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TO: The Honorable Pamela Beidle, Chair
Finance Committee

FROM: Hanna Abrams, Assistant Attorney General

RE: Senate Bill 739 – Algorithmic Addiction Fund – Establishment
(SUPPORT WITH AMENDMENT)

The Consumer Protection Division of the Office of the Attorney General supports Senate Bill 739 (“SB 739”), sponsored by Senator Hester. Senate Bill 739 directs penalties received from harmful algorithm prosecutions toward the treatment and prevention of algorithmic addiction.

Social media algorithms are deliberately designed to keep users engaged and scrolling through content to increase advertising revenue. In doing so, these algorithms may steer children and teens to harmful content and, as the surgeon general advised last year, present “a profound risk of harm to the mental health and well-being of children and adolescents[.]”¹ Senate Bill 739 channels the penalties that are collected from companies that have created and disseminated harmful algorithms toward the prevention and treatment of these harms.

The Division is concerned, however, that the source of funding in the bill as introduced is overly broad and has offered an amendment that limits the funds to civil penalties and aligns the source of the funds with its purpose – remedying the harmful impacts of algorithms on children. We understand that the sponsor is in agreement with the Division’s amendment. Limiting the funds to civil penalties will clarify that funds collected for consumer restitution will not be impacted. Moreover, tying the use of the funds directly to the prosecuted harms will ensure that the Algorithmic Addiction Fund does not accidentally sweep in all penalties received from unrelated actions against technology or social media companies.

¹ Social Media and Youth Mental Health, The US Surgeon General’s Advisory, 2023 at 4, available at <https://www.hhs.gov/sites/default/files/sg-youth-mental-health-social-media-advisory.pdf>.

We ask the Finance Committee to issue a favorable report on SB 739 with the amendments discussed.

cc: Members, Finance Committee
The Honorable Katie Fry Hester