

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4365H.01I
 Bill No.: HB 2157
 Subject: Internet and E-Mail; Children and Minors; Telecommunications
 Type: Original
 Date: February 5, 2024

Bill Summary: This proposal establishes standards to promote the safety of minors using the internet and social media.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue	(\$1,702,733)	(\$1,919,466)	(\$1,952,449)
Total Estimated Net Effect on General Revenue	(\$1,702,733)	(\$1,919,466)	(\$1,952,449)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Mental Health Trust Fund (0926)*	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown

*Fine proceeds and civil penalties collected by the Attorney General’s Office through enforcement of the Children’s Internet Safety Act are deposited into the Mental Health Trust Fund (§407.3018.11). Oversight assumes collections into the fund from this proposal could reach/exceed the \$250,000 threshold.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue (AGO)	18 FTE	18 FTE	18 FTE
Total Estimated Net Effect on FTE	18 FTE	18 FTE	18 FTE

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Local Government	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Sections 160.135, 160.145 & 160.261 Internet Safety Policy:

Officials from the **Department of Elementary and Secondary Education (DESE)** state Section 160.145 would have the following impact: DESE assumes that the department would be required to release a no cost RFP to invite vendors who specialize in grades 6-12 curriculum on social, emotional, and physical effects of social media, to provide districts with a list of approved vendors that meet the six criteria listed within the bill. This would require DESE to establish a workgroup to review and vet the submitted vendors in response to the RFP similar to the process followed for the literacy curriculum review and vendor approved list.

If a work group were established, the composition of the group could be comprised of a diverse membership including 22 individuals (one counselor and one school administrator from each of the nine RPDC regions, a representative from the Department of Mental Health, Department of Health and Senior Services, a representative from counselor preparation program, and school social worker representation) who would meet three times to review the materials. The estimated expenses of this would be \$42,950 based on the established reimbursement guidelines of reimbursement for hotel, meals, honorarium, mileage, and substitute pay.

Oversight received no fiscal impact responses from school districts or charter schools. Oversight will assume the provisions in these sections may have a fiscal impact on schools for additional costs to administer. Oversight will reflect this as a \$0 or (Unknown) cost to local schools.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, school districts were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

Sections 407.3010 – 407.3030 Children’s Internet Safety Act:

Officials from the **Attorney General’s Office (AGO)** state this proposal will increase personnel costs because the AGO would be required to establish a new complaint process and staff the program with new consumer advocates, investigators, attorneys, and support staff to review and investigate complaints. The AGO assumes the need for six (6) Assistant Attorneys General, six (6) Investigators, four (4) Advocates and two (2) support staff. The AGO assumes a cost for these additional eighteen (18) FTE to total approximately \$1.9 million per year from the General Revenue Fund.

Oversight has no information to the contrary; therefore we will reflect the additional FTE as estimated by the AGO. Oversight assumes the AGO may ‘ramp up’ their program as well as their expenses.

Officials from the **Office of the State Courts Administrator (OSCA)** state there may be some impact but there is no way to quantify that currently. Any significant changes will be reflected in future budget requests.

Oversight notes the Attorney General’s Office would be in charge of handling consumer complaints and can impose fines and civil penalties. The proceeds of the fines and civil penalties shall be deposited into the Mental Health Trust Fund (per §407.3018.11). Oversight notes the balance of the Mental Health Trust Fund (0926) at January 31, 2024 was \$5,443,035.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year’s legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
GENERAL REVENUE			
<u>Costs – DESE – 160.145 - work group expenses</u>	(\$42,950)	\$0	\$0

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
Costs – AGO – enforcing the Children’s Internet Safety Act (§407.3010 - §407.3030)			
Personal Service (18 FTE)	(\$866,667)	(\$1,060,800)	(\$1,082,016)
Fringe Benefits	(\$561,222)	(\$681,529)	(\$689,753)
Expense and Equipment	(\$231,894)	(\$177,137)	(\$180,680)
Total Costs – AGO	(\$1,659,783)	(\$1,919,466)	(\$1,952,449)
FTE Change - AGO	18 FTE	18 FTE	18 FTE
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>(\$1,702,733)</u>	<u>(\$1,919,466)</u>	<u>(\$1,952,449)</u>
Estimated Net FTE Change on General Revenue	18 FTE	18 FTE	18 FTE
MENTAL HEALTH TRUST FUND (0926)			
<u>Income</u> – AGO - fines and civil penalties imposed under Section 407.3018	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>
ESTIMATED NET EFFECT TO THE MENTAL HEALTH TRUST FUND (0926)	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
SCHOOL DISTRICTS			
Costs – School Districts §160.135 & §160.145 – potential additional expenses to adhere to new provisions	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
ESTIMATED NET EFFECT TO SCHOOL DISTRICTS	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>

FISCAL IMPACT – Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

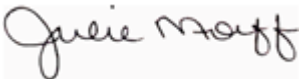
FISCAL DESCRIPTION

This bill modifies provisions relating to safety of minors on the internet, with penalty provisions.

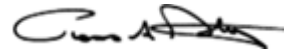
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Office of the State Courts Administrator
Attorney General's Office



Julie Morff
Director
February 5, 2024



Ross Strobe
Assistant Director
February 5, 2024