

New Data Privacy Law in Texas Takes Effect July 1



The Texas Data Privacy and Security Act (TDPSA) was signed into law in June 2023, with enforcement scheduled to begin on July 1, 2024. Texas joined five other states in passing a major data privacy law last year.

This comprehensive legislation aims to regulate how businesses handle the personal data of Texas residents, covering collection, usage and protection. CPAs should take note of this new law for their own business practices and when advising clients.

Scope. The TDPSA applies to businesses that operate in Texas, offer goods or services to Texas residents, handle any amount of personal data, and are not classified as a small business according to the U.S. Small Business Administration's definition.

The TDPSA does not apply to nonprofits, state agencies and political subdivisions, financial institutions subject to the Gramm-Leach-Bliley Act, covered entities and business associates governed by HIPAA, and institutions of higher education.

The TDPSA also specifically exempts electric utilities, power generation companies and retail electric providers.

Consumer Rights. Consumers are given the right to confirm data processing, accessing, correcting and deleting personal data, obtain a portable copy, and opt out of targeted advertising, data sale or profiling. They can appeal a controller's refusal to act on these requests.

The TDPSA mandates consumer consent for processing sensitive personal data and requires specific notices for the sale of such data. Businesses must conduct assessments for certain data processing activities.

The Act requires controllers to implement opt-out preference signals by January 1, 2025.

Enforcement authorization is given to the Texas Attorney General, who can impose civil penalties up to \$7,500 per violation after a 30-day cure period. An online portal for complaints and information on rights is provided on the AG's website.

Impact and Benefits. Some potential impacts of the TDPSA include:

- Increased compliance costs;
- Adjustments to data collection practices;
- Changes in marketing and advertising approach.

Potential benefits include:

- Improved customer trust and brand reputation;
- Enhanced data security posture;
- Alignment with the evolving data privacy landscape.

The TDPSA's effects on businesses will depend on factors such as size, nature and current data security measures. Compliance requires effort and resources, but also offers opportunities to enhance data management, strengthen customer trust and adapt to evolving privacy standards. [Go to our website](#) for more details about some of the key provisions of the TDPSA and implications for CPAs.



BY KENNETH BESSERMAN,
Director of Government Affairs
and Special Counsel