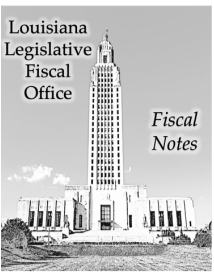


**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 295** HLS 26RS 880  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> May 1, 2026	3:50 PM	<b>Author:</b> GREEN
<b>Dept./Agy.:</b> Attorney General, Corrections, and Sheriffs		<b>Analyst:</b> Daniel Druilhet
<b>Subject:</b> Prohibits Development of AI Systems w/ Certain Capabilities		

TECHNOLOGY OR SEE FISC NOTE GF EX Page 1 of 2  
 Prohibits the development of artificial intelligence systems with certain capabilities involving interactions with minors

Proposed law prohibits any person from knowingly or recklessly designing, developing, or deploying an artificial intelligence (AI) chatbot with the capabilities to do any of the following - (1) solicit or induce a minor to engage in or simulate sexually explicit conduct, (2) create or transmit visual depictions of sexually explicit conduct for a minor, (3) encourage or coerce a minor to commit suicide, non-suicidal self-injury, or imminent physical or sexual violence; provides for a penalty of imprisonment for not more than one year, with or without hard labor, or a fine of no more than \$100,000, or both, for those in violation; provides for duties of covered entities and for required disclosures that are to be contained in the design, development, or deployment of AI chatbots; provides for civil penalties in an amount of no more than \$100,000 per violation; provides that the Attorney General is authorized to investigate violations of the proposed law, issue subpoenas, administer oaths, and compel the production of documents or testimony, seek injunctive relief, restitution and civil penalties, and promulgate rules and regulations necessary to implement the proposed law; provides that any party who is harmed by a violation of the proposed law may seek exemplary damages, reasonable attorney fees, and reasonable costs, in addition to damages available under La. C.C. Art. 2315.

EXPENDITURES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
<b>Annual Total</b>						
REVENUES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

The proposed law may result in an indeterminable increase in SGF expenditures in the Department of Public Safety & Corrections-Corrections Services and an indeterminable increase in workload in the Office of the Attorney General and district courts.

**Department of Public Safety and Corrections-Corrections Services**

Proposed law may result in an indeterminable increase in SGF expenditures in the Department of Public Safety & Corrections-Corrections Services (DPS&C-CS), to the extent that a person is convicted of knowingly or recklessly designing, developing, or deploying an artificial intelligence (AI) chatbot with the capabilities of soliciting or inducing a minor to engage in or simulate sexually explicit conduct, creating or transmitting visual depictions of sexually explicit conduct for a minor, or encouraging or coercing a minor to commit suicide, non-suicidal self-injury, or imminent physical or sexual violence. Proposed law is a relative felony, and any impact on either state or local expenditures is contingent on whether offenders sustain either a misdemeanor or felony-grade convictions for their violation. The exact fiscal impact to DPS&C-CS is indeterminable, as it is unknown how many people will be convicted or the length of the sentences assessed with those convictions as a result of its potential enactment. The maximum imprisonment term for violation of the proposed law is no more than one year.

To the extent that offenders sustain a felony-grade conviction for violation of the proposed law, DPS&C-CS will sustain an indeterminable increase in expenditures. For those convicted, sentenced, and then subsequently housed in a state facility, DPS&C-CS will sustain expenditures of \$107.60 per offender per day. For those housed in local facilities, DPS&C-CS will sustain expenditures of \$29.39 per offender per day. DPS&C-CS advises that impacts on offender populations are anticipated to impact the number of offenders held in local facilities, and that in managing its offender population, it seeks to fill all beds in state facilities first, then assigns overflow offenders to local facilities.

To the extent that offenders sustain a misdemeanor conviction for violation of the proposed law, local governing authorities will sustain Local Funds expenditures. The exact fiscal impact of the passage of this legislation to local governing authorities is indeterminable, since it is not known how many people will be convicted and incarcerated in local facilities, nor the length of the sentences assessed with those convictions as a result of its potential enactment.

[CONTINUED ON PAGE TWO]

**REVENUE EXPLANATION**

Proposed law may result in an indeterminable increase in Self-Generated Revenues in the Attorney General's (AG) office for civil penalties of up to \$100,000 from those covered entities in violation. The exact fiscal impact is indeterminable, because it is unknown the number of times the AG will pursue civil actions against violators. Proposed law may result in an indeterminable increase in local revenues generated from those convicted of its violation. The exact fiscal impact of the passage of this legislation is indeterminable because the fines that would be imposed on those convicted are optional, and the amount of the fines, if imposed, may vary.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input 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}

**Patrice Thomas**  
**Deputy Fiscal Officer**



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**CONTINUED EXPLANATION from page one:**

[CONTINUED FROM PAGE ONE]

**Attorney General and District Courts**

Proposed law may result in an increase in workload in the Office of the Attorney General (AG), to the extent that the AG pursues civil suits to seek injunctive relief or restitution and civil penalties for violations of the proposed law. The proposed law authorizes the AG to investigate violations of the proposed law, issue subpoenas, administer oaths, compel the production of documents or testimony, seek injunctive relief, restitution and civil penalties, and promulgate rules and regulations necessary for the proposed law's implementation. The exact fiscal impact to the AG is indeterminable, as it is unknown the number of instances in which the AG will pursue injunctions or civil penalties under the proposed law.

To implement the proposed law, the Department of Justice advises that they will require three (3) additional T.O. positions (an Assistant Attorney General with an initial salary of \$85,000, an Administrative Assistant with an initial salary of \$60,000, and an Investigator with an initial salary of \$77,000). These salaries will increase annually by 4% in the out years for market rate adjustments. Additionally, the department will require operating expenses consisting of travel, supplies, equipment, and office furniture to accommodate the new positions, and an automobile for the investigator. See below for a breakdown of the required expenditures.

<b>Expenditure Category</b>	<b>FY 27</b>	<b>FY 28</b>	<b>FY 29</b>	<b>FY 30</b>	<b>FY 31</b>
Salaries:	\$222,000	\$230,880	\$240,115	\$249,720	\$259,709
Related Benefits:	<u>\$106,923</u>	<u>\$110,000</u>	<u>\$113,200</u>	<u>\$116,528</u>	<u>\$119,989</u>
Total Personal Services:	\$328,923	\$340,880	\$353,315	\$366,248	\$379,698
Operating Expenses:	\$ 39,000	\$ 39,000	\$ 39,000	\$ 39,000	\$ 39,000
Equipment:	<u>\$ 72,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Total SGF Expenditures:</b>	<b>\$439,923</b>	<b>\$379,880</b>	<b>\$392,315</b>	<b>\$405,248</b>	<b>\$418,698</b>

**The Legislative Fiscal Office (LFO) cannot independently corroborate the need for an additional three T.O. positions within the Office of the Attorney General for investigation and litigation seeking injunctive relief, restitution, civil penalties, and overall enforcement of violations of the proposed law. To the extent implementation may be achieved through existing staff, realized costs may be less than reported. To the extent that the increase in workload differs from what is anticipated by the Attorney General, and existing staff are able to manage the increase, estimated expenditures may be lower than those provided in this fiscal note.**

Additionally, along with political civil litigation pursued by AGs, local courts may experience an increased caseload associated with the AG seeking injunctive relief and civil penalties and those parties harmed by violations of the proposed law seeking exemplary damages. The exact fiscal impact to Local funds expenditures by courts is indeterminable, as it is unknown the impact to caseload in local courts that will occur under the proposed law.

**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}

  
**Patrice Thomas**  
**Deputy Fiscal Officer**