

# Multiple Agency Fiscal Note Summary

|                             |                                  |
|-----------------------------|----------------------------------|
| <b>Bill Number:</b> 2396 HB | <b>Title:</b> Bot communication. |
|-----------------------------|----------------------------------|

## Estimated Cash Receipts

| Agency Name                  | 2019-21                                                                |       | 2021-23   |       | 2023-25   |       |
|------------------------------|------------------------------------------------------------------------|-------|-----------|-------|-----------|-------|
|                              | GF- State                                                              | Total | GF- State | Total | GF- State | Total |
| Public Disclosure Commission | Non-zero but indeterminate cost and/or savings. Please see discussion. |       |           |       |           |       |
| <b>Total \$</b>              | 0                                                                      | 0     | 0         | 0     | 0         | 0     |

## Estimated Operating Expenditures

| Agency Name                  | 2019-21                                                                |          |        | 2021-23 |          |         | 2023-25 |          |         |
|------------------------------|------------------------------------------------------------------------|----------|--------|---------|----------|---------|---------|----------|---------|
|                              | FTEs                                                                   | GF-State | Total  | FTEs    | GF-State | Total   | FTEs    | GF-State | Total   |
| Public Disclosure Commission | Non-zero but indeterminate cost and/or savings. Please see discussion. |          |        |         |          |         |         |          |         |
| Office of Attorney General   | .1                                                                     | 30,000   | 30,000 | .4      | 128,000  | 128,000 | .4      | 128,000  | 128,000 |
| <b>Total \$</b>              | 0.1                                                                    | 30,000   | 30,000 | 0.4     | 128,000  | 128,000 | 0.4     | 128,000  | 128,000 |

## Estimated Capital Budget Expenditures

| Agency Name                  | 2019-21 |       |       | 2021-23 |       |       | 2023-25 |       |       |
|------------------------------|---------|-------|-------|---------|-------|-------|---------|-------|-------|
|                              | FTEs    | Bonds | Total | FTEs    | Bonds | Total | FTEs    | Bonds | Total |
| Public Disclosure Commission | .0      | 0     | 0     | .0      | 0     | 0     | .0      | 0     | 0     |
| Office of Attorney General   | .0      | 0     | 0     | .0      | 0     | 0     | .0      | 0     | 0     |
| <b>Total \$</b>              | 0.0     | 0     | 0     | 0.0     | 0     | 0     | 0.0     | 0     | 0     |

## Estimated Capital Budget Breakout

|                                      |                                 |                                           |
|--------------------------------------|---------------------------------|-------------------------------------------|
| <b>Prepared by:</b> Gwen Stamey, OFM | <b>Phone:</b><br>(360) 902-9810 | <b>Date Published:</b><br>Final 1/17/2020 |
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# Individual State Agency Fiscal Note

|                             |                                  |                                                 |
|-----------------------------|----------------------------------|-------------------------------------------------|
| <b>Bill Number:</b> 2396 HB | <b>Title:</b> Bot communication. | <b>Agency:</b> 082-Public Disclosure Commission |
|-----------------------------|----------------------------------|-------------------------------------------------|

## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

### Estimated Operating Expenditures from:

Non-zero but indeterminate cost and/or savings. Please see discussion.

### Estimated Capital Budget Impact:

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☒ Requires new rule making, complete Part V.

|                                     |                       |                  |
|-------------------------------------|-----------------------|------------------|
| Legislative Contact: Kyle Raymond   | Phone: 360-786-7190   | Date: 01/13/2020 |
| Agency Preparation: Barbara Sandahl | Phone: 360-586-1042   | Date: 01/16/2020 |
| Agency Approval: Barbara Sandahl    | Phone: 360-586-1042   | Date: 01/16/2020 |
| OFM Review: Gwen Stamey             | Phone: (360) 902-9810 | Date: 01/17/2020 |

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Section 6 of the bill prohibits the use of an online automated account (bot) to communicate political advertising with the intent to deceive the recipient about the content of the communication, unless the advertisement includes a disclaimer that it has been communicated by a bot. The PDC has jurisdiction to enforce the prohibition and compliance with the disclosure.

Cost estimates are indeterminate. The PDC does not currently investigate bot activity and has no data or method to estimate the number of qualifying bots that are currently used to communicate online political advertising, in order to estimate how many inquiries or complaints will be received by the agency regarding the new prohibition. The PDC does not currently have the technical expertise to determine the amount of resources required to conduct such investigations per case. However, the PDC assumes that some investigatory activity would be referred to the AGO, under the AGO’s authority provided by this bill for the AGO to require reports from online platforms.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

None

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Non-zero but indeterminate cost and/or savings. Please see discussion.

III. B - Expenditures by Object Or Purpose

Non-zero but indeterminate cost and/or savings. Please see discussion.

III. C - Operating FTE Detail: List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

**IV. B - Expenditures by Object Or Purpose**

NONE

**IV. C - Capital Budget Breakout**

*Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods*

NONE

**Part V: New Rule Making Required**

*Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.*

The PDC would engage in rulemaking to expound on the required intent and the knowing deception of the communication, as prohibited under Section 6(1), as well as the disclosure standard under section 6(3). This would be completed within the PDC's normal rulemaking schedule without the need for additional resources.

# Individual State Agency Fiscal Note

|                             |                                  |                                               |
|-----------------------------|----------------------------------|-----------------------------------------------|
| <b>Bill Number:</b> 2396 HB | <b>Title:</b> Bot communication. | <b>Agency:</b> 100-Office of Attorney General |
|-----------------------------|----------------------------------|-----------------------------------------------|

## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

|                          | FY 2020 | FY 2021 | 2019-21 | 2021-23 | 2023-25 |
|--------------------------|---------|---------|---------|---------|---------|
| FTE Staff Years          | 0.0     | 0.2     | 0.1     | 0.4     | 0.4     |
| <b>Account</b>           |         |         |         |         |         |
| General Fund-State 001-1 | 0       | 30,000  | 30,000  | 128,000 | 128,000 |
| <b>Total \$</b>          | 0       | 30,000  | 30,000  | 128,000 | 128,000 |

### Estimated Capital Budget Impact:

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

|                                   |                       |                  |
|-----------------------------------|-----------------------|------------------|
| Legislative Contact: Kyle Raymond | Phone: 360-786-7190   | Date: 01/13/2020 |
| Agency Preparation: Michael Shinn | Phone: 360-759-2122   | Date: 01/16/2020 |
| Agency Approval: Diana Arens      | Phone: 3605869346     | Date: 01/16/2020 |
| OFM Review: Gwen Stamey           | Phone: (360) 902-9810 | Date: 01/17/2020 |

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

All sections are new; Sections 1 through 5 are a new chapter in Title 19 RCW; Section 6 is a new section in Chapter 42.17A RCW.

Section 1 is a definition section, and defines bot as an automated online account where the actions or posts are not the result of a person. Online platform is also defined.

Section 2 prohibits using a bot to contact a Washington person online for purposes of making a purchase or sale of goods or services. The prohibition does not apply if a person using a bot discloses that fact clearly and conspicuously.

Section 3 requires online platforms to enable users to identify and report bots. Platforms are obligated to investigate and remove bots and provided with a 72 hour response window.

Section 4 is a severance clause.

Section 5 makes violations of the chapter an unfair business practice under chapter 19.86 RCW.

Section 6 prohibits the undisclosed use of bots to communicate with persons in Washington for purposes of political advertising.

### II. B - Cash receipts Impact

*Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.*

AGO Consumer Protection activities are funded with General Fund-State dollars. No cash receipt impact. There is no client agency to bill for legal services.

### II. C - Expenditures

*Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.*

AGO Agency Assumptions:

1. Legal services associated with the enactment of this bill will begin on January 1, 2021.
2. If there is a legal challenge to the bill, it will be defended by the Solicitor General's Office (SGO). These costs are not included in this request. The SGO has reviewed this bill and determined it will not increase or decrease the division's workload. None of SGO's clients will need additional advice or representation based on the new requirements in this bill. New legal services are assumed to be nominal and costs are not included in this request.

Assumptions for the AGO Consumer Protection (CPR) Division Legal Services:

1. AGO CPR activities are funded with General Fund-State dollars. CPR enforces the Consumer Protection Act with respect to conduct that is made unlawful under RCW 19.86.020, which broadly prohibits unfair or deceptive acts or practices in trade or commerce. CPR focus is on representations and failures to disclose terms and conditions.
2. Beginning January 2022, CPR assumes three investigations per year with one resulting in a court-filed resolution. Resolution will not require a trial.
3. Assistant Attorney General (AAG) workload includes, but is not limited to investigation of potential violations; draw conclusions from investigation; draft Civil Investigative Demand (CID)/discovery requests, engage in settlement negotiations, file lawsuit.
4. A high-tech Investigator (INV) will play large role in investigations. Workload includes, but is not limited to Interviews of witnesses; test/copy/investigate websites to determine if bots are used; review investigative records.
5. Paralegal (PL) workload includes, but is not limited to management of documents, draft CID/discovery requests and manage responses; assist with legal pleadings and research.
6. Investigation costs include:
  - A. FY 2021:
    - \$500 per FY for investigation deposition and travel costs.
    - \$1,300 per FY for document management costs (e-discovery).
  - B. FY 2022:
    - \$1,000 per FY for investigation deposition and travel costs.
    - \$2,500 per FY for document management costs (e-discovery).
7. Total workload impact:
  - FY 2021: 0.05 AAG-SEA and 0.10 INV-SEA at a cost of \$30,000 (this includes direct litigation costs of \$1,800).
  - FY 2022 and in each FY thereafter: 0.10 AAG-SEA, 0.05 Legal Assistant (LA-SEA), 0.05 PL and 0.20 INV at a cost of \$64,000 (this includes direct litigation costs of \$3,500 per FY).

### Part III: Expenditure Detail

#### III. A - Operating Budget Expenditures

| Account  | Account Title | Type  | FY 2020 | FY 2021 | 2019-21 | 2021-23 | 2023-25 |
|----------|---------------|-------|---------|---------|---------|---------|---------|
| 001-1    | General Fund  | State | 0       | 30,000  | 30,000  | 128,000 | 128,000 |
| Total \$ |               |       | 0       | 30,000  | 30,000  | 128,000 | 128,000 |

**III. B - Expenditures by Object Or Purpose**

|                                  | FY 2020 | FY 2021 | 2019-21 | 2021-23 | 2023-25 |
|----------------------------------|---------|---------|---------|---------|---------|
| FTE Staff Years                  |         | 0.2     | 0.1     | 0.4     | 0.4     |
| A-Salaries and Wages             |         | 18,000  | 18,000  | 78,000  | 78,000  |
| B-Employee Benefits              |         | 6,000   | 6,000   | 26,000  | 26,000  |
| C-Professional Service Contracts |         |         |         |         |         |
| E-Goods and Other Services       |         | 5,000   | 5,000   | 20,000  | 20,000  |
| G-Travel                         |         | 1,000   | 1,000   | 4,000   | 4,000   |
| J-Capital Outlays                |         |         |         |         |         |
| <b>Total \$</b>                  | 0       | 30,000  | 30,000  | 128,000 | 128,000 |

**III. C - Operating FTE Detail:** *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

| Job Classification                 | Salary  | FY 2020 | FY 2021 | 2019-21 | 2021-23 | 2023-25 |
|------------------------------------|---------|---------|---------|---------|---------|---------|
| Assistant Attorney General-Seattle | 110,256 |         | 0.1     | 0.0     | 0.1     | 0.1     |
| Legal Assistant 3 (Seattle)        | 64,944  |         |         |         | 0.1     | 0.1     |
| Paralegal 2-Seattle                | 70,608  |         |         |         | 0.1     | 0.1     |
| Senior Investigator-Seattle        | 92,652  |         | 0.1     | 0.1     | 0.2     | 0.2     |
| <b>Total FTEs</b>                  |         |         | 0.2     | 0.1     | 0.4     | 0.4     |

**III. D - Expenditures By Program (optional)**

| Program                            | FY 2020 | FY 2021 | 2019-21 | 2021-23 | 2023-25 |
|------------------------------------|---------|---------|---------|---------|---------|
| Consumer Protection Division (CPR) |         | 30,000  | 30,000  | 128,000 | 128,000 |
| <b>Total \$</b>                    |         | 30,000  | 30,000  | 128,000 | 128,000 |

**Part IV: Capital Budget Impact****IV. A - Capital Budget Expenditures**

NONE

**IV. B - Expenditures by Object Or Purpose**

NONE

**IV. C - Capital Budget Breakout**

*Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods*

NONE

**Part V: New Rule Making Required**