

September 9, 2024

Committee on Economic, Capital, and Technology Development  
121 N LaSalle Street  
Chicago, IL 60602  
[ECTD@cityofchicago.org](mailto:ECTD@cityofchicago.org)

**Re: Ordinance 2-68-050, *Data Residency Requirements for City Data***

Dear Members of the Committee:

The Software & Information Industry Association (SIIA) urges the City Council of the City of Chicago to reject Ordinance 2-68-050, *Data Residency Requirements for City Data* (“the Ordinance”). SIIA is the principal trade association for those in the business of information, including its aggregation, dissemination, and productive use. Our members include roughly 375 companies reflecting the broad and diverse landscape of digital content providers and users in academic publishing, education technology, and financial information, along with creators of software and platforms used worldwide, and companies specializing in data analytics and information services.

The Ordinance would represent a shift in City policy toward data localization, something unprecedented in the United States. We believe the Ordinance would have significant unintended consequences. Chief among these are decreased cybersecurity protections and a reduction in the general efficiency of data storage practices that accompany localization. The Ordinance would also lead to an increase in data storage costs that will hurt the City’s revenue base.

First, the Ordinance would increase the risk that City data could be exposed to cybersecurity incidents. By centralizing all City data in centers located within the City or the state, rather than taking advantage of hyperscale cloud computing solutions, the Ordinance would in effect put a target on the local data centers readily knowable by a malicious actor. A significant percentage of cloud breaches target on-premises or localized systems as the weakest link. As such, the approach incentivized by the Ordinance would weaken the protection of all City data storage. It would also reduce the ability of service providers to use innovative technologies to improve cybersecurity protections and implement efficient data storage methods that can reduce costs.

Second, localizing data as provided for in the Ordinance would actually increase the City's storage costs in several ways. Currently, data centers can reduce costs to customers by providing economies of scale. Requiring that data be stored locally would require increased costs to create local architectures and infrastructure to store data, which increases storage costs. This will inevitably have a negative impact on the City's costs, hurting the goal of increasing the City's revenue.

Thank you for considering our views. We would be happy to discuss any of these issues further with you, if helpful.

Respectfully submitted,

Paul Lekas

Senior Vice President, Head of Global Public Policy and Government Affairs  
Software & Information Industry Association

