



LEGISLATIVE FISCAL OFFICE
Fiscal Note

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

Date: May 19, 2023	2:06 PM	Author: MCMATH
Dept./Agy.: Attorney General		Analyst: Daniel Druilhet
Subject: Secure Online Child Interaction and Age Limitation Act		

COMMERCIAL REGULATIONS RR 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 beginning March 1, 2024, a social media company (SMC) shall not permit a Louisiana resident who is a minor 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. Proposed law imposes rules related to age verification of each SMA holder. Proposed law mandates that the Attorney General (AG) promulgate rules for SMCs to verify the age of potential users under the Administrative Procedure Act, make the rules available by March 1, 2024, give notice of these rules 90 days prior to taking action, 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 violation, and that a court may order profits, gains, gross receipts, or benefit from a violation to be forfeited and paid to the aggrieved person. Proposed law provides that a person who violates an administrative or court order issued for violations be subject to a civil fine of \$5,000 for each violation. Proposed law provides that its implementation shall be subject to appropriation of funds by the legislature.

EXPENDITURES	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>2027-28</u>	<u>5 -YEAR TOTAL</u>
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>	\$0
Annual Total						

REVENUES	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>2027-28</u>	<u>5 -YEAR TOTAL</u>
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>	\$0
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.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Evan Brasseaux

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