



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 162** SLS 23RS 250
 Bill Text Version: **ENROLLED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: June 7, 2023 6:18 PM **Author:** MCMATH
Dept./Agy.: Attorney General **Analyst:** Daniel Druilhet
Subject: Secure Online Child Interaction and Age Limitation Act

COMMERCIAL REGULATIONS EN INCREASE GF EX See Note Page 1 of 1
 Creates the Secure Online Child Interaction and Age Limitation Act. (8/1/23)

Proposed law creates the Secure Online Child Interaction and Age Limitation Act. Proposed law provides that a social media company (SMC) shall not permit a Louisiana (LA) resident who is a minor under the age of 16 to (1) hold social media accounts (SMA) on a SMC platform unless the minor has express consent of a parent or guardian or (2) hold or open an account on a SMC platform if the minor is ineligible to hold or open an account under any other provision of state or federal law; requires SMCs to make commercially reasonable efforts to verify the age of LA SMA holders and imposes rules related to age verification of each SMA holder; mandates that the Attorney General (AG) promulgate rules by which SMCs may meet age verification requirements under the Administrative Procedure Act, enforce all violations, and compile an annual report that evaluates liability and enforcement. Proposed law provides that the AG may impose an administrative fine of up to \$2,500 for each consumer complaint related to violations of proposed law, and that a court may order profits, gains, gross receipts, or benefit from a violation to be forfeited and paid to the aggrieved person; provides that a person who violates an administrative or court order issued for violations pursuant to the AG's enforcement of proposed law will be subject to a civil fine of \$5,000 for each violation; provides that its implementation shall be effective July 1, 2024, and subject to appropriation of funds by the legislature.

EXPENDITURES	2023-24	2024-25	2025-26	2026-27	2027-28	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						

REVENUES	2023-24	2024-25	2025-26	2026-27	2027-28	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						

EXPENDITURE EXPLANATION

Proposed law will result in an indeterminable increase in SGF expenditures in the Louisiana Department of Justice (Attorney General). The Attorney General (AG) estimates that a minimum of 4 lawyers would be required in addition to 1 administrative personnel and 1 forensic investigator (at a cost of \$774,346 in FY 2024), all who would be required to meet basic competency in data privacy law and issues immediately in order to promulgate rules under the American Privacy Act and prepare for enforcement. This cost is comprised of salaries (\$455,000), related benefits (Medicare - \$6,598, Retirement - \$186,641, Health Insurance - \$46,482), travel (\$7,500), supplies (\$3,000), operating expenses (\$42,000) and acquisitions (\$27,125). The AG also estimates that it will need more personnel once enforcement of the proposed law begins.

Currently, the AG is staffed with 186 attorneys, of which 5 are currently staffed in its Public Protection Unit (PPU) and handle aspects of all litigation in 60 enforcement actions, along with other obligations. The AG indicates that currently no attorneys staffed within the PPU that are responsible for promulgating regulations for SMCs or data privacy. The PPU also does not have specific investigators tasked with forensic investigation of SMCs, which would be required to provide the requisite evidence needed to prosecute a claim.

The AG's estimate for 4 attorneys, 1 forensic investigator, and 1 administrative personnel was based on conversations with the Utah Attorney General and Office of Consumer Protection's request of an additional 20 full time employees to handle an anticipated workload of complaints and enforcement actions from enactment of the Utah Social Media Regulation Act (similar legislation enacted in Utah). Considering also that census data indicates that there are over 1 million minors in Louisiana, if only 1% of parents of minors who would be impacted by the proposed legislation would submit a complaint, 10,000 new investigations would result, which would require the PPU to investigate and prosecute each complaint if evidence is found. This would result in the necessity for securing more staff.

Note: The LFO cannot corroborate that the workload necessitated by this measure will require the number of personnel detailed by the Attorney General. The LFO anticipates that staffing will need to be scaled up or down based on the following factors: the number of minors who use social media platforms, the number of social media platforms that each minor uses, whether social media companies impacted will comply with proposed law if enacted, and how many complaints will be registered as a result of proposed law's enactment.

REVENUE EXPLANATION

Proposed law may result in an indeterminable increase in SGR as a result of administrative and civil fines that may be generated by the Attorney General. The Director of the Attorney General's Commercial Division is allowed to bring an action in court or via the Administrative Procedure Act to enforce any provision of the proposed law. The exact fiscal impact of the passage of this legislation on Attorney General SGR is indeterminable because the number of violations pursued and the resulting fines generated from either administrative enforcement or civil action is unknown.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Evan Brasseaux
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 Interim Deputy Fiscal Officer