{deleted text} shows text that was in HB0311 but was deleted in HB0311S02.

inserted text shows text that was not in HB0311 but was inserted into HB0311S02.

DISCLAIMER: This document is provided to assist you in your comparison of the two bills. Sometimes this automated comparison will NOT be completely accurate. Therefore, you need to read the actual bills. This automatically generated document could contain inaccuracies caused by: limitations of the compare program; bad input data; or other causes.

Representative Jordan D. Teuscher proposes the following substitute bill:

## SOCIAL MEDIA USAGE AMENDMENTS

2023 GENERAL SESSION STATE OF UTAH

Chief Sponsor: Jordan D. Teuscher

Senate Sponsor: { Kirk A. Cullimore

#### **LONG TITLE**

#### **General Description:**

This bill regulates interactive computer services and the use and design of social media platforms.

## **Highlighted Provisions:**

This bill:

- defines terms;
- enacts the Utah Social Media Regulation Act;
- {requires a social media company to verify the age of Utah residents;
- prohibits a Utah resident who is under the age of 16 from holding an account for the use of certain social media platforms;
- requires a social media company to obtain the consent of a parent or guardian before a Utah resident under the age of 18 may open or continue to use an account on a

## social media platform;

- prohibits a Utah resident who is a minor from entering into a contract online} provides that a contract entered into by a minor by means of an interactive computer service is invalid unless the minor's parent or legal guardian consents to the contract;
- prohibits a social media company from using a design or feature that the company knows causes a minor to {become addicted} have an addiction to a social media platform;
- authorizes the division to seek enforcement through an injunction, civil penalties,
   and other relief through the judicial process;
  - requires fines and civil penalties to be deposited into the Consumer Protection

    Education and Training Fund;
  - requires an annual report from the division} enforcement and auditing authority to enforce requirements under the act;
  - authorizes a private right of action to collect attorney fees and damages from a social media company for harm incurred {in relation to a violation of the requirements established by the act;

## by a minor's use of the company's social media platform;

- <u>creates a rebuttable presumption that harm and causation occurred in some</u>
  <u>circumstances;</u>
- provides a severability clause; and
- makes technical and conforming changes.

## **Money Appropriated in this Bill:**

None

## **Other Special Clauses:**

This bill provides a special effective date.

## **Utah Code Sections Affected:**

AMENDS:

13-2-1 (Superseded 12/31/23), as last amended by Laws of Utah 2022, Chapter 201

13-2-1 (Effective 12/31/23), as last amended by Laws of Utah 2022, Chapters 201, 462 ENACTS:

**13-63-101**, Utah Code Annotated 1953

**13-63-102**, Utah Code Annotated 1953

<del>13-63-103, Utah Code Annotated 1953</del>

† 13-63-201, Utah Code Annotated 1953

{ 13-63-202, Utah Code Annotated 1953

13-63-203, Utah Code Annotated 1953

† 13-63-301, Utah Code Annotated 1953

13-63-401, Utah Code Annotated 1953

{ 13-63-501, Utah Code Annotated 1953

Be it enacted by the Legislature of the state of Utah:

Section 1. Section 13-2-1 (Superseded 12/31/23) is amended to read:

## **TITLE 13. COMMERCE AND TRADE**

# 13-2-1 (Superseded 12/31/23). Consumer protection division established --Functions.

- (1) There is established within the Department of Commerce the Division of Consumer Protection.
  - (2) The division shall administer and enforce the following:
  - (a) Chapter 5, Unfair Practices Act;
  - (b) Chapter 10a, Music Licensing Practices Act;
  - (c) Chapter 11, Utah Consumer Sales Practices Act;
  - (d) Chapter 15, Business Opportunity Disclosure Act;
  - (e) Chapter 20, New Motor Vehicle Warranties Act;
  - (f) Chapter 21, Credit Services Organizations Act;
  - (g) Chapter 22, Charitable Solicitations Act;
  - (h) Chapter 23, Health Spa Services Protection Act;
  - (i) Chapter 25a, Telephone and Facsimile Solicitation Act;
  - (j) Chapter 26, Telephone Fraud Prevention Act;

- (k) Chapter 28, Prize Notices Regulation Act;
- (l) Chapter 32a, Pawnshop, Secondhand Merchandise, and Catalytic Converter Transaction Information Act;
  - (m) Chapter 34, Utah Postsecondary Proprietary School Act;
  - (n) Chapter 34a, Utah Postsecondary School State Authorization Act;
  - (o) Chapter 41, Price Controls During Emergencies Act;
  - (p) Chapter 42, Uniform Debt-Management Services Act;
  - (q) Chapter 49, Immigration Consultants Registration Act;
  - (r) Chapter 51, Transportation Network Company Registration Act;
  - (s) Chapter 52, Residential Solar Energy Disclosure Act;
  - (t) Chapter 53, Residential, Vocational and Life Skills Program Act;
  - (u) Chapter 54, Ticket Website Sales Act;
  - (v) Chapter 56, Ticket Transferability Act; [and]
  - (w) Chapter 57, Maintenance Funding Practices Act[-]; and
  - (x) Chapter 63, Utah Social Media Regulation Act.

Section 2. Section 13-2-1 (Effective 12/31/23) is amended to read:

## 13-2-1 (Effective 12/31/23). Consumer protection division established --

#### Functions.

- (1) There is established within the Department of Commerce the Division of Consumer Protection.
  - (2) The division shall administer and enforce the following:
  - (a) Chapter 5, Unfair Practices Act;
  - (b) Chapter 10a, Music Licensing Practices Act;
  - (c) Chapter 11, Utah Consumer Sales Practices Act;
  - (d) Chapter 15, Business Opportunity Disclosure Act;
  - (e) Chapter 20, New Motor Vehicle Warranties Act;
  - (f) Chapter 21, Credit Services Organizations Act;
  - (g) Chapter 22, Charitable Solicitations Act;
  - (h) Chapter 23, Health Spa Services Protection Act;
  - (i) Chapter 25a, Telephone and Facsimile Solicitation Act;
  - (j) Chapter 26, Telephone Fraud Prevention Act;

- (k) Chapter 28, Prize Notices Regulation Act;
- (l) Chapter 32a, Pawnshop, Secondhand Merchandise, and Catalytic Converter Transaction Information Act;
  - (m) Chapter 34, Utah Postsecondary Proprietary School Act;
  - (n) Chapter 34a, Utah Postsecondary School State Authorization Act;
  - (o) Chapter 41, Price Controls During Emergencies Act;
  - (p) Chapter 42, Uniform Debt-Management Services Act;
  - (q) Chapter 49, Immigration Consultants Registration Act;
  - (r) Chapter 51, Transportation Network Company Registration Act;
  - (s) Chapter 52, Residential Solar Energy Disclosure Act;
  - (t) Chapter 53, Residential, Vocational and Life Skills Program Act;
  - (u) Chapter 54, Ticket Website Sales Act;
  - (v) Chapter 56, Ticket Transferability Act;
  - (w) Chapter 57, Maintenance Funding Practices Act; [and]
  - (x) Chapter 61, Utah Consumer Privacy Act[-]; and
  - (y) Chapter 63, Utah Social Media Regulation Act.

Section 3. Section 13-63-101 is enacted to read:

#### CHAPTER 63. UTAH SOCIAL MEDIA REGULATION ACT

## Part 1. General Requirements

#### **13-63-101.** Definitions.

As used in this chapter:

- { (1) "Acceptable form of identification" means:
  - (a) a currently valid driver license;
  - (b) a birth certificate;
- (c) a currently valid passport; or
- (d) a currently valid identification card or certificate issued by:
- (i) a state; or
  - (ii) a branch, department, or agency of the United States.
- † ({2}1) "Account holder" means a person who has, or opens, an account or profile to use a social media company's platform.
- { (3) "Addicted" means to knowingly or negligently cause addiction through any act or

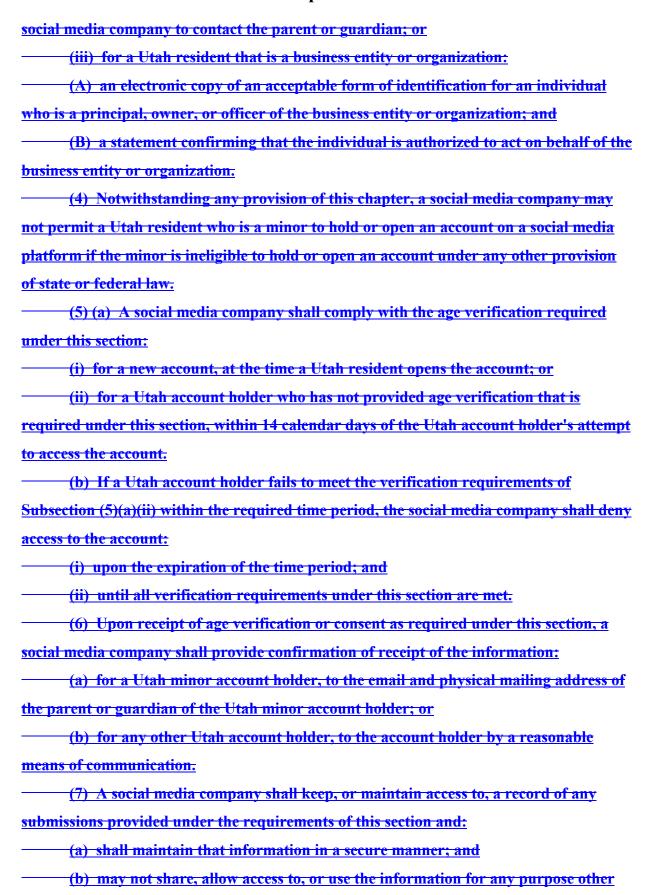
omission or any combination of acts or omissions.

- † (\frac{4+2}{2}) "Addiction" means use of \frac{\text{one or more} \frac{a}{2}}{a} \text{ social media } \frac{\text{platforms}}{\text{platform}} \text{ that:}
- (a) indicates the user's substantial preoccupation or obsession with, or {withdrawal or} the user's substantial difficulty to cease or reduce use of, {a} the social media platform{ despite the user's desire to cease or reduce that use}; and
  - (b) causes physical, mental, emotional, developmental, or material harms to the user.
- (<del>5</del>3) "Director" means the director of the Division of Consumer Protection created in Section 13-2-1.
- (<del>{6}</del><u>4</u>) "Division" means the Division of Consumer Protection created in Section 13-2-1.
- (5) "Educational entity" means a public school, an LEA, the Utah Schools for the Deaf and Blind, a private school, a denominational school, a parochial school, a community college, a state college, a state university, or a nonprofit private postsecondary educational institution.
- (<del>{77}</del>6) (a) "Interactive computer service" means any information service, information system, or information access software provider that:
  - (i) provides or enables computer access by multiple users to a computer server; and
  - (ii) provides access to the Internet.
  - (b) "Interactive computer service" includes:
  - (i) a web service;
  - (ii) a web system;
  - (iii) a website;
  - (iv) a web application; or
  - (v) a web portal.
- (\{8\}\frac{7}{2}\) "Minor" means an individual who is under the age of 18 and has not been emancipated as that term is defined in Section 80-7-102.
- (<del>{9}</del><u>8</u>) "Post" means content that an account holder makes available on <del>{the account holder's account}</del> a social media platform for other account holders or users to view.
- (\{\frac{10\}{9}\) "Social media company" means any \{\frac{domestic business entity}\) person or \{\frac{foreign business}\} entity that:
  - (a) provides a social media platform that \{:

- (a) has at least \{10\}5,000,000 account holders worldwide; and
- (b) is an interactive computer service.
- ({11}10) (a) "Social media platform" means an online forum that a social media company makes available for an account holder to:
  - (i) create a profile;
  - (ii) upload posts;
  - (iii) view the posts of other account holders; and
  - (iv) interact with other account holders or users.
  - (b) "Social media platform" does not include an online service, website, or application:
  - (i) where the predominant or exclusive function is:
  - (A) electronic mail;
- (B) direct messaging consisting of messages, photos, or videos that are sent between devices by electronic means, where messages are:
  - (I) shared between the sender and the recipient;
  - (II) only visible to the sender and the recipient; and
  - (III) are not posted publicly;
  - (C) a streaming service that:
- (I) provides only licensed media in a continuous flow from the service, website, or application to the end user; and
- (II) does not obtain a license to the media from a user <u>or account holder</u> by agreement to its terms of service;
- (D) news, sports, entertainment, or other content that is preselected by the provider and not user generated, if any chat, comment, or interactive functionality that is also provided is incidental to, directly related to, or dependent upon provision of the content;
- (\{\mathbb{D}\}\mathbb{E}\) online shopping or e-commerce, if the interaction with other users or account holders is generally limited to:
  - (I) the ability to post and comment on reviews;
  - (II) the ability to display lists or collections of goods for sale or wish lists; and
- (III) other functions that are focused on online shopping or e-commerce rather than interaction between users or account holders;
  - (<del>{E}</del>F) an online service that allows users to create and upload content for the purpose

- of interactive virtual gaming entertainment and communication related to that content;
- (G) business to business software { that}, including a teleconferencing or videoconferencing service which allows reception and transmission of audio and video signals for real time communication, if the software is not accessible to the general public;
  - (<del>{F}H</del>) cloud storage<del>{ or};</del>
  - (I) shared document collaboration;
- (<del>{G}</del><u>J</u>) providing access to or interacting with data visualization platforms, libraries, or hubs;
- (\(\frac{\fir}{\frac{\fi
- (\{\frac{1}{1}\textbf{L}}\) for the purpose of providing or obtaining technical support for the social media company's platform, products, or services; or
  - (M) academic or scholarly research;
  - (ii) where:
- (A) the majority of the content that is posted or created is posted or created by the provider of the online service, website, or application; and
- (B) the ability to chat, comment, or interact with other users is directly related to the provider's content; { or }
- (iii) that is a classified ad service that only permits the sale of goods and prohibits the solicitation of personal services; or
  - (iv) that is used by and under the direction of an educational entity, including:
  - (A) a learning management system;
  - (B) a student engagement program; and
  - (C) a subject or skill-specific program.
- (\frac{\frac{12}{11}}{11}) "User" means a person who has access to view all, or some of, the posts on a social media platform, but is not an account holder.
- (\frac{\frac{13}{12}}{12}) (a) "Utah account holder" means a person who is a Utah resident and an account holder.
  - (b) "Utah account holder" includes a Utah minor account holder.
  - (14)13) "Utah minor account holder" means a Utah account holder who is a minor.
  - (\{\frac{15}{14}\}) "Utah resident" means \{\frac{a person who resides or operates in Utah and:

(a) if the person is an individual, has their primary residence in Utah; or (b) if the person is a business entity or organization, has a principal place of business or principal location who currently resides in Utah. Section 4. Section 13-63-102 is enacted to read: 13-63-102. Age verification for use of social media platform -- Age limits --Parental consent requirements -- Verification standards -- Retention and use restrictions. (1) Beginning January 1, 2024, a social media company may not permit a Utah resident who is under the age of 16 to be an account holder on the social media company's social media platform. (2) Beginning January 1, 2024, a social media company shall verify the age of a **Utah resident before the Utah resident may:** (a) continue to use the Utah resident's account on the social media company's social media platform if the account existed before January 1, 2024; or (b) create an account with the social media company's social media platform. (3) A social media company shall meet the age verification requirements of this section by: (a) using a third party verification service that meets the requirements of Subsection (3)(b); or (b) requiring submission of: (i) for a Utah resident who is not a minor, an electronic copy of an acceptable form of identification for that individual; (ii) for a Utah resident who is a minor, the following information from a parent or guardian of the individual: (A) a statement that the person providing the information is a parent or legal guardian of the minor seeking an account with the social media platform; (B) a statement that the person providing the information consents to the minor's having an account with the social media platform; (C) the name and birth date of the minor; (D) an electronic copy of an acceptable form of identification for the parent or guardian; and (E) an email address and physical mailing address for the purpose of allowing the



# than: (i) as a record of compliance with the requirements of this section; or (ii) to verify age in accordance with the access requirements of this section. Section 5. Section 13-63-103 is enacted to read: 13-63-103. Social media Online contracts -- Consent for minors. (1) Beginning <del>{January 1, 2024,}</del> March 1, 2024, and notwithstanding the requirements of Title 15, Chapter 2, Legal Capacity of Children, any contract entered into by means of an interactive computer service between a person and a Utah resident who is a minor is {prohibited from entering into a contract with an interactive computer service}unenforceable unless a parent or legal guardian {consents to the minor's acceptance of the contract by <del>\frac{1}{2} unambiguously \frac{1}{2} indicating \frac{1}{2} indicates voluntary \frac{2}{2} and informed agreement \frac{1}{2} consent to \frac{1}{2}</del> allowing} the minor {to enter}entering into the contract. (2) {An}(a) A person seeking to contract with a minor by means of an interactive computer service shall provide a { reasonably accessible} means by which a parent or legal guardian may provide consent as required under Subsection (1). {Section 6. Section 13-63-201 is enacted to read: Part 2. Enforcement by Division 13-63-201. Investigative powers of the division. (1) The division shall receive consumer complaints alleging a violation of Part 1, General Requirements. (2) A person may file a consumer complaint that alleges a violation under Part 1, General Requirements, with the division. (3) The division shall investigate a consumer complaint to determine whether a violation of Part 1, General Requirements, occurred. Section 7. Section 13-63-202 is enacted to read: 13-63-202. Enforcement powers of the division. (1) Except for a private right of action under Section 13-63-301, the division has the exclusive authority to administer and enforce (b) A person seeking to contract with a Utah resident who is a minor meets the requirements of {Part 1, General Requirements.

(2) The attorney general, upon request, shall give legal advice to, and act as counsel for, the division in the exercise of the division's responsibilities under this part.

(3) (a) Subject to the ability to cure an alleged violation under Subsection (4): (i) the division director may impose an administrative fine of up to \$2,500 for each violation of Part 1, General Requirements; and (ii) the division may bring an action in a court of competent jurisdiction to enforce a provision of Part 1, General Requirements. (b) In a court action by the division to enforce a provision of Part 1, General Requirements, the court may: (i) declare that the act or practice violates a provision of Part 1, General Requirements; (ii) issue an injunction for a violation of Part 1, General Requirements; (iii) order disgorgement of any money received in violation of Part 1, General Requirements; (iv) order payment of disgorged money to an injured purchaser or consumer; (v) impose a civil penalty of up to \$2,500 for each violation of Part 1, General Requirements; (vi) award actual damages to an injured purchaser or consumer; and (vii) award any other relief that the court deems reasonable and necessary. (4) (a) At least 30 days before the day on which the division initiates an enforcement action against a person that is subject to this section by: (i) if the person does not have reason to know the age of the Utah resident seeking to enter into the contract, providing a means for the Utah resident to indicate that they are a minor; and (ii) if the person has reason to know that the Utah resident seeking to enter the contract is a minor, or if the Utah resident indicates that they are a minor, providing a means for the minor's parent or guardian to indicate that they are the parent or guardian of the minor and that they consent to the minor entering into the contract. (c) A person is not required to obtain proof of age or proof of parent or guardian status in order to comply with the requirements of {Part 1, General Requirements, the division shall provide the person with: (i) written notice that identifies each alleged violation; and (ii) an explanation of the basis for each allegation. (b) Except as provided under Subsection (4)(c), the division may not initiate an action

# if the person: (i) cures the noticed violation within 30 days after the day on which the person receives the notice described in Subsection (4)(a); and (ii) provides the division with a written statement that: (A) the person has cured the violation; and (B) no further violation will occur. (c) The division may initiate a civil action against a person that: (i) fails to cure a violation after receiving the notice described in Subsection (4)(a); or (ii) after curing a noticed violation and providing a written statement in accordance with Subsection (4)(b), commits another violation of the same provision. (5) If a court of competent jurisdiction grants judgment or injunctive relief to the division, the court shall award the division: (a) reasonable attorney fees; (b) court costs; and (c) investigative fees. (6) (a) A person who violates an administrative or court order issued for a violation of Part 1, General Requirements, is subject to a civil penalty of no more than \$5,000 for each violation. (b) A civil penalty authorized under this section may be imposed in any civil action brought by the division, or by the attorney general on behalf of the division. (7) All money received for the payment of a fine or civil penalty imposed under this section shall be deposited into the Consumer Protection Education and Training Fund established in Section 13-2-8. Section 8 this section. Section 5. Section {13-63-203 is enacted to read: <u>13-63-203.</u> Division report. (1) The division shall compile an annual report: (a) evaluating the liability and enforcement provisions of this chapter, including: (i) the effectiveness of the division's efforts to enforce this chapter; and (ii) any recommendations for changes to this chapter; (b) summarizing the consumer interactions that are protected and not protected by this

chapter, including a list of alleged violations the division has received; and

- (c) an accounting of:
- (i) all administrative fines and civil penalties assessed during the year;
  - (ii) all administrative fines and civil penalties collected during the year; and
- (iii) the use of funds from the Consumer Protection Education and Training Fund.
- (2) The division may update or correct the report as new information becomes available.
- (3) The division shall submit the report to the Business and Labor Interim Committee on or before the August meeting of each interim period.
  - Section 9. Section 13-63-301 13-63-201 is enacted to read:

## Part <a>(3)</a>2. Private Right of Action

<del>{13-63-301}</del><u>13-63-201</u>. Private right of action <u>for harm to a minor -- Rebuttable</u> <u>presumption of harm and causation</u>.

- (1) {A}Beginning March 1, 2024, a person may bring an action {against a person that does not comply with the requirements of Part 1, General Requirements} under this section against a social media company to recover damages incurred after March 1, 2024, by a Utah minor account holder for any addiction, financial, physical, or emotional harm suffered as a consequence of using or having an account on the social media company's social media platform.
- (2) A suit filed under the authority of this section shall be filed in the district court for the district in which {a person bringing} the {action} minor resides.
- (3) {If} Notwithstanding Subsection (4), if a court finds that a person has violated a provision of this chapter, the {person who brings an action} minor seeking relief under this section is entitled to:
  - (a) an award of reasonable attorney fees and court costs; and
  - (b) an amount equal to the greater of:
  - (i) \$2,500 per each incident of violation; or
- (ii) actual damages for financial, physical, and emotional harm incurred by the person bringing the action, if the court determines that the harm is a direct consequence of the violation or violations.
  - (4) If a minor seeking recovery of damages under this section is under the age of 16,

there shall be a rebuttable presumption that the harm actually occurred and that the harm was caused as a consequence of using or having an account on the social media company's social media platform.

Section  $\frac{\{10\}6}{6}$ . Section  $\frac{\{13-63-401\}13-63-301}{10}$  is enacted to read:

Part \(\frac{4\}{2}\). Social Media Design Regulations

**\*\*13-63-401\*\* 13-63-301.** Social media platform design regulations <u>-- Enforcement</u> and auditing authority -- Penalties.

- (1) (a) The division shall administer and enforce the provisions of this section.
- (b) The division may audit the records of a social media company in order to determine compliance with the requirements of this section or to investigate a complaint, including a random sample of a social media company's records and other audit methods.
- (2) A social media company shall not use a practice, design, or feature on the company's social media platform that the social media company knows, or which by the exercise of reasonable care should know, causes a Utah minor account holder to {become addicted} have an addiction to the social media platform.
- (3) (a) Subject to Subsection (3)(b), a social media company that violates this section is subject to:
- (i) a civil penalty {not to exceed} of \$250,000 {per violation} for each practice, design, or feature that causes addiction; and
- (ii) a civil penalty of \$2,500 for each Utah minor account holder shown to have an addiction to the social media platform.
- (b) A social media company shall not be subject to a civil penalty for violating this section if the social media company, as an affirmative defense, demonstrates that the social media company:
- (i) instituted and maintained a program of at least quarterly audits of the social media company's practices, designs, and features to detect practices, designs, or features that have the potential to cause or contribute to the addiction of a child user; and
- (ii) corrected, within 30 days of the completion of an audit described in Subsection (\frac{44}{3})(\frac{4a}{b})(i), any practice, design, or feature discovered by the audit to present more than a de minimus risk of violating this section.
  - (c) In a court action by the division to enforce this section, the court may, in addition to

## a civil penalty:

- (i) declare that the act or practice violates a provision of this section;
- (ii) issue an injunction for a violation of this section;
- (iii) award actual damages to an injured purchaser or consumer; and
- (iv) award any other relief that the court deems reasonable and necessary.
- (4) Nothing in this section may be construed to impose liability for a social media company for any of the following:
- (a) content that is generated by an account holder, or uploaded to or shared on the platform by an account holder, that may be encountered by another account holder;
  - (b) passively displaying content that is created entirely by a third party;
- (c) information or content for which the social media company was not, in whole or in part, responsible for creating or developing; or
- (d) any conduct by a social media company involving a Utah account holder who is a minor that would otherwise be protected by federal or Utah law.
- (5) If a court of competent jurisdiction grants judgment or injunctive relief to the division, the court shall award the division:
  - (a) reasonable attorney fees;
  - (b) court costs; and
  - (c) investigative fees.
- (6) Nothing in this section may be construed to negate or limit a cause of action that may have existed or exists against a social media company under the law as it existed before the effective date of this section.

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Section \frac{\{11\}_{2}}{2}. Section \frac{\{13-63-501\}_{2}}{13-63-401} is enacted to read:

Part \frac{\{5\}_{2}}{4}. Severability
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<del>{13-63-501}</del>13-63-401. Severability.

If any provision of this chapter or the application of any provision to any person or circumstance is held invalid by a final decision of a court of competent jurisdiction, the remainder of this chapter shall be given effect without the invalid provision or application. The provisions of this chapter are severable.

Section  $\{12\}$ 8. Effective date.

This bill takes effect on May 3, 2023, with the exception of Section 13-2-1 (Effective