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Fiscal Note

Drafting Number: LLS 24-0168 Date: February 21, 2024
Prime Sponsors: Rep. Joseph; Titone Bill Status: House State Affairs
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Bill Topic: CANDIDATE ELECTION DEEPFAKE DISCLOSURES

Summary of Fiscal Impact: [X] State Revenue [ ] State Transfer [ ] Local Government
[X] State Expenditure [ ] TABOR Refund [ ] Statutory Public Entity

The bill creates new regulations and penalties for using artificial intelligence and deepfake generated content related to communications about candidates for elected office. The bill minimally increases state workload and may increase state revenue beginning in FY 2024-25.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Summary of Legislation

The bill creates new regulations and penalties for using artificial intelligence (AI) and deepfake generated content related to communications about candidates for elected office. AI-generated communication without proper disclosure is prohibited. The bill outlines allowable uses and disclosure requirements for various news/multimedia outlets. Persons alleging violations may file a complaint with the Secretary of State's (SOS) office for review, and violators may be fined civil penalties. In addition, candidates who are the subject of undisclosed AI-generated communications may file a civil action with the courts for injunctive and other relief/damages.

State Revenue

Violations of disclosure requirements may be subject to a civil penalty by the Secretary of State. Fine revenue is deposited in the Department of State Cash Fund. As the use of deepfakes and AI-generated content are emerging issues with limited data, the fiscal note does not estimate the number of violations that may be levied by the SOS. Assuming a high degree of compliance by affected campaigns and other individuals and groups involved in elections, new state revenue is anticipated to be minimal. In addition, filing fee revenue to the Judicial Department may increase if additional civil cases are filed with the trial courts. Fine and fee revenue is subject to TABOR.

## **State Expenditures**

The bill may increase the workload of the Department of State to receive complaints about violations, conduct administrative hearings, establish a process for curing violations, conduct investigations, and enforce the new requirements. Overall, this workload is expected to be minimal and any additional complaints can be handled by existing staff and the contracted hearing officer used by the Department of State for election-related hearings. No change in appropriations is required.

To the extent that additional civil cases are filed by candidates who are the subject of a deepfake or other prohibited AI-generated content, workload in the trial courts will increase. Any additional case volume is assumed to be minimal and can be accomplished within existing resources.

## **Effective Date**

The bill takes effect July 1, 2024, and applies to communications distributed on or after this date.

## **State and Local Government Contacts**

Judicial                      Secretary of State

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The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).