IMPLEMENTING THE CCPA/CPRA

A COMPREHENSIVE GUIDE TO CALIFORNIA PRIVACY COMPLIANCE

- CONSUMER RIGHTS
- PRIVACY BY DESIGN AND SECURITY
- VENDOR MANAGEMENT
- GOVERNANCE AND ACCOUNTABILITY
- ENFORCEMENT PREPAREDNESS

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Implementing the CCPA/CPRA

A Comprehensive Guide to California Privacy Compliance

Steve Publications

This book is available at https://leanpub.com/implementingtheccpacpra

This version was published on 2026-08-12

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Contents

A Comprehensive Guide to California Privacy Compliance

This book provides a complete, practical reference for building and maintaining an effective compliance program under the California Consumer Privacy Act of 2018 (CCPA), as amended by the California Privacy Rights Act (CPRA). It covers legal requirements, implementation methodology, technical controls, consumer-rights operations, vendor management, governance, security integration, enforcement preparedness, and ongoing compliance activities. The material is organized to serve both as a learning resource for professionals new to California privacy law and as a detailed implementation reference for experienced practitioners building or refining their programs.

Disclaimer: This book is an educational and implementation reference intended to help organizations understand and implement CCPA/CPRA compliance programs. It does not constitute legal advice, and the information provided should not be relied upon as such. Laws and regulations change frequently, and their interpretation depends on specific factual circumstances. Organizations should consult qualified privacy or legal professionals when making decisions about CCPA/CPRA compliance obligations, strategies, or documentation. The author and publisher assume no liability for actions taken or not taken based on the content of this book.

Introduction: The California Privacy Landscape

Why California Privacy Law Matters

California privacy law is no longer a niche compliance concern. It is a central pillar of how organizations across the United States and beyond must approach personal data handling. The California Consumer Privacy Act, originally passed in 2018 and significantly amended by the California Privacy Rights Act in 2020, established what many observers call the first comprehensive consumer privacy framework in American law. Its influence extends far beyond state borders.

The reach of the CCPA is substantial. Any for-profit business that does business in California and meets certain thresholds regarding revenue, data volume, or revenue derived from selling personal information must comply. Those thresholds are low enough to capture many midsize companies and high enough to exclude truly small operations, but the practical effect is that thousands of organizations across every industry face CCPA obligations. The law applies regardless of whether a business has physical operations in California. If it serves California consumers, collects their data, or sells or shares their information, it may be in scope.

The stakes for noncompliance have risen sharply. The California Privacy Protection Agency (CPPA), now operating under the brand CalPrivacy, has moved from rulemaking to active enforcement. In 2024 and 2025, the agency issued its first major administrative fines, including a record $1.35 million penalty against Tractor Supply Company for failures involving opt-out mechanisms, notice requirements, and vendor contracts. The California Attorney General has pursued parallel enforcement actions, securing settlements reaching $2.75 million with Disney in early 2026 over opt-out deficiencies. These are not theoretical risks. They are actual outcomes that privacy teams must plan for.

Beyond regulatory penalties, the CCPA provides a private right of action for

consumers affected by certain data breaches. This provision has generated extensive litigation, with plaintiffs seeking statutory damages between $100 and $750 per consumer per incident when nonencrypted personal information is compromised as a result of inadequate security measures. For organizations experiencing large-scale breaches, the exposure can be enormous.

There is also a business case for robust CCPA compliance that goes beyond avoiding penalties. California consumers are among the most privacy-aware in the world. Companies that demonstrate respect for consumer data through transparent practices and meaningful choices build trust that translates into customer loyalty. Organizations that treat compliance as a box-ticking exercise risk reputational damage when their shortcomings become public, whether through enforcement actions, media coverage, or consumer complaints.

From CCPA to CPRA: A Brief History

The story of California privacy law begins with Assembly Bill 375, introduced in the California Legislature in early 2018. The bill was drafted by a coalition of privacy advocates and passed quickly through both houses. Its original provisions were controversial. Critics argued that it would have been unworkable for many businesses, imposed excessive burdens on small companies, and created legal uncertainty around key definitions.

In response to industry concerns, the Legislature negotiated amendments with major technology companies and other stakeholders. The resulting compromise bill retained the core consumer rights while adding exemptions, clarifying definitions, and setting more practical implementation timelines. Governor Jerry Brown signed the amended legislation in June 2018. The new law became known as the California Consumer Privacy Act of 2018, or CCPA, and took effect on January 1, 2020. Enforcement began on July 1, 2020, giving businesses a six-month grace period to begin implementing compliance programs.

The original CCPA granted consumers four primary rights: the right to know what personal information businesses collected about them, the right to request deletion of that information (subject to exceptions), the right to opt out of the sale of their personal information, and the right to non-discrimination for exercising any of these rights. Businesses were required to provide privacy

notices at or before collection, maintain mechanisms for receiving consumer requests, update their privacy policies to disclose CCPA rights, and implement reasonable security safeguards.

The CCPA also established a framework for enforcement by the California Attorney General, with civil penalties of up to $2,500 per violation and up to $7,500 per intentional violation or violation involving minors. The law included exemptions for data regulated by federal sectoral privacy statutes including HIPAA (health information), GLBA (financial information), and FCRA (credit reporting).

Industry reaction to the CCPA was mixed. Some businesses adapted their practices relatively smoothly. Others struggled with incomplete data inventories, unclear vendor relationships, and technical challenges in implementing opt-out mechanisms across complex digital ecosystems. Enforcement actions from the Attorney General's office in 2021 and 2022 clarified expectations around key requirements including notice at collection and Global Privacy Control (GPC) compliance.

In November 2020, California voters approved Proposition 24, known as the California Privacy Rights Act or CPRA. The CPRA did not replace the CCPA. It amended it extensively, adding new consumer rights, strengthening existing ones, creating a dedicated enforcement agency, and introducing requirements that would reshape how organizations approach privacy compliance.

The most significant CPRA changes included:

- Addition of the right to correct inaccurate personal information
- Creation of a new category called sensitive personal information with heightened protections, including a consumer right to limit its use and disclosure
- Expansion of the opt-out right to cover not just sale but also sharing of personal information for cross-context behavioral advertising
- Introduction of data minimization and purpose limitation requirements
- Stricter retention limitations requiring businesses to disclose how long they keep data and prohibiting retention beyond what is reasonably necessary
- Creation of the California Privacy Protection Agency (CPPA), the first dedicated state privacy enforcement agency in the United States
- Raising of the consumer/household threshold from 50,000 to 100,000

The CPRA took effect on January 1, 2023. However, many requirements were phased in over time. The CPPA needed time to develop regulations implementing the new provisions, and businesses needed time to build compliance programs for obligations that went well beyond the original CCPA framework.

Between 2021 and 2025, the CPPA conducted extensive rulemaking, issuing draft regulations, holding public hearings, accepting comments, and refining requirements. The first major package of final regulations was adopted in March 2023 and became effective in August 2023. These regulations operationalized core CCPA/CPRA requirements around consumer requests, notices, opt-out mechanisms, service provider contracts, and dark patterns.

A second major regulatory package, covering cybersecurity audits, privacy risk assessments, automated decision-making technology (ADMT), and insurance company compliance, was adopted in July 2025 and took effect on January 1, 2026. These regulations introduced obligations that many organizations had not previously faced under California privacy law, including mandatory annual cybersecurity audits for businesses meeting certain thresholds and requirements to conduct risk assessments for high-risk processing activities.

The regulatory landscape continues to evolve. The CPPA has launched enforcement initiatives targeting data brokers, advertising-supported businesses, streaming services, and other sectors where consumer privacy risks are particularly acute. Legislative amendments continue to be proposed and enacted, addressing issues from children's privacy to browser-based opt-out mechanisms.

What This Book Covers and How to Use It

This book is designed to help organizations build and maintain effective CCPA/CPRA compliance programs. It covers the full spectrum of requirements and best practices, from determining whether the law applies to your organization through ongoing governance, auditing, and continuous improvement.

The book is organized into thirteen chapters plus this introduction and a concluding chapter. The structure follows a logical progression from foundational concepts through implementation and ongoing operations:

Chapters 1 through 3 establish the legal framework. Chapter 1 explains the sources of CCPA/CPRA law including the statute, regulations, official guidance, and enforcement precedent, along with key definitions that underpin the entire

legal regime. Chapter 2 addresses scope and applicability, helping organizations determine whether they are covered businesses and understanding how the law applies to different types of entities including service providers, contractors, and third parties. Chapter 3 details each consumer right in depth, explaining what it means, when it applies, the corresponding business obligations, and key exceptions.

Chapters 4 through 9 cover implementation methodology and core operational processes. Chapter 4 provides a step-by-step approach to applicability assessment, gap analysis, and building an implementation plan. Chapter 5 addresses data discovery, inventory, and mapping, which are foundational to all other compliance work. Chapter 6 covers privacy notices and consumer communication requirements across websites, applications, point of sale, and employment contexts. Chapter 7 focuses on opt-out mechanisms and preference management, including the Do Not Sell or Share link, Global Privacy Control, and technical implementation across platforms. Chapter 8 provides an operational playbook for handling consumer rights requests including intake, verification, processing workflows, deadlines, and documentation. Chapter 9 covers vendor management and third-party relationships, including due diligence, contractual requirements, and ongoing monitoring.

Chapters 10 through 12 address technical controls, security integration, and governance. Chapter 10 covers privacy by design principles, data minimization, technical architecture for compliance, and privacy-enhancing technologies. Chapter 11 explains the relationship between privacy compliance and cybersecurity, including security obligations under CCPA/CPRA, breach notification requirements, and incident response procedures. Chapter 12 addresses privacy governance programs, including roles and responsibilities, metrics and reporting, internal audits, control testing, and enforcement preparedness.

Chapter 13 brings everything together with practical implementation scenarios for different organization types including small businesses, SaaS providers, e-commerce companies, advertising-supported businesses, and organizations operating across multiple jurisdictions. It also addresses common compliance failures and provides practical solutions.

The conclusion synthesizes the book's core message and addresses future regulatory developments.

Throughout the book, legal claims are carefully attributed to specific statutory sections, regulatory provisions, or official guidance documents. Manda-

tory requirements are distinguished from recommendations and best practices. Where areas of legal uncertainty exist, they are identified explicitly. The book includes tables, checklists, process flows, example documentation, and realistic implementation scenarios designed to help practitioners execute effectively.

You do not need to read this book linearly. Privacy professionals can use it as a reference, jumping to chapters relevant to their current work. Executives and managers may want to start with the introduction, Chapters 1 and 2 for legal context, Chapter 4 for implementation planning, and Chapter 12 for governance considerations. Technical teams will find detailed guidance in Chapters 7, 8, and 10. Legal and compliance teams will use Chapters 3, 6, 9, and 11 extensively.

The book assumes professional sophistication but not legal expertise. It is written for practitioners who need to execute, not just understand theory. Where specialized legal judgment is required, the book flags this and recommends consultation with qualified counsel.

The Cost of Noncompliance and the Value of Getting It Right

Understanding what is at stake helps justify the investment in building a robust compliance program. The costs of noncompliance under CCPA/CPRA fall into several categories.

Regulatory penalties are the most direct cost. The CPPA can impose civil penalties of up to $2,500 per violation and up to $7,500 per intentional violation or violation involving minors. In practice, enforcement actions have resulted in settlements ranging from tens of thousands of dollars for smaller violations to millions for systemic failures. The Tractor Supply settlement at $1.35 million was the CPPA's largest administrative fine as of late 2025. The California Attorney General's $2.75 million settlement with Disney represents the largest CCPA enforcement action overall. These penalties are not one-time costs. They often come with injunctive requirements mandating ongoing compliance measures, annual certifications, and continued oversight for multiple years.

Private litigation adds another layer of financial exposure. The CCPA's private right of action for data breaches allows consumers to seek statutory damages between $100 and $750 per consumer per incident when their nonencrypted personal information is compromised as a result of inadequate

security measures. For breaches affecting hundreds of thousands or millions of consumers, the potential liability can reach into the tens or hundreds of millions of dollars. While courts have grappled with interpretation questions around this provision, it remains a significant risk factor for organizations experiencing security incidents.

Remediation costs are often overlooked but can be substantial. Organizations caught out of compliance frequently face urgent pressure to implement corrective measures, which is more expensive than planned implementation. Emergency vendor contract renegotiations, rushed technical implementations, and crisis-mode consulting engagements all cost more than structured programs built over time. The Tractor Supply settlement required the company to conduct annual reviews of third-party data sharing relationships, perform quarterly website scans for tracking technologies, maintain an inventory of tracking tools, and post privacy request metrics publicly for five years. These are ongoing obligations that represent significant operational costs.

Reputational damage is harder to quantify but potentially more damaging than direct financial penalties. Privacy violations make headlines. Consumer trust, once lost, is difficult to rebuild. In markets where competitors can differentiate themselves through strong privacy practices, failing on compliance can mean losing customers to organizations that treat data responsibly.

Against these costs stands the value of getting compliance right. A well-designed CCPA/CPRA program does more than avoid penalties. It creates organizational capabilities that have broader business value:

- Accurate data inventories and maps improve overall data governance, helping organizations understand what data they have, where it is, how it flows, and whether it is being used appropriately
- Strong vendor management practices reduce third-party risk across multiple dimensions including security, compliance, and operational resilience
- Robust consumer rights processes improve customer service and demonstrate respect for individual privacy preferences
- Privacy-by-design principles lead to cleaner data architectures, reduced storage costs, and lower exposure in the event of a breach
- Effective governance structures create accountability mechanisms that benefit not just privacy compliance but broader risk management

The organizations that treat CCPA/CPRA compliance as a strategic initiative rather than a regulatory burden tend to realize these benefits most fully. They build programs that are integrated into business operations, supported by executive leadership, and continuously improved based on changing requirements and organizational learning. That is the approach this book encourages.

Chapter 1: Understanding the Legal Framework

Sources of CCPA/CPRA Law: Statute, Regulation, and Guidance

Effective CCPA/CPRA compliance requires understanding not just what the law says but where its requirements come from and how different sources interact. The California privacy legal framework consists of four primary layers: the statute itself, implementing regulations, official guidance from enforcement agencies, and enforcement precedent from administrative orders and court decisions. Each layer has a distinct role and authority level.

The foundation is the statute. The California Consumer Privacy Act of 2018 is codified in California Civil Code sections 1798.100 through 1798.199.100, organized as Title 1.81.5 of the Civil Code. When California voters approved Proposition 24 (the CPRA) in November 2020, they did not create a separate law. They amended the existing CCPA statute extensively, adding new sections and modifying existing ones. The result is a single statutory framework that incorporates both the original CCPA provisions and all CPRA amendments.

The current operative version of the statute reflects amendments through the 2025 legislative session, including changes from AB 3286 (which adjusted certain implementation timelines), AB 137 (which modified penalty fund allocations effective June 30, 2025), and SB 361 (which expanded data broker registration requirements). The California Privacy Protection Agency publishes an updated version of the consolidated statute annually. As of this writing, the operative version is dated January 1, 2026.

Statutory provisions have direct legal force. When the statute says a business shall do something, that is a mandatory requirement. When it says may, that is permissive. Ambiguities in statutory language are often resolved through regulations, guidance, or enforcement actions.

The second layer consists of implementing regulations adopted by the CPPA under authority delegated by the statute. These regulations are codified in

Title 11 of the California Code of Regulations, beginning at section 7000. The regulations have the force of law and carry the same legal weight as the statute itself when properly promulgated through California's administrative rulemaking process.

The CPPA's first major regulatory package was adopted in February 2023 and became effective on August 29, 2023. These regulations covered core operational requirements including:

- Consumer request procedures (Article 5)
- Required notices and disclosures (Article 2)
- Opt-out mechanisms (Articles 6 and 7)
- Service provider and contractor contracts (Article 8)
- Dark patterns and user experience requirements (Article 4)

The second major package, adopted in July 2025 and effective January 1, 2026, added regulations covering:

- Cybersecurity audits (Article 9)
- Privacy risk assessments (Article 10)
- Automated decision-making technology (ADMT) requirements (Article 11)
- Insurance company compliance clarifications
- Updates to existing provisions

The regulatory process in California is formal and transparent. Proposed regulations go through notice-and-comment periods, public hearings, and review by the California Office of Administrative Law (OAL) before becoming final. The OAL checks that regulations are within the agency's statutory authority, consistent with governing law, and properly documented. This means CPPA regulations, once approved, are legally binding interpretations of the statute that businesses must follow.

The third layer is official guidance from enforcement agencies. Both the CPPA and the California Attorney General issue guidance documents including FAQs, enforcement advisories, and informational materials. Guidance does not have the same legal force as statute or regulation, but it signals how enforcement agencies interpret requirements and what they expect from businesses. Ignoring clear guidance increases enforcement risk even if the underlying requirement is debatable.

The CPPA has issued several notable enforcement advisories addressing topics such as data minimization principles (Enforcement Advisory 2024-01), opt-out request handling and identity verification considerations, and data broker registration requirements (Enforcement Advisory 2025-01). The California Attorney General maintains a CCPA FAQ page that addresses common questions about consumer rights and business obligations.

The fourth layer is enforcement precedent. Administrative orders from the CPPA Board resolving enforcement actions establish how the agency applies requirements in practice. Court decisions interpreting CCPA provisions, particularly around the private right of action for data breaches, shape legal understanding of ambiguous statutory language. While California follows a civil law tradition where precedent is not technically binding in the same way as common law jurisdictions, enforcement agencies and courts do look to prior decisions for guidance on interpretation questions.

Understanding these layers matters for implementation. When building compliance programs, practitioners should:

- Treat statutory requirements as mandatory obligations that must be met
- Treat regulations as equally mandatory operational specifications of how to meet those obligations
- Treat official guidance as highly informative signals of enforcement expectations
- Track enforcement actions and court decisions for practical interpretation of ambiguous requirements

When sources conflict, the hierarchy is clear: statute overrides regulation, regulation overrides guidance. If a regulation appears to exceed statutory authority, it may be challenged through administrative or judicial review, but until such a challenge succeeds, businesses are generally expected to comply with the regulation as written.

The California Privacy Protection Agency and Its Role

The California Privacy Protection Agency (CPPA) is the first dedicated state privacy enforcement agency in the United States. It was created by the CPRA and became operational in 2021 after a multi-phase staffing process. In 2025, the agency rebranded as CalPrivacy while retaining CPPA as its legal name.

The CPPA has three primary functions: rulemaking, enforcement, and education. Each function affects how businesses should approach compliance.

Rulemaking authority allows the CPPA to adopt regulations necessary to implement the CCPA/CPRA. The statute explicitly delegates this authority for many provisions, specifying that the agency shall or may adopt regulations addressing particular topics including consumer request procedures, identity verification standards, opt-out mechanisms, service provider contracts, cybersecurity audits, risk assessments, and ADMT requirements. The rulemaking process is resource-intensive and time-consuming, typically taking one to three years from initial proposal to final adoption. Businesses should monitor CPPA rulemaking activities because new regulations can introduce significant compliance obligations on relatively short notice once finalized.

The CPPA's Enforcement Division has authority to investigate potential violations, conduct audits, and bring administrative enforcement actions against businesses. The division can issue subpoenas, demand documents, interview witnesses, and examine business practices. When the agency finds violations, it can impose civil penalties and require corrective measures through stipulated final orders or board decisions.

The CPPA's enforcement approach has evolved since the agency became operational. Early activities focused on establishing capabilities, developing investigation procedures, and conducting informational outreach to businesses. Beginning in 2024, the agency launched its first major enforcement actions, targeting data brokers for registration failures and then moving to broader compliance investigations across multiple sectors.

Key enforcement characteristics include:

- The CPPA can investigate violations that occurred before January 1, 2023 (when it assumed primary enforcement authority), as confirmed in the Tractor Supply settlement where the agency acknowledged broad investigative authority extending back to when the CCPA took effect
- The agency has pursued both consumer-complaint-driven investigations and proactive sweeps targeting specific industries or practices
- Settlements typically combine monetary penalties with injunctive requirements mandating ongoing compliance measures, annual certifications, and public reporting
- The CPPA coordinates with other state privacy regulators, as demonstrated by joint investigative sweeps with Colorado and Connecticut

attorneys general targeting GPC compliance

The California Attorney General retains parallel enforcement authority under the CCPA. The AG's office can bring civil actions for violations and has done so, particularly around data breach private right of action cases and major consumer protection investigations. Both agencies can pursue the same violation, though in practice they tend to coordinate to avoid duplicative actions.

The education function involves public outreach to both consumers and businesses about CCPA/CPRA rights and obligations. The CPPA maintains a website with regulatory materials, FAQs, enforcement announcements, and informational resources. It also conducts webinars, publishes guidance documents, and engages with industry groups during rulemaking processes.

For compliance practitioners, the practical implications are:

- Monitor CPPA rulemaking activities regularly for new or modified requirements
- Treat enforcement advisories as early signals of areas where the agency expects to focus attention
- Build programs that would withstand scrutiny from a knowledgeable examiner, not just minimal checkbox compliance
- Maintain documentation demonstrating good-faith compliance efforts, which can be relevant in enforcement proceedings

Key Definitions: Personal Information, Consumer, Business, Service Provider, Contractor

The CCPA/CPRA's requirements turn on specific definitions. Understanding these terms precisely is essential for determining applicability and obligations. The statute defines key terms in Civil Code section 1798.140.

Consumer. A consumer is defined as a natural person who is a California resident. This definition has important implications:

- Only natural persons qualify. Businesses, organizations, and other legal entities are not consumers under the CCPA/CPRA

- The person must be a California resident. California uses a broad residency test that includes both individuals domiciled in California and those present in California for other than temporary or transitory purposes
- A consumer's rights apply to their own personal information, not to information about other people

Personal Information. Personal information is defined broadly as information that identifies, relates to, describes, is capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular consumer or household. This definition encompasses eleven specific categories:

1. Identifiers such as real name, alias, postal address, unique personal identifier, online identifier, internet protocol address, email address, account name, social security number, driver's license number, passport number
2. Categories of personal information listed in California Civil Code section 1798.80(e) including name, signature, Social Security number, physical characteristics, address, telephone number, passport number, driver's license or state identification card number, insurance policy number, education, employment, employment history, bank account number, credit card number, debit card number, and any other financial information
3. Commercial information including records of personal property, products or services purchased, obtained, or considered, or other purchasing or consuming histories or tendencies
4. Biometric information such as genetic, physiological, behavioral, or biological characteristics used for identification
5. Internet or other electronic network activity information including browsing history, search history, and information regarding a consumer's interaction with an internet website, application, or advertisement
6. Geolocation data describing the physical location of a consumer or device
7. Audio, electronic, visual, thermal, olfactory, or similar information including video footage, audio recordings, or images captured in physical spaces
8. Professional or employment-related information including current or past job history, performance evaluations, or compensation details
9. Education information not publicly available under federal law (FERPA)
10. Inferences drawn from any of the above categories to create a profile about a consumer reflecting preferences, characteristics, psychological trends, predispositions, behavior, attitudes, intelligence, abilities, and aptitudes

11. Sensitive personal information, which is defined separately with heightened protections

The breadth of this definition means that most information an organization collects about individuals likely qualifies as personal information under the CCPA/CPRA. Even seemingly innocuous data points like IP addresses, device identifiers, and browsing patterns fall within scope.

Certain information is explicitly excluded from the personal information definition:

- Publicly available government records
- Deidentified or aggregated consumer information that cannot be reasonably associated with a particular consumer or household
- Information lawfully made available from federal, state, or local government records (subject to specific conditions)

Business. A business under the CCPA/CPRA is defined as a for-profit legal entity that:

- Collects consumers' personal information
- Alone or jointly with others determines the purposes and means of processing that personal information
- Does business in California
- Meets at least one of three thresholds:
  - Annual gross revenues exceeding $25 million (adjusted annually for inflation; the threshold was approximately $26,625,000 for 2025-2026)
  - Annually buys, receives for commercial purposes, sells, or shares personal information of 100,000 or more consumers or households (raised from 50,000 by the CPRA)
  - Derives 50 percent or more of annual revenues from selling or sharing consumers' personal information

The revenue threshold is measured on January 1 of each calendar year based on the preceding calendar year. The data volume threshold counts California consumers and households, not total consumers worldwide. The revenue-from-sales threshold captures organizations whose business model centers on data monetization even if they have modest overall revenues.

A business that controls or is controlled by a covered business is also subject to CCPA/CPRA requirements regardless of its own thresholds. Control is defined as owning or controlling more than 50 percent of the voting securities or assets of another entity, or having the power to direct management and policies.

Service Provider. A service provider is any person or legal entity that processes personal information on behalf of a business under a written contract. The key characteristics are:

- The service provider receives personal information from or on behalf of the business
- Processing is done for specified business purposes listed in the contract
- The service provider is prohibited by contract from retaining, using, or disclosing the personal information for any purpose other than performing the contracted services
- The service provider cannot sell or share the personal information it processes

Service providers are not considered third parties under the CCPA/CPRA. Transfers of personal information to a properly contracted service provider do not constitute a sale or sharing requiring consumer opt-out consent. However, if a service provider uses data beyond the scope of its contract, it may be reclassified as a third party, triggering additional obligations for the business.

Contractor. The CPRA introduced contractor as a distinct category alongside service provider. A contractor is any person or legal entity to which a business makes personal information available for a specified business purpose under a written contract. The distinction between contractor and service provider is subtle but important:

- Service providers process information on behalf of the business (the business is using the data through the provider)
- Contractors use information for their own purposes, but those purposes are limited by contract to specified business purposes that benefit the business

Contractors have slightly stricter contractual requirements than service providers. They must certify that they understand CCPA/CPRA restrictions

and permit the business to verify compliance. Both categories require written contracts with specific provisions prohibiting unauthorized sale, sharing, or secondary use of personal information.

Understanding these definitions is foundational because nearly every CCPA/CPRA obligation turns on whether an entity qualifies as a business, whether data qualifies as personal information, and how relationships with other entities are classified. Misclassification can lead to compliance gaps that enforcement agencies view seriously.

Sensitive Personal Information: Definition and Special Rules

The CPRA introduced sensitive personal information (SPI) as a distinct category within the broader personal information definition. SPI receives heightened protections reflecting the greater harm potential if such data is misused, disclosed, or compromised.

Sensitive personal information includes personal information that reveals:

- Social Security number, driver's license number, state identification card number, or passport number
- Account log-in credentials, financial account numbers (debit or credit cards), or access codes allowing access to an account
- Precise geolocation data (more granular than city-level location)
- Racial or ethnic origin, religious or philosophical beliefs, union membership
- Contents of mail, email, and text messages unless the business is the intended recipient
- Genetic data
- Biometric information used for identification purposes

The CPPA's regulations expanded this definition to include:

- Personal information of consumers under 16 years of age
- Neural data (information derived from brain activity or neural signals)

Organizations processing SPI must meet several additional requirements beyond baseline CCPA/CPRA obligations.

First, notice at collection must specifically identify which categories of sensitive personal information are being collected and the purposes for which they are collected or used. The notice must also disclose whether the SPI is sold or shared with third parties.

Second, businesses that collect SPI must provide consumers with a mechanism to limit the use and disclosure of their sensitive personal information. This is implemented through a Limit the Use of My Sensitive Personal Information link on the business's homepage (in addition to the Do Not Sell or Share link) and through the same opt-out mechanisms used for sale/sharing requests.

When a consumer exercises this right, the business must limit its use and disclosure of SPI to purposes that are reasonably necessary for:

- Providing goods or services requested by the consumer
- Performing services on behalf of the consumer
- Ensuring data security and integrity
- Debugging products to maintain or improve functionality
- Short-term transient use (temporary processing that is not shared, retained beyond what's needed, or used to infer characteristics)
- Other purposes specified in regulations

Third, SPI triggers enhanced risk assessment requirements under the new CPPA regulations. Processing activities involving sensitive personal information are presumed to present significant risk to consumer privacy, requiring businesses to conduct formal risk assessments documenting how they identify, evaluate, and mitigate those risks.

Fourth, SPI is relevant to cybersecurity audit requirements. Businesses that process large volumes of SPI may be subject to mandatory annual cybersecurity audits depending on their overall processing activities and revenue levels.

Practical implementation considerations for SPI include:

- Identifying all collection points where SPI is gathered, including forms, APIs, tracking technologies, and third-party data sources
- Ensuring privacy notices clearly distinguish SPI from other personal information categories

- Building technical controls that can enforce limitation requests across systems
- Training staff on the heightened sensitivity of this data and special handling requirements
- Reviewing vendor contracts to ensure SPI receives appropriate protections

What Is Sale, Sharing, Cross-Context Behavioral Advertising, and Targeted Advertising

The definitions of sale and sharing are among the most operationally significant in CCPA/CPRA compliance because they trigger opt-out requirements that affect how organizations use data for marketing, advertising, analytics, and business partnerships.

Sale. The CCPA defines sale broadly as selling, renting, releasing, disclosing, disseminating, making available, transferring, or otherwise communicating orally, in writing, or by electronic or other means, a consumer's personal information by the business to a third party for monetary or other valuable consideration.

This definition is intentionally expansive. It captures not just traditional data sales where money changes hands but also transactions where value is exchanged indirectly. Examples include:

- Selling consumer lists to marketing companies
- Exchanging user data for advertising inventory
- Providing data to partners as part of joint marketing arrangements where each party receives value
- Using consumer data to generate revenue through targeted advertising

The definition has been clarified through regulations and enforcement actions to address specific scenarios. Transfers that do not constitute sales include:

- Disclosures to service providers or contractors under proper contracts for specified business purposes

- Transfers required by law or legal process
- Disclosures necessary to complete a transaction requested by the consumer
- Sharing within a corporate family under common ownership (subject to conditions)

Sharing. The CPRA added sharing as a distinct concept alongside sale. Sharing means disclosing or making available a consumer's personal information to a third party for cross-context behavioral advertising, through tracking the consumer across third-party websites, applications, or online services.

The key distinction is that sharing specifically relates to behavioral advertising practices where consumer data is used to track and target individuals across different digital properties owned by different entities. Sharing can occur without monetary consideration being exchanged directly between the parties.

Cross-Context Behavioral Advertising. This term refers to targeting advertising to a consumer based on personal information obtained from the consumer's activity across businesses, distinctly branded websites, applications, or services, other than the business presenting the advertisement. In practical terms, this is what happens when:

- A user visits an online retailer and later sees ads for those products on unrelated websites
- An advertising platform builds a profile of a user based on browsing patterns across multiple sites and uses that profile to serve targeted ads
- Tracking pixels or cookies collect data about a user's behavior on one site and transmit it to advertisers who use it elsewhere

Cross-context behavioral advertising is explicitly included within the definition of sale under the CCPA as amended. This means businesses engaging in these practices must provide opt-out mechanisms and honor consumer choices.

Targeted Advertising. Targeted advertising refers more broadly to using personal information to deliver advertisements tailored to an individual's interests, characteristics, or behavior. Not all targeted advertising constitutes a sale or sharing under CCPA/CPRA. First-party targeting where a business uses its own data about a consumer to show relevant ads on its own properties

generally does not qualify as sale or sharing unless the data is disclosed to third parties for cross-context behavioral advertising purposes.

The practical implications are significant for organizations using digital marketing, advertising platforms, analytics tools, and data partnerships:

- Any practice that involves disclosing personal information to third parties for valuable consideration must be evaluated against the sale definition
- Any practice involving tracking consumers across third-party properties for advertising purposes likely constitutes sharing
- Both sale and sharing require opt-out mechanisms and consumer notices
- Service provider and contractor relationships can exclude certain data flows from sale/sharing classification if properly structured

Organizations should map all their data-sharing practices systematically, classify each flow according to these definitions, and ensure appropriate legal frameworks and consumer choices are in place.

Exemptions and Carve-Outs

The CCPA/CPRA includes numerous exemptions that exclude certain entities, activities, or types of information from its requirements. Understanding these exemptions is important both for determining applicability and for avoiding unnecessary compliance efforts on exempted data.

Federal Statute Exemptions. Section 1798.145 exempts personal information collected, processed, sold, or disclosed pursuant to three major federal privacy frameworks:

- HIPAA (Health Insurance Portability and Accountability Act) and the California Confidentiality of Medical Information Act (CMIA): Protected health information regulated by these laws is exempt from CCPA/CPRA requirements. This exemption applies only to entities that are covered entities or business associates under HIPAA and only to information that qualifies as protected health information
- GLBA (Gramm-Leach-Bliley Act) and implementing regulations: Financial information collected by financial institutions subject to GLBA is exempt. However, the exemption is entity-based rather than data-based, meaning a financial institution's non-financial data may still be subject to CCPA/CPRA

- FCRA (Fair Credit Reporting Act): Consumer reports and related data regulated by FCRA are exempt

Law Enforcement and Legal Process. Businesses are not restricted from complying with federal, state, or local laws. They may disclose personal information in response to civil, criminal, or regulatory inquiries, investigations, subpoenas, or summons by government authorities.

Evidentiary Privileges. The CCPA/CPRA does not override attorney-client privilege, doctor-patient privilege, or other evidentiary privileges under California law. Businesses may withhold privileged information from consumer access requests.

Research Exemptions. Information used for scientific, historical, or statistical research in compliance with applicable federal and state law may be exempt from certain requirements including deletion requests, subject to conditions about anonymization and research integrity.

Deletion Request Exceptions. Section 1798.105(d) specifies circumstances where businesses are not required to comply with deletion requests even for otherwise covered personal information:

- Completing the transaction for which the information was collected
- Providing a good or service requested by the consumer
- Detecting security incidents and protecting against malicious, deceptive, fraudulent, or illegal activity
- Debugging products to identify and repair errors
- Exercising free speech rights or enabling other users to exercise those rights
- Complying with legal obligations
- Engaging in public or peer-reviewed scientific, historical, or statistical research
- Enabling internal uses reasonably aligned with consumer expectations based on the consumer's relationship with the business
- Complying with a contractual requirement necessary for providing a product or service requested by the consumer

Other Notable Exemptions:

- Governmental entities acting in their official capacity are not businesses under the CCPA/CPRA

- Nonprofit organizations are not covered unless they meet the definition of business and engage in commercial activities
- Certain B2B information and employee/applicant data had temporary exemptions that have largely expired, though some provisions continue to apply

Organizations should carefully evaluate whether any exemptions apply to their specific operations. Exemptions are often narrow and fact-specific. Relying on an exemption without proper analysis can result in compliance gaps if the exemption does not actually cover the situation.

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