

August 28, 2025

RE: National Conference of State Legislatures Comments to the House Financial Services Committee

Members of the House Financial Services Committee:

On behalf of the National Conference of State Legislatures, we appreciate the opportunity to provide input on questions related to Title V, Subtitle A of the Gramm-Leach-Bliley Act (GLBA). NCSL represents the legislatures of all 50 states, Washington, D.C., and the U.S. territories. Our advocacy is guided by our member-driven policy position on privacy supporting state sovereignty, consumer protection and innovation.

NCSL supports the following policy principles in formulating federal laws and regulations that affect data privacy, security and online safety:

With the proliferation of data online, including the internet of things and mobile devices, the regulation of the collection, sales, sharing and transmission of consumer data is increasingly a priority for state and federal lawmakers. NCSL recognizes the importance of consumer data privacy and security protections, as well as the role of states in leading the development of innovative protections for their constituents.

States and the federal government are working to protect against data breaches, mishandling of data and non-transparent sale of consumer data while balancing competing interests, fostering innovation and safeguarding consumer rights.

Regarding children and adolescents, the internet poses heightened risks as they may not be able to recognize dangerous situations online. Strong privacy and online safety frameworks are critical to addressing the mental health harms facing young people. States have enacted comprehensive privacy, security and online safety laws in the past few years and will continue to collaborate with federal lawmakers on initiatives to protect the privacy, security and mental health of their residents, particularly children and adolescents. These include:

- The use of tools (e.g., content moderation, content filtering, age verification) that uphold user privacy and free speech while ensuring minors have safe, age-appropriate online experiences consistent with existing laws and best practices for digital safety.
- Enhanced parental involvement in minors' use of digital platforms, including social media. Encouraging meaningful parental engagement can help ensure appropriate oversight and promote safe, age-appropriate experiences for youth online.

NCSL encourages Congress to consider requiring clear and visible warning labels on social media platforms to inform consumers about potential mental health risks associated with excessive social media use.

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NCSL supports initiatives to promote digital literacy and online safety education for children and families as part of comprehensive youth data privacy strategies, as well as research on how social media impacts the mental health and well-being of children and teens.

NCSL opposes blanket state preemption in federal data privacy and security legislation and supports the establishment of strong federal baseline standards that allow states to adopt additional protections tailored to their constituents' needs.

If Congress develops a national standard, NCSL urges Congress to prioritize transparency and informed privacy decisions, to carefully consider the best method for consumer notice, disclosure, and consent, and to ensure increased safeguards to protect the privacy, security and mental health of children and adolescents. NCSL further encourages Congress to consider issues of third-party access and sales, disposal of data, consumer rights to control data and the burden of protecting consumer data. States have also engaged in significant deliberation over the applicability of consumer protections to various data types, including how to define personal data and how categories of data collectors or sellers should be regulated. NCSL supports recognition by Congress of states' expertise on these issues and opposes any legislation that preempts state law without meaningful consideration of state priorities or established consumer protections.

NCSL also recognizes the rapidly evolving nature of data collection and urges Congress to consider biometric data, location data and technologies like facial recognition and artificial intelligence when considering federal legislation.

Finally, NCSL strongly urges Congress to engage in regular and meaningful consultation with state lawmakers when considering federal privacy and security legislation, including legislation aimed at protecting children and adolescents. State lawmakers should be included in hearings, review of draft language, principle setting and other Congressional activity intended to impact state regulatory regimes. Congress should recognize there is much to learn by including states and NCSL in ongoing policy discussions.

Federal Preemption of State Privacy Laws

As Congress considers the future of GLBA, we urge that any revisions preserve the current “federal floor” approach and oppose a preemptive national standard. States have long served as laboratories of democracy, fostering innovation while developing consumer protections tailored to the needs of their residents. Nineteen states—California, Colorado, Connecticut, Delaware, Indiana, Iowa, Kentucky, Maryland, Minnesota, Montana, Nebraska, New Hampshire, New Jersey, Oregon, Rhode Island, Tennessee, Texas, Utah and Virginia—have already enacted comprehensive data privacy laws that demonstrate both effectiveness and adaptability. These frameworks include meaningful consumer rights, transparency requirements and strong enforcement mechanisms. Preempting states' authority through GLBA revisions would weaken protections for millions of consumers, slow states' ability to respond to emerging risks and risk stifling innovation in privacy practices. Instead, Congress should examine state-level models for best practice and preserve states' authority to enact stronger protections.

State Developed Effective Privacy Frameworks

[State-level privacy protections](#) have increasingly aligned around core principles, creating a more consistent framework for both consumers and businesses. Across states like California, Connecticut, Montana, Texas, Virginia and many others, privacy laws share key provisions that grant consumers significant rights over their personal data. In nearly every state with a privacy law, consumers can access, delete and transfer their personal data, allowing them to control how businesses collect, process and retain their information. Furthermore, most states provide consumers with the right to opt out of the sale of their data, targeted advertising and profiling for automated decision-making, reinforcing a broad commitment to data privacy.

State privacy laws also establish clear protections for sensitive personal data, requiring either opt-in consent or allowing consumers to opt out of its processing. Categories of sensitive data, such as racial or ethnic origin, biometric and genetic information, precise geolocation, health data and financial data, are widely recognized across these laws. Additionally, businesses across multiple states are subject to reasonable security requirements to protect consumers' data from breaches and misuse, further demonstrating a common approach to safeguarding personal information.

Moreover, most state laws follow similar applicability thresholds, typically based on either the number of consumers affected, or the nature of data processing. Enforcement is also largely consistent, with state attorneys general overseeing compliance in nearly every jurisdiction. While some differences exist, such as California's unique private right of action,

most businesses can adopt a single standardized privacy framework that meets the essential requirements of multiple states, reducing any burden of differing laws.

The broad adoption of these shared privacy laws signals a similar and accelerating trend toward stronger consumer rights and responsible data practices across the U.S.

Regarding GLBA specifically, some states have chosen to remove the GLBA entity-level exemption, requiring financial institutions to comply with state privacy laws. Our bipartisan lawmakers agree that GLBA was never meant to provide a blanket exemption from all state privacy protections.

By shifting to a data-level exemption, GLBA-regulated data remains protected under federal law, while other types of personal data such as web browsing history, geolocation, marketing, and loyalty program information are appropriately covered by state laws. This approach closes a loophole that previously allowed financial institutions to sidestep state privacy rules for data not governed by GLBA.

In addition, several of our members who are closely involved in this work have shared that Congress should take this opportunity to integrate a new federal data privacy law more purposefully with the requirements of GLBA and other legacy data protection laws and update these laws in the process. This is something that the states cannot do.

Conclusion

NCSL believes that any revisions to GLBA should be made with a clear commitment to maintaining the existing federal floor, preserving state authority and adopting best practices developed by the states. States remain closest to the people and best positioned to respond quickly to evolving consumer protection challenges. We urge Congress to respect this federal-state balance, continue to empower states to innovate, and strengthen the overall national framework of financial data privacy.

Thank you for your attention to this important matter and for considering the perspective of the states. We look forward to working with you as the conversation on GLBA and consumer financial privacy moves forward. NCSL would appreciate the opportunity to testify before the committee and meet with its members to further discuss how state legislators can be of assistance as the committee develops its consumer financial data privacy policy. We believe our bipartisan group can offer valuable insights to inform this critical work.

If you have any questions, please feel free to contact me or the following members of my government affairs team: Barrie Tabin at barrie.tabin@ncsl.org/ 202-624-3586 or Sanam Hooshidary at sanam.hooshidary@ncsl.org/ 916-216-6565.

Sincerely,

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