

September 8, 2026

The Honorable Gavin Newsom
Governor, State of California
1021 O Street, Suite 9000
Sacramento, CA 95814

RE: AB 1542 – Veto Request

Dear Governor Newsom,

On behalf of the Network Advertising Initiative (NAI), I am writing to respectfully urge you to veto AB 1542. While the NAI and its members wholeheartedly support the legislation's intent to strengthen protections for California consumers' sensitive personal information (SPI), we are concerned that the bill's language is too broad. If enacted, this legislation would institute an outright ban on the selling and sharing of California consumers' SPI, even in cases where consumers have provided their consent to share this data. This prohibition would unnecessarily restrict valuable advertising and marketing services provided to Californians and would exacerbate the existing market imbalance, allowing only the largest technology platforms to continue offering these services in many instances.

I. About the NAI

Founded in 2000, the NAI is the leading non-profit, self-regulatory trade association for advertising technology companies. For 25 years, the NAI has promoted strong consumer privacy protections, a free and open Internet, and enabled small businesses to thrive by promoting the highest voluntary industry standards for the responsible collection and use of consumer data.¹ The NAI has nearly 80 member companies that span the ad-tech industry, many of these are California businesses, and all of which operate in California.

II. Beneficial Uses of Sensitive Personal Information

NAI members and other digital advertising businesses process consumers' personal information to perform digital advertising, including cross-context behavioral advertising (CCBA), which is a substantial driver of digital media in the United States. In providing these services, digital advertising businesses sometimes also process health data or precise geolocation data for advertising and marketing purposes, both of which are considered SPI under the California Consumer Privacy Act (CCPA).² In all such cases, companies only process this data after obtaining affirmative, informed consent as is already required under various U.S. federal and state laws.

¹See History of the NAI, The Network Advertising Initiative, <https://thenai.org/about-the-nai-2/history-of-the-nai/>.

² See Cal. Civ. Code § 1798.140(ae) (defining "sensitive personal information" to include personal information "collected and analyzed concerning a consumer's health" and information that reveals a consumer's precise geolocation).

Please find below further explanation regarding how certain uses of this data in advertising are beneficial to California consumers and society as a whole, how this advertising enables smaller advertisers to cost-effectively reach their desired audiences, and how it provides a much-needed source of revenue for small and mid-sized publishers.

Digital Health Advertising

Access to health-related information plays an important role in empowering consumers to understand and manage their health and well-being.³ Health advertising and online health communication are a key component of this, improving public health awareness and overall health outcomes. Data-driven health advertising can drive early awareness of conditions and treatments. The earlier someone becomes aware, the greater their opportunity to achieve a positive health outcome by getting screened earlier, seeking the right treatments, and altering overall behavior.

These effects are consistent across populations and scalable through digital platforms.⁴ Large randomized field experiments further demonstrate that digital health advertising can influence real-world behavior. For example, a randomized online advertising trial involving hundreds of thousands of users found that exposure to tailored health advertisements significantly increased subsequent health-related information seeking, a validated behavioral proxy for downstream health action.⁵ More recent large-scale experiments show that data-driven digital public health campaigns can shift health beliefs and, in some contexts, improve health outcomes such as nicotine quit attempts or vaccination-related engagement.⁶ Collectively, this evidence indicates that digital health advertising—particularly when tailored to user characteristics or behavioral context—improves awareness, increases engagement with health information, and contributes to measurable behavior change, underscoring its importance as a contemporary public health strategy.

Digital health advertising often uses data to tailor advertisements to individuals for whom they are most relevant, therefore maximizing effectiveness. Under certain circumstances, health advertising may rely on information regarding an individual's health, which is considered SPI under the CCPA. In these cases a consumer's consent is obtained as well as the implementation of more stringent data minimization and retention standards, in order to tailor health information more personally.

Location Data Services

Location data solution providers are businesses that work with app providers in the collection and processing of consumer location data to provide critical location-based functionality of apps, while also

³See generally U.S. Department of Health and Human Services, Office of Disease Prevention and Health Promotion, National Action Plan to Improve Health Literacy, (2010), Washington, DC, https://odphp.health.gov/sites/default/files/2019-09/Health_Literacy_Action_Plan.pdf; see generally Alma Taya and Ying-Chih Chuang, Internet use for health information, health service utilization, and quality of care in the U.S., BMC Health Services Research (May 8, 2025), <https://link.springer.com/article/10.1186/s12913-025-12807-5>, (concluding that using the internet to obtain health information for discussions with healthcare providers has a positive impact on perceived care quality).

⁴Paul Krebs, Judith O. Prochaska & J. Christopher Rossi, A Meta-Analysis of Computer-Tailored Interventions for Health Behavior Change, 51 Preventive Med. 214 (2010).

⁵Elad Yom-Tov et al., The Effect of Public Health Advertising on Behavioral Intentions and Actions: Evidence from a Randomized Controlled Trial, 1 npj Digital Med. 30 (2018).

⁶Susan Athey et al., Digital Public Health Interventions at Scale: The Impact of Social Media Advertising on Beliefs and Outcomes Related to COVID Vaccines, 120 Proc. Nat'l Acad. Sci. e2208110120 (2023); Kevin Davis et al., The Impact of the Tips from Former Smokers® Campaign on Reducing Cigarette Smoking Relapse, Journal of smoking cessation, Vol. 2022 3435462 (22 Nov. 2022), <https://pmc.ncbi.nlm.nih.gov/articles/PMC9708364/pdf/JOSC2022-3435462.pdf>; Katriina Whitaker, Earlier diagnosis: the importance of cancer symptoms, The Lancet Oncology, 21, 6-8 (2020), [https://www.thelancet.com/journals/lanonc/article/piiS1470-2045\(19\)30658-8/fulltext](https://www.thelancet.com/journals/lanonc/article/piiS1470-2045(19)30658-8/fulltext).

utilizing that data to provide advertising and marketing services that help monetize apps, making them available to consumers for free or low cost. Together, the U.S. location data industry was valued at approximately \$5 billion in 2023 and is projected to reach \$16.3 billion by 2032, growing at an annual rate of more than 14% from 2024 to 2032. This growth is being driven by the increased use of connected devices, the rapid expansion of mobile applications, and the rising demand for real-time spatial analytics.⁷

Marketers have effectively delivered location-based digital advertising for decades, but the location data industry is also increasingly being utilized to power offline decision making, where aggregated location data has enormous benefits for individuals, commerce and public works. For instance, when leading retailers are analyzing where to put their stores, insights about consumer movements in and around town are essential. In summary, the location data industry provides the following benefits to consumers, businesses and governments:

- Provides consumers access to a wide range of free apps funded by location-based ads, preventing them from having to pay a subscription fee for every app and news source they use.
- Provides small businesses and nonprofits access to effective advertising tools and data to help them compete with larger businesses.
- Enables local and independent advertisers to compete with dominant Big Tech platforms that don't rely on third-party data to perform digital services and reach key customers.

III. AB 1542 Would Prohibit These Practices in Many Cases

The NAI supports the goals of AB 1542 to enhance protections around California consumers' SPI, however, we oppose the legislation as passed by the legislature because it is overly broad, creating an outright prohibition on sales and sharing of all SPI regardless of the wishes of the consumer, therefore unnecessarily prohibiting the beneficial uses of this data highlighted above.

Specifically, AB 1542 would prohibit beneficial health advertising and marketing, even in cases where it currently relies on SPI provided with informed consumer consent. AB 1542 would also effectively disable essential location data services provided by third-party advertising technology companies. This would cut off essential revenue for small, independent app providers, jeopardizing the wide range of free apps available to consumers while rendering many currently available apps incapable of performing critical functions.

IV. AB 1542 Would Disproportionately Benefit the Largest Technology Companies That Would Still Be Allowed to Provide These Services, Without First Obtaining Consent Under California Law

NAI members and other ad-tech companies partner with small and medium-sized publishers, such as website and app publishers, in the collection and processing of personal information to provide valuable advertising and services that monetize this digital media. An outright ban on selling and sharing California consumers' SPI would disrupt these services where this data sharing is essential between publishers and their ad-tech partners.

⁷Location Intelligence Market to USD 63.8 Billion by 2032, Driven by Rising Demand for Spatial Data Analytics. SNS Insider. 2025. <https://www.globenewswire.com/news-release/2025/04/22/3065171/0/en/Location-Intelligence-Market-to-USD-63-8-Billion-by-2032-Driven-by-Rising-Demand-for-Spatial-Data-Analytics-Research-by-SNS-Insider.html?pdf=1>

AB 1542 would disproportionately harm small and medium-sized website and app publishers by substantially curtailing their ability to perform advertising and marketing. In contrast, the largest technology companies would largely remain unaffected, as they can perform similar services without “selling” or “sharing” SPI with third-party data partners. This uneven outcome would further exacerbate the existing market imbalance in the digital media industry, benefiting businesses that already hold substantial market advantages in digital advertising and ultimately resulting in a disservice to consumers.

V. The CCPA Currently Provides Strong Protections for SPI, but it Lags the National Standard Requirement for Opt-in Consent to Process this Data

Currently, the CCPA gives consumers active control over how businesses use and disclose SPI by providing a *Right to Limit Use and Disclosure of Sensitive Personal Information* (Right to Limit).⁸ By exercising the Right to Limit, consumers may direct a business at any time to restrict its use of their SPI to only what is necessary to deliver the goods or services they requested.

The CCPA also provides robust, Nation-leading data minimization requirements related to the collection and processing of SPI—these requirements apply directly to selling and sharing this data. For example, the CCPA restricts permissible uses of SPI to a defined set of baseline purposes, which include performing the services the consumer requested, ensuring security and integrity, and preventing fraud.⁹ Use beyond these purposes—such as selling health data or precise geolocation data to law enforcement—would be prohibited if not consistent with the reasonable expectations of the consumer.¹⁰

Lastly, the CCPA currently imposes strong restrictions on what service providers, third parties, and contractors can do with SPI. For example, service providers are prohibited from using SPI for any purpose other than what the business has authorized.¹¹ Similarly, third parties who receive SPI are prohibited from reselling or resharing the data unless the consumer has received explicit notice and an opportunity to opt out, thus preventing downstream actors from circumventing the consumer’s original choice.¹² Taken together, the CCPA currently offers a robust approach to protect California consumers’ SPI, combining both transparency and choice with strong data minimization requirements and restrictions on the collection and use of SPI.

However, despite these strong protections the CCPA lags behind the standard across most other state privacy laws that require opt-in consent for processing SPI, which includes selling or sharing this data.¹³

⁸ See Cal. Civ. Code § 1798.121 (providing California consumers with a Right to Limit Use and Disclosure of Sensitive Personal Information).

⁹ See *id.* at § 1798.100(c) (limiting a business’ collection, use, retention, and sharing of personal information to what is reasonably necessary and proportionate to achieve the purposes for which the personal information was collected or processed).

¹⁰ See Cal. Code Regs. tit. 11 § 7002(b) (“The purpose(s) for which personal information was collected or processed shall be consistent with the reasonable expectations of the consumer[.]”).

¹¹ See Cal. Civ. Code § 1798.100(d) (requiring a business that sells, shares, or discloses personal information to a third party, service provider, or contractor to enter into an agreement with the third party, service provider, or contractor that limits the processing of personal information only for specified purposes).

¹² See *id.* at § 1798.115(d) (prohibiting third parties from selling or sharing personal information unless the consumer has received explicit notice and is provided an opportunity to opt out).

¹³ With the exception of California, all comprehensive state privacy laws require opt-in consent for the collection and processing of health-related sensitive data. *E.g.* Colo. Rev. Stat. § 6-1-1308(7); but see Cal. Civ. Code § 1798.121. Definitions for health-related sensitive data come in different forms, but typically include personal information revealing a “mental or physical health condition or diagnosis.” Conn. Gen. Stat. § 42-515(38); but see Washington My Health My Data Act, RCW

VI. The NAI Urges a Veto and a More Balanced Approach that Requires Opt-in Consent to Process SPI

As noted above, the NAI and its members wholeheartedly support the goal of further strengthening protections for California consumers and the use of their SPI. However, rather than signing AB 1542 into law, the NAI respectfully urges you to veto the bill and encourages the Legislature to revisit this issue with a more balanced approach.

Specifically, the NAI recommends that a revised bill require informed, opt-in consent when a business intends to process SPI, including selling or sharing of this data. This change would bring the CCPA more in line with the national standard. Such an approach, combined with the existing CCPA protections discussed above, would achieve the desired consumer privacy objectives, while still allowing responsible sharing of California consumers' SPI for beneficial advertising and marketing purposes that monetize the vast majority of websites and mobile apps.

Thank you in advance for your consideration of this request. We would welcome the opportunity to work with you and the Legislature to develop a revised approach to this legislation that achieves these key consumer privacy objectives.

Sincerely,



David LeDuc
Vice President, Public Policy

19.373.010(8)(a) (defining "Consumer Health Data" to include any data processed to associate or identify a consumer's past, present, or future physical or mental health status).