures across the country, including a [proposal](#) in the California General Assembly that overlaps in certain areas covered by this rulemaking. Rather than stretching the scope of the CCPA to cover artificial intelligence applications—and certain employment applications that were [originally](#) designed to be regulated with a light-touch approach—lawmakers should debate the merits of this kind of proposal in the state legislature where they are subject to the accountability of voters.

As a matter of policy impact, the regulations' overly broad scope would ensnare countless routine business operations across many industries, from inventory management systems to customer loyalty programs, in needless red tape. Businesses will need to conduct extensive documentation and risk assessments to become—and update them to stay—compliant with the rules. To save on costs, many may abandon helpful consumer services like personalized coupons and product and service recommendations based on previous purchases. Industries across California have successfully used technology for decades to manage supply chains, reduce waste, and keep prices competitive. Basic business tools, not only invasive tracking schemes, will likely be affected. This effect would be less competition and diminished consumer choice, ultimately leading to higher prices and fewer options for California families.

Furthermore, by requiring businesses to disclose proprietary information about their systems, these regulations could expose trade secrets to competitors and bad actors. And although pre-use notices may not become public, they could be exposed indirectly. This would discourage companies from investing in innovative new technologies that could benefit consumers. The agency should include explicit safeguards to shield against these risks.

We urge the agency not to use a hammer to do the job of the scalpel and therefore suggest that the rules be substantially narrowed to focus on genuine privacy risks that are balanced against unnecessary burdens that will ultimately harm consumers through higher prices and reduced choice in the marketplace. We also encourage the agency to let this process play out in the state legislature, rather than imposing new rules on consumer uses of emerging technology.

Sincerely,

Logan Kolas
Director of Technology Policy
American Consumer Institute