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## FISCAL IMPACT REPORT

LAST UPDATED \_\_\_\_\_  
ORIGINAL DATE 2/12/25

SPONSOR Serrato

BILL  
NUMBER House Bill 313

SHORT TITLE Digital Age Verification Act

ANALYST Chavez

### REVENUE\* (dollars in thousands)

| Type                  | FY25             | FY26                    | FY27                    | FY28                    | FY29                    | Recurring or Nonrecurring | Fund Affected |
|-----------------------|------------------|-------------------------|-------------------------|-------------------------|-------------------------|---------------------------|---------------|
| Fines and Forfeitures | No fiscal impact | See fiscal implications | See fiscal implications | See fiscal implications | See fiscal implications | Recurring                 | General Fund  |

Parentheses ( ) indicate revenue decreases.

\*Amounts reflect most recent analysis of this legislation.

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT\* (dollars in thousands)

| Agency/Program | FY25             | FY26             | FY27             | 3 Year Total Cost | Recurring or Nonrecurring | Fund Affected |
|----------------|------------------|------------------|------------------|-------------------|---------------------------|---------------|
| NMAG           | No fiscal impact | At least \$329.5 | At least \$659.0 | At least \$988.5  | Recurring                 | General Fund  |

Parentheses ( ) indicate expenditure decreases.

\*Amounts reflect most recent analysis of this legislation.

Relates to Senate Bill 11

### Sources of Information

LFC Files

#### Agency Analysis Received From

Public Regulation Commission (PRC)  
Children, Youth and Families Department (CYFD)  
Department of Health (DOH)

#### Agency Analysis was Solicited but Not Received From

New Mexico Attorney General (NMAG)

#### Agency Declined to Respond

Administrative Office of the Courts (AOC)

## SUMMARY

### Synopsis of House Bill 313

House Bill 313 (HB313) creates the Digital Age Verification Act, which would mandate internet capable device manufacturers, operating system providers, and application stores to equip each

device with a mechanism to determine or estimate the age of the device’s user or users when the device is initially activated. These entities are then mandated to provide websites, applications, and online services with a digital signal that indicates whether the user is under the age of 13, between the ages of 13 and 15, between the ages of 16 and 17, or over the age of 18 through an interface that would update in real-time. The bill would mandate that application stores obtain a parent or guardian’s consent prior to allowing a person under 16 years of age to download an application and to connect the developer of the application with the parents or guardians to facilitate supervision tools. HB313 would mandate device manufacturers to update devices sold prior to January 1, 2026, to ensure compliance with the act and have these changes as a default update ninety days for mall devices after the effective date of the bill.

HB313 would make violations of the act actionable under the Unfair Practices Act.

The effective date of this bill is January 1, 2026.

## **FISCAL IMPLICATIONS**

The Children, Youth and Families Department (CYFD) reports that the department would be required to replace internet-capable devices, expand staff, and purchase new technology to comply with regulations. It would also increase legal and training costs for foster parents and staff. HB313, however, requires the entities that either manufacture internet capable devices or deal with applications or software to adhere to the regulations. If CYFD holds devices or applications older than the effective date of the bill, the affected entities would have to make those changes, not CYFD.

HB313 is actionable under the Unfair Practices Act, meaning that the New Mexico Attorney General (NMAG) would have to develop methods to ensure compliance among affected private entities such as application stores and device manufacturers; this would require a significant increase in agency staff. The average salary in the legal services program (which holds the consumer protection division, the division most impacted) is \$131.8 thousand per year. This large undertaking would be estimated to increase staff by five FTE, totaling a recurring yearly cost of at least \$659 thousand.

Since HB313 is actionable under the Unfair Practices Act for any violations, it would call for a civil penalty of \$5 thousand per violation. To conservatively estimate, if the Apple application store failed to request parental consent on 1 percent of the apps projected to exist in 2026, or 56.6 thousand apps, the resulting violations would equate to \$283.1 million in penalties. The revenue generation could therefore be substantial; however, recovering these possible monies is contingent on the extent to which NMAG enforces HB313.

## **SIGNIFICANT ISSUES**

HB313 imposes the largest fiscal burden on the private sector, specifically device manufacturers and application developers and stores. Manufacturers would needed to implement changes physical changes to their products to enable devices to determine or estimate a user’s age as well as digital changes to make sure devices can have a “real-time application programming interface” that delivers the segmented age data. HB313 does not specifically define what “real-time application programming interface;” this lack of clarity could create confusion for device

manufacturers.

Application stores would be required to obtain parental or guardian consent and connect the developer of an application with the parents or guardians to facilitate supervision tools for a person under 16 years of age. These mandates would be significant and resource-intensive undertakings for application stores. Considering only Apple's application store, there were 4.86 million apps and games listed on the store in 2023<sup>1</sup> and, based on the average growth since 2019, there could be as many as 5.66 million by 2026. This means that the Apple application store alone would have to obtain parental or guardian consent as well as facilitate communication between the parents or guardians in question for at least 5.66 million apps and games. Although many apps come from the same developer, the number of apps is still very burdensome.

Requiring device manufacturers and other internet related entities to adhere to the regulations of HB313 could be burdensome, as the mandated update on all devices sold before the effective date could be exceedingly costly. There are devices still in circulation that may not have all the capabilities to receive updates or other necessary items to adhere to the bill. Manufacturers would also have to develop a method to track whether every new and existing device adheres to the regulations.

DOH explains that HB313 would address the potential harms and risks of social media and technology on the youth. The U.S. Surgeon General and the American Academy of Pediatrics have highlighted the risks, including negative impacts on mental health, sleep, and social development, and have called for design changes for safer online spaces. Studies show that youth who use social media more frequently face increased risks of bullying, anxiety, and depression.

## ADMINISTRATIVE IMPLICATIONS

NMAG would have to take on a sizeable effort to develop the most efficient way to make sure regulations are being met in the large web of internet and device entities involved as well as maintaining these efforts for the long term.

## CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

The Department of Health (DOH) notes HB313 relates to Senate Bill 11 (SB11):

HB313 is related to SB11. SB11 would appropriate funds for school districts and charter schools to store devices of youth during school time and is a different approach at regulating youth access to online services, as it pertains to the school environment.

## ALTERNATIVES

DOH provides the following:

Education campaigns and resource development may be useful to protect children's safety yet allow them to succeed in a quickly changing virtual world. The European Union recently adopted the Digital Services Act which requires digital platforms to ban advertising and algorithmic content that targets children.

FC/hj

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<sup>1</sup> [Number of apps from the Apple App Store 2023 | Statista](#)