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**SENATE JOINT RESOLUTION NO. 513**  
**AMENDMENT IN THE NATURE OF A SUBSTITUTE**  
 (Proposed by the House Committee on Rules  
 on February 22, 1999)

(Patron Prior to Substitute—Senator Lucas)

*Encouraging and supporting industries engaged in Internet-based commerce to regulate themselves and suggesting means by which they may do so.*

WHEREAS, the Internet is the very centerpiece of the Information Revolution; and

WHEREAS, the Commonwealth of Virginia is the capital of the Internet; and

WHEREAS, it is appropriate that Virginia take the lead in establishing model policies that will empower its citizens to reap the full benefits of the Internet; and

WHEREAS, since the Internet is at once global, national, and local in scope and impact, sound state-level policy is essential for the Internet to reach its full potential in bringing revolutionary new benefits to communications, education, and commerce; and

WHEREAS, the combination of technologies employed within the Internet may not be amenable to regulation in the sense that has been used in industries such as traditional telephony and broadcast radio and television; and

WHEREAS, as a medium that facilitates a broad range of governmental, educational, commercial, and individual interactions with a low barrier to entry, the Internet is driven by competition in technology utility and customer satisfaction; and

WHEREAS, sound Internet policy should, therefore, take advantage of market-driven solutions to public interest concerns to the maximum extent possible; and

WHEREAS, only where there is a consistent, demonstrated market failure should more traditional regulatory mechanisms be employed and even these, when deemed necessary, should focus on empowering individuals, corporations, and organizations to use technology and existing law and regulations to protect their interests; and

WHEREAS, in order to avoid a consistent, demonstrated market failure and the imposition of traditional regulatory mechanisms on the Internet, effective industry self-regulation of Internet-based consumer commerce must be encouraged and supported; and

WHEREAS, among the means by which effective industry self-regulation of Internet-based consumer commerce could be achieved are: (i) an industry-wide program of voluntary certification of fair, honest and of consumer-friendly business practices easily identified by the use of "seals" or other logs, (ii) conspicuous displays of disclaimers and other legal conditions in easy-to-understand language, and (iii) appropriate use and enforceability of "Web-wrap" or "click-wrap" agreements, by which the design of a website requires a visitor to signify by a mouse click his understanding and acceptance of certain terms and conditions before placing an order; and

WHEREAS, another means by which effective industry self-regulation of Internet-based consumer commerce could be achieved is for companies to inform consumers about their specific privacy policies concerning the collection and use of personal data in a manner that includes the following elements: (i) providing clear and conspicuous notice of information practices; (ii) stating the purposes for which personal data is collected when or before it is collected; (iii) limiting the collection of information to that which is necessary and relevant as articulated in the notice; (iv) maintaining the accuracy, completeness, and timeliness of personal information; (v) retaining information only as long as necessary to fulfill the purposes for which it was collected; (vi) offering consumers the opportunity to opt out of the use or disclosure of their personal information where such use or disclosure is unrelated to the purposes for which it was collected; (vii) when technically feasible and economically reasonable, providing consumers with access to data about themselves for the purpose of ensuring accuracy; (viii) establishing appropriate procedures and technical measures to safeguard the security of personal information; (ix) taking special steps to protect the privacy of children under 13 years of age; and (x) providing meaningful enforcement mechanisms; and

WHEREAS, another means by which effective industry self-regulation of Internet-based consumer commerce could be achieved is for industry to provide "one click away" access to filtering software for all of their subscribers and to conduct an ongoing public education campaign on the availability and use of this technology; now, therefore, be it

RESOLVED by the Senate, the House of Delegates concurring, That industries engaged in Internet-based commerce be encouraged and supported to regulate themselves. Such industries are also encouraged to consider and use the methods set forth in this resolution to regulate themselves; and, be it

RESOLVED FURTHER, That the Clerk of the Senate transmit a copy of this resolution to the Chairman of the Governor's Commission on Information Technology in order that he may be apprised of

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**60** the sense of the General Assembly in this matter.