

**STATE OF CALIFORNIA**  
**Budget Change Proposal - Cover Sheet**  
 DF-46 (REV 03/25)

<b>Fiscal Year</b> 2026-2027	<b>Business Unit Number</b> 8620	<b>Department</b> Fair Political Practices Commission
<b>Hyperion Budget Request Name</b> 8620-004-BCP-2026-GB		<b>Relevant Program or Subprogram</b> 6610 FAIR POLITICAL PRACTICES COMMISSION

**Budget Request Title**

Artificial Intelligence Disclaimer for Campaign Advertisements - (AB 2355 (2024))

**Budget Request Summary**

The Fair Political Practices Commission (FPPC) is requesting \$360,000 General Fund in 2026-2027 and \$350,000 in 2027-2028 and ongoing, including \$100,000 AI-detection software annual license fee, and one and a half permanent positions to implement, interpret, enforce, and educate the provisions of Chapter 260, Statutes of 2024 (AB 2355).

<b>Requires Legislation (submit required legislation with the BCP)</b> <input type="checkbox"/> Trailer Bill Language <input type="checkbox"/> Budget Bill Language <input checked="" type="checkbox"/> N/A	<b>Code Section(s) to be Added/Amended/Repealed</b> Click or tap here to enter text.
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<b>Does this BCP contain information technology (IT) components?</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	<b>Department CIO</b> Jesse Hidalgo	<b>Date</b> 9/3/2025
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**For IT requests, specify the project number, the most recent project approval document (FSR, SPR, S1BA, S2AA, S3SD, S4PRA), the approval date, and the total project cost.**

**Project No.** Click or tap here to enter text.

**Approval Date:** Click or tap to enter a date.

**Project Approval Document:** Click or tap here to enter text.

**Total Project Cost:** Click or tap here to enter text.

**If proposal affects another department, does other department concur with proposal?**  Yes  No

*Attach comments of affected department, signed and dated by the department director or designee.*

<b>Prepared By</b> Jue Wang	<b>Date</b> 1/9/2026	<b>Reviewed By</b> Click or tap here to enter text.	<b>Date</b> Click or tap to enter a date.
<b>Department Director</b> Galena West	<b>Date</b> 1/9/2026	<b>Agency Secretary</b> Click or tap here to enter text.	<b>Date</b> Click or tap to enter a date.

**Department of Finance Use Only**

**Additional Review:**  Capital Outlay  ITCU  FSCU  OSAE  Dept. of Technology

<b>Principal Program Budget Analyst</b> Jessie Romine	<b>Date submitted to the Legislature</b> 1/9/2026
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## A. Problem Statement

The FPPC was created by the Political Reform Act of 1974 (the "Act") as an independent non-partisan agency whose main duties are to ensure transparency in political campaign spending and that government officials comply with state government ethics laws. The FPPC has primary responsibility for the impartial and effective administration and implementation of the Act. The FPPC regulates and enforces actions performed by governmental officials and agencies and requires extensive disclosure reports to provide the public with access to government processes.

AB 2355 amended the Act to require a campaign committee that creates, originally publishes or originally distributes a political advertisement that is an image, audio, or video that was generated or substantially altered using artificial intelligence, as defined, to include on the advertisement a disclosure that the advertisement was generated or substantially altered using artificial intelligence.

AB 2355 specifies that an image, audio, video, or other media is generated or substantially altered using artificial intelligence if either:

1. It was entirely created using artificial intelligence and would falsely appear to a reasonable person to be authentic.
2. It was materially altered by artificial intelligence such that a reasonable person would have a fundamentally different understanding of the altered media when comparing it to an unaltered version.

AB 2355 excludes an advertisement from the disclaimer requirement if the media was immaterially altered by artificial intelligence, including a cosmetic adjustment, color edit, cropped image, or resized image.

The Act requires the FPPC to investigate alleged violations of the Act and pursue legal remedies when evidence of violations is found, including seeking injunctive relief to compel compliance and pursuing administrative or civil remedies. The Act also requires the FPPC to provide advice and guidance to those subject to the requirements of the Act.

### Resource History (Dollars in thousands)

Program Budget	PY - 4	PY - 3	PY - 2	PY-1	PY	CY
Authorized Expenditures	\$14,273	\$15,725	\$16,515	\$19,425	\$19,437	\$20,304
Actual Expenditures	\$12,884	\$15,022	\$15,865	\$18,321	\$18,774	TBD
Authorized Positions	90.8	91.8	92.8	107.8	108.8	111.8
Filled Positions	81.0	83.0	89.2	98.8	106.9	TBD

## B. Justification

AB 2355 went into effect on January 1, 2025. AB 2355 requires a disclaimer statement on campaign advertisements with image, audio, or video that was generated or substantially altered using artificial intelligence. The bill authorizes the commission to enforce violations of these disclosure requirements.

The FPPC submitted a BCP last fiscal year to address various enacted 2024 legislation. As noted in the previous BCP, the proposal did not include additional costs for artificial intelligence detection software or licenses to effectively implement AB 2355. Due to limited resources in the market at the time, the costs for artificial intelligence detection software or licenses were

unknown. It had stated that the FPPC would continue to seek effective tools; future BCP requests would follow to cover software costs. After months of market research, the FPPC has identified a solution capable of delivering state-of-the-art performance in detecting AI-generated content and would like to request additional funding to cover \$100,000 for the software's annual license fee.

In addition, the FPPC received three positions from the approved BCP to implement the 2024 legislation. Since the software is not yet available this year, only one Attorney position was included in the previous request to begin implementing AB 2355, while two positions were allocated to implement the remaining 2024 bills. The newly hired attorney will develop new investigation plans and evaluate evidence that the Enforcement Division currently does not evaluate. Attorney involvement is increased when investigations are contentious. The Enforcement Division anticipates a significant amount of argumentation/litigation regarding what would falsely appear to a reasonable person to be authentic, and also whether an artificial intelligence alteration would cause a reasonable person to have a fundamentally different understanding of the media in question. Furthermore, the complaints generated will often be perceived as potentially election-affecting because of the alleged deception and potentially damaging nature of the created or altered media.

With the artificial intelligence detection software procurement expected in 2026 and an election year approaching, the Enforcement Division anticipates receiving a large number of complaints that artificial intelligence has been used without the required disclosure. Most of these complaints will likely not be susceptible to determination based on initial visual analysis. Furthermore, many of these creations and alterations are likely to be deceptive in nature, as the bill itself assumes. Therefore, for investigation staff, requests will need to be made to obtain source documents to determine authenticity or the level of alteration. It is believed that an unusually high percentage of these types of complaints will lead to uncooperative investigations, causing an enhanced need for subpoenas, interviews, and third-party efforts. Enforcement Division would expect the need for significant training or the hiring of investigators with experience in the use of artificial intelligence, a significant increase in complaints, and a significant number of difficult investigations with well-financed individuals/committees having a desire not to be forthright in an area of technical complexity.

In addition, the Legal Division anticipates numerous advice requests will result from this new law, both as to the interpretation and application of the new requirement itself as well as its impact on existing ad disclosure requirements. As artificial intelligence is a new and rapidly evolving technology, the advice requests will likely involve novel questions and concepts that will require extensive research by the attorney preparing the advice. Further, educational materials covering advertising disclosure (e.g., advertising disclosure charts, fact sheets, and training materials) will need to be supplemented to address the new requirement. A Legal Division attorney will be responsible for preparing/reviewing those updated materials.

This proposal adds 1.5 positions: one Investigator in the Enforcement Division, and a half-time Attorney position in the Legal Division. These positions will perform all functions necessary to advise committees on their obligations under these new state mandates and enforce those new mandates.

### **C. Departmentwide and Statewide Considerations**

The FPPC is charged with the primary responsibility for the administration and enforcement of the Act. This request is consistent with that mandate.

### **D. Outcomes and Accountability**

The FPPC will have the necessary resources to implement the provisions of AB 2355 effectively.

**E. Implementation Plan**

The FPPC will seek the Department of Technology's approval in January 2026, begin the procurement process with DGS in March 2026, and implement the software by July 1, 2026. Hiring and training will begin upon approval to address the increased workload for the Enforcement and Legal Divisions.

**F. Supplemental Information (If Applicable)**

Click or tap here to enter text.

# BCP Fiscal Detail Sheet

(Dollars in Thousands)

BCP Title: Artificial Intelligence Disclaimer for Campaign Advertisements - (AB 2355 (2024))

BR Name: 8620-004-BCP-2026-GB

Budget Request Summary

## Personal Services

Personal Services	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
Positions - Permanent	0.0	1.5	1.5	1.5	1.5	1.5
<b>Total Positions</b>	<b>0.0</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>
Salaries and Wages Earnings - Permanent	0	150	150	150	150	150
<b>Total Salaries and Wages</b>	<b>\$0</b>	<b>\$150</b>	<b>\$150</b>	<b>\$150</b>	<b>\$150</b>	<b>\$150</b>
Total Staff Benefits	0	74	74	74	74	74
<b>Total Personal Services</b>	<b>\$0</b>	<b>\$224</b>	<b>\$224</b>	<b>\$224</b>	<b>\$224</b>	<b>\$224</b>

## Operating Expenses and Equipment

Operating Expenses and Equipment	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
5301 - General Expense	0	12	4	4	4	4
5302 - Printing	0	1	1	1	1	1
5304 - Communications	0	1	1	1	1	1
5320 - Travel: In-State	0	1	1	1	1	1
5320 - Travel: Out-of-State	0	1	1	1	1	1
5322 - Training	0	1	1	1	1	1
5324 - Facilities Operation	0	14	14	14	14	14
5344 - Consolidated Data Centers	0	1	1	1	1	1
5346 - Information Technology	0	104	102	102	102	102
<b>Total Operating Expenses and Equipment</b>	<b>\$0</b>	<b>\$136</b>	<b>\$126</b>	<b>\$126</b>	<b>\$126</b>	<b>\$126</b>

## Total Budget Request

Total Budget Request	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
<b>Total Budget Request</b>	<b>\$0</b>	<b>\$360</b>	<b>\$350</b>	<b>\$350</b>	<b>\$350</b>	<b>\$350</b>

## Fund Summary

### Fund Source

Fund Source	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
State Operations - 0001 - General Fund	0	360	350	350	350	350
<b>Total State Operations Expenditures</b>	<b>\$0</b>	<b>\$360</b>	<b>\$350</b>	<b>\$350</b>	<b>\$350</b>	<b>\$350</b>
<b>Total All Funds</b>	<b>\$0</b>	<b>\$360</b>	<b>\$350</b>	<b>\$350</b>	<b>\$350</b>	<b>\$350</b>

## Program Summary

### Program Funding

Program Funding	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
6610019 - Legal, Technical Assistance & State Enforcement	0	360	350	350	350	350
<b>Total All Programs</b>	<b>\$0</b>	<b>\$360</b>	<b>\$350</b>	<b>\$350</b>	<b>\$350</b>	<b>\$350</b>

## Personal Services Details

### Positions

Positions	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
6185 - Counsel (Eff. 07-01-2026)	0.0	0.5	0.5	0.5	0.5	0.5
8612 - Special Investigator (Eff. 07-01-2026)	0.0	1.0	1.0	1.0	1.0	1.0
<b>Total Positions</b>	<b>0.0</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>

### Salaries and Wages

Salaries and Wages	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
6185 - Counsel (Eff. 07-01-2026)	0	63	63	63	63	63
8612 - Special Investigator (Eff. 07-01-2026)	0	87	87	87	87	87
<b>Total Salaries and Wages</b>	<b>\$0</b>	<b>\$150</b>	<b>\$150</b>	<b>\$150</b>	<b>\$150</b>	<b>\$150</b>

### Staff Benefits

Staff Benefits	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
5150150 - Dental Insurance	0	1	1	1	1	1
5150350 - Health Insurance	0	7	7	7	7	7
5150450 - Medicare Taxation	0	2	2	2	2	2
5150500 - OASDI	0	8	8	8	8	8
5150600 - Retirement - General	0	43	43	43	43	43
5150900 - Staff Benefits - Other	0	13	13	13	13	13
<b>Total Staff Benefits</b>	<b>\$0</b>	<b>\$74</b>	<b>\$74</b>	<b>\$74</b>	<b>\$74</b>	<b>\$74</b>

### Total Personal Services

Total Personal Services	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
<b>Total Personal Services</b>	<b>\$0</b>	<b>\$224</b>	<b>\$224</b>	<b>\$224</b>	<b>\$224</b>	<b>\$224</b>