

A Vermont Databanking Pilot

A licensed personal-data custodian, tested under Vermont state law

Dr Dan Protopopescu, University of Glasgow, UK | databanking.org | October 2026

Organisations rarely need a copy of a person's data. They need an answer derived from it. Vermont already licenses custodians of personal information under a fiduciary duty, and its new laws require proportionate collection and privacy-minded age assurance. This pilot proposes replacing the inspection of identity documents with a query to a licensed custodian of the person's choosing.

— The model

Databanking keeps personal data with a regulated custodian, a Databank, which is barred by law from analysing what it holds. The relying organisation submits an authorised computation, and the Databank returns only a bit-scarce result under an auditable leakage budget. Individuals choose their Databank, can move their account to another on a standardised schema, and receive a share of every access fee. The model is set out in the [Databanking whitepaper](#).

— What Vermont already has

Since 2018 Vermont law has provided for personal information protection companies, licensed by the Department of Financial Regulation to hold and manage a consumer's personal information under a fiduciary duty to that consumer. The Data Privacy and Online Surveillance Act, signed on 16 June 2026, limits collection from 2028 to what is reasonably necessary and proportionate, and the Attorney General's Office is finalising age-assurance rules under the Age-Appropriate Design Code, in force from 2027.

— What it does not yet have

Age is still established by showing a document, so a clerk reads a whole licence to learn one fact. The licence for personal information protection companies provides the custodian and its duty, but not

the conditions that make a custodian a Databank: answers in place of disclosure, no analysis of what it holds, an account of every query, portability, and a share of each fee.

Each step up the ladder of age-assurance methods buys accuracy with disclosure.

— The proposal

A person's date of birth, verified with the Department of Motor Vehicles, is held in an account with a licensed custodian the person chose. A business that needs to know whether the person is 21 or over asks the custodian and receives a signed yes or no. Every query appears on the person's statement, and a share of each access fee is credited to them. Two custodians operate from the start, so that choice, switching and portability can be observed.

— Lead use case: age assurance

From 2027 online services within the design code must establish whether users are minors by privacy-minded methods, collecting only what is strictly necessary. A Databank answer gives a credential's certainty about the holder's age with less disclosure than self-declaration, and leaves the business no identity document or date of birth to hold. Where the law and the regulators allow it,

the same answer could replace the inspection of a licence for sales of alcohol, cannabis and tobacco: the customer taps a phone or linked payment card, and the cashier sees only a signed yes or no.

The customer shows no document, and the business keeps none.

— Why Vermont

The licence class already exists, so **the pilot can begin with an application.** Like a captive insurer, of which Vermont has more than 700, a personal information protection company must be domiciled in Vermont while serving consumers anywhere.

— What it would take to start

The only commitments needed at this stage are those that allow scoping and design to begin. None involves legislation, statewide deployment or funding.

From the State of Vermont

- 1 A scoping meeting with the Department of Financial Regulation, the Attorney General's Office, the Department of Motor Vehicles and the alcohol and cannabis regulators.
- 2 Agreement in principle from the Department of Financial Regulation to examine licence applications from two pilot custodians.
- 3 A named contact at the Attorney General's Office on whether a Databank answer can serve as privacy-minded age assurance.
- 4 Agreement in principle from the Department of Motor Vehicles to verify dates of birth at the holder's request.

The new laws take effect in 2027 and 2028, while businesses are deciding how to comply.

— What the pilot would test

Institutional. Can a licensed fiduciary custodian hold a credible separation between custody and exploitation?

Market. Will adults open an account so as not to show a document, and will businesses pay for a one-bit answer?

Regulatory. Can the Attorney General accept a Databank answer as privacy-minded age assurance and proportionate collection?

From the General Assembly

- 1 A briefing for the House and Senate committees that considered S.71 and the Age-Appropriate Design Code, so that the committees can follow, as the pilot runs, how their laws work in practice.

The licence, the fiduciary duty and the proportionality standard are already Vermont law.

Can Vermont demonstrate, under laws it has already enacted, that a business can establish a person's age from a one-bit answer instead of an identity document, where the record is held by an independent custodian, licensed by the state, that the person chose and can change?

Full proposal: databanking.org/pilots/Vermont.html | Enquiries: contact@databanking.org