Department of Planning and Budget 2025 General Assembly Session State Fiscal Impact Statement

PUBLISHED: 1/21/2025 9:06 PM ORIGINAL

Bill Number: HB2554 **Patron:** Henson

Bill Title: Artificial Intelligence Transparency Act established.

Bill Summary: Requires developers of generative artificial intelligence systems made available in the Commonwealth to ensure that any generative artificial intelligence system that produces audio, images, text, or video content includes on such Al-generated content a clear and conspicuous disclosure that meets certain requirements specified in the bill. The bill also requires developers of generative artificial intelligence systems to implement reasonable procedures to prevent downstream use of such system without the required disclosures and requires any third-party licensee of a generative artificial intelligence system to also implement such procedures. The bill provides that a violation of the disclosure requirements constitutes a prohibited practice under the Virginia Consumer Protection Act. The bill allows the Attorney General to offer developers a right to cure noncompliance that is noticed by the Attorney General and provides that a person or entity claiming to be injured due to a violation of the disclosure requirements shall be entitled to initiate an action for monetary damages or equitable relief.

Budget Amendment Necessary: Yes **Items Impacted:** Item 51

Explanation: Funding is required for additional staff to meet the requirements of the bill.

Fiscal Summary: The Office of the Attorney General and the Department of Law (OAG) estimates this bill generates a need for four additional staff members at an annual cost of \$281,316.

General Fund Expenditure Impact:

<u>Agency</u>	<u>FY2025</u>	<u>FY2026</u>	FY2027	<u>FY2028</u>	<u>FY2029</u>	FY2030
_	\$0	\$281,316	\$281,316	\$281,316	\$281,316	\$281,316
TOTAL	\$0	\$281,316	\$281,316	\$281,316	\$281,316	\$281,316

Position Impact:

<u>Agency</u>	<u>FY2025</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>
	0	2	2	2	2	2
TOTAL	0	2	2	2	2	2

Fiscal Analysis: The OAG indicates that under the provisions of this bill, the agency would need to develop expertise in the area of artificial intelligence related law. Additionally, the agency would need additional personnel to handle the enforcement responsibilities outlined in the bill. The OAG estimates that a minimum

Department of Planning and Budget 2025 General Assembly Session State Fiscal Impact Statement

of one Assistant Attorney General and one Senior Paralegal/Investigator would be required. The estimated impact of these two positions is \$281,316 per year.

Other: This bill is identical to SB1161.