



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 25-1287: SOCIAL MEDIA TOOLS FOR MINOR USERS & PARENTS

Prime Sponsors:

Rep. Caldwell; Lukens

Sen. Pelton B.; Michaelson Jenet

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Fiscal note status: The revised fiscal note reflects the introduced bill, as amended by the House Health and Human Services Committee.

Summary Information

Overview. The bill requires social media companies to protect minors and their privacy.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis:

- State Expenditures
- Local Government

Appropriations. For FY 2025-26, the bill requires an appropriation of \$21,967 to the Department of Law.

Table 1
State Fiscal Impacts

Type of Impact ¹	Current Year FY 2024-25	Budget Year FY 2025-26	Out Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$0	\$0	\$0	\$0
State Expenditures	\$26,471	\$26,471	\$185,028	\$113,753
Transferred Funds	\$0	\$0	\$0	\$0
Change in TABOR Refunds	\$0	\$0	\$0	\$0
Change in State FTE	0.2 FTE	0.2 FTE	1.3 FTE	0.8 FTE

¹ Fund sources for these impacts are shown in the tables below.

Table 1B
State Expenditures

Fund Source	Current Year FY 2024-25	Budget Year FY 2025-26	Out Year FY 2026-27	Out Year FY 2027-28
General Fund	\$21,967	\$21,967	\$155,217	\$95,068
Cash Funds	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0
Centrally Appropriated	\$4,504	\$4,504	\$29,811	\$18,685
Total Expenditures	\$26,471	\$26,471	\$185,028	\$113,753
Total FTE	0.2 FTE	0.2 FTE	1.3 FTE	0.8 FTE

Summary of Legislation

The bill requires social media companies to determine if users are minors, and offer those users tools to protect their health and safety, such as disabling personalized recommendations, setting time limits for daily usage or scheduling breaks, and reporting problems or unwanted contact. Social media companies must also offer supervisory tools to parents, such as managing certain account settings, viewing usage metrics, restricting purchases, or deleting the minor's personal data collected by the social media platform.

Social media companies must take measures to increase minor users' privacy and ensure that privacy protections are enabled by default for minors' accounts. The use of a design or algorithm to increase or sustain a minor's engagement with the social media platform constitutes a heightened risk of harm under the Colorado Privacy Act. Any violation of these provisions is a deceptive trade practice.

The age assurance provision in the bill take effect October 1, 2027, if the Attorney General certifies that no applicable court has determined that the use of an age assurance system violates the Colorado Constitution or the U.S. Constitution.

State Revenue

Starting in FY 2025-26, the bill may increase state revenue from civil penalties and court filing fees, as described below.

Civil Penalties

Under the Colorado Consumer Protection Act, a person committing a deceptive trade practice may be subject to a civil penalty of up to \$20,000 for each violation. Additional penalties may be imposed for subsequent violations of a court order or injunction. This revenue is classified as a damage award and not subject to TABOR. Given the uncertainty about the number of cases that may be pursued by the Attorney General and district attorneys, as well as the wide range in potential penalty amounts, the fiscal note cannot estimate the potential impact of these civil penalties.

Filing Fees

The bill may increase revenue to the Judicial Department from an increase in civil case filings. Revenue from filing fees is subject to TABOR.

State Expenditures

The bill increases state expenditures in the Department of Law by about \$25,000 beginning in FY 2025-26. If the age assurance provisions take effect, expenditures increase to about \$190,000 in FY 2027-28, and \$110,000 in FY 2028-29 and future years. These costs, paid from the General Fund, are summarized in Table 2 and discussed below. The bill also minimally affects workload in the Judicial Department.

Table 2
State Expenditures
Department of Law

Cost Component	Budget Year FY 2025-26	Out Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
Personal Services	\$21,711	\$21,711	\$146,883	\$94,044
Operating Expenses	\$256	\$256	\$1,664	\$1,024
Capital Outlay Costs	\$0	\$0	\$6,670	\$0
Centrally Appropriated Costs	\$4,504	\$4,504	\$29,811	\$18,685
Total Costs	\$26,471	\$26,471	\$185,028	\$113,753
Total FTE	0.2 FTE	0.2 FTE	1.3 FTE	0.8 FTE

Department of Law

The Department of Law requires 0.2 FTE beginning in FY 2025-26 to evaluate complaints of deceptive trade practices. The department will prioritize investigations within the overall number of deceptive trade practice complaints and available resources. If the age assurance provisions take effect, workload increases beginning in FY 2027-28 to adopt rules and evaluate deceptive trade practice complaints on the additional requirements. Standard operating and capital outlay costs are included, and costs in the first year are prorated for the bill's effective date.

Judicial Department

The trial courts in the Judicial Department may have an increase in cases filed under the Colorado Consumer Protection Act from the addition of a new deceptive trade practice. This is expected to be absorbable by the courts, and no change in appropriations is required. If additional resources are needed, it will be addressed through the budget process.

Centrally Appropriated Costs

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which may include employee insurance, supplemental employee retirement payments, leased space, and indirect cost assessments, are shown in the expenditure table above.

Local Government

Similar to the state, to the extent district attorneys receive deceptive trade practice complaints related to the new deceptive trade practice under the bill, workload will increase to investigate complaints and seek relief when appropriate. It is assumed most such cases will be handled at the state level by the Attorney General.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed; except that the restriction on algorithms under the Colorado Privacy Act takes effect on October 1, 2025; and the age assurance requirements take effect on October 1, 2027, if the Attorney General certifies that no court has decided that such a system violates the Colorado or U.S. Constitution.

State Appropriations

For FY 2025-26, the bill requires a General Fund appropriation of \$21,967 to the Department of Law, and 0.2 FTE.

State and Local Government Contacts

Judicial

Law