88R20495 MLH-F

By:  Slawson, Patterson, González of El Paso, H.B. No. 18

     Burrows, Darby, et al.

Substitute the following for H.B. No. 18:

By:  Lozano C.S.H.B. No. 18

A BILL TO BE ENTITLED

AN ACT

relating to the protection of minors from harmful, deceptive, or unfair trade practices in connection with the use of certain digital services.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1.  This Act may be cited as the Securing Children Online through Parental Empowerment (SCOPE) Act.

SECTION 2.  Subtitle A, Title 11, Business & Commerce Code, is amended by adding Chapter 509 to read as follows:

CHAPTER 509. USE OF DIGITAL SERVICES BY MINORS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 509.001.  DEFINITIONS. In this chapter:

(1)  "Digital service" means a website, an application, a program, or software that performs collection or processing functions with Internet connectivity.

(2)  "Digital service provider" means a person who owns or operates a digital service.

(3)  "Known minor" means a minor under circumstances where a digital service provider has actual knowledge of, or wilfully disregards, a minor's age.

(4)  "Minor" means a child who is younger than 18 years of age.

(5)  "Verified parent" means a person who has registered with a digital service provider as the parent or guardian of a known minor under Section 509.052.

Sec. 509.002.  APPLICABILITY. This chapter does not apply to:

(1)  a state agency or a political subdivision of this state;

(2)  a financial institution or data subject to Title V, Gramm-Leach-Bliley Act (15 U.S.C. Section 6801 et seq.);

(3)  a covered entity or business associate governed by the privacy, security, and breach notification rules issued by the United States Department of Health and Human Services, 45 C.F.R. Parts 160 and 164, established under the Health Insurance Portability and Accountability Act of 1996 (42 U.S.C. Section 1320d et seq.), and the Health Information Technology for Economic and Clinical Health Act (Division A, Title XIII, and Division B, Title IV, Pub. L. No. 111-5);

(4)  a small business as defined by the United States Small Business Administration on September 1, 2024; or

(5)  an institution of higher education.

SUBCHAPTER B. DIGITAL SERVICE PROVIDER DUTIES AND PROHIBITIONS

Sec. 509.051.  PROHIBITION ON AGREEMENTS WITH KNOWN MINORS; EXEMPTIONS. (a) Except as provided by this section, a digital service provider may not enter into an agreement with a known minor.

(b)  For purposes of this section, an agreement includes:

(1)  a terms of service agreement;

(2)  a user agreement; and

(3)  the creation of an account for a digital service.

(c)  A digital service provider may enter into an agreement with a known minor if the known minor's parent or guardian consents in a verifiable manner that:

(1)  is specific, informed, and unambiguous; and

(2)  occurs in the absence of any financial or other incentive.

(d)  For purposes of this section, the following are acceptable methods a digital service provider may use to obtain consent:

(1)  providing a form for the known minor's parent or guardian to sign and return to the digital service provider by common carrier, facsimile, or electronic scan;

(2)  providing a toll-free telephone number for the known minor's parent or guardian to call to consent;

(3)  coordinating a call with a known minor's parent or guardian over videoconferencing technology;

(4)  collecting information related to the known minor's parent's or guardian's government-issued identification and deleting that information after confirming the identity of the parent or guardian;

(5)  allowing the known minor's parent or guardian to provide consent by responding to an e-mail and taking additional steps to verify the parent's or guardian's identity; and

(6)  obtaining consent from a person registered with the digital service provider as the known minor's verified parent under Section 509.052.

(e)  An agreement under this section must include a method by which a known minor's parent or guardian can register with the digital service provider as the minor's verified parent under Section 509.052.

(f)  Before obtaining consent from a known minor's parent or guardian, a digital service provider must give the parent or guardian the ability to permanently enable settings to:

(1)  enable the highest privacy setting offered by the digital service provider;

(2)  prevent the digital service provider from collecting any data associated with the minor that is not necessary to provide the digital service;

(3)  prevent the digital service provider from processing any data associated with the minor in a manner that is not related to the purpose for which the data was collected;

(4)  prevent the digital service provider from sharing, disclosing, or transferring data associated with the minor in exchange for monetary or other valuable consideration;

(5)  prevent collection of geolocation data by the digital service provider;

(6)  disable targeted advertising for the minor; or

(7)  prevent the minor from making purchases or financial transactions.

(g)  If a minor's parent or guardian, including a verified parent, gives consent or performs another function of a parent or guardian under this chapter, the digital service provider:

(1)  is considered to have actual knowledge that the minor is less than 18 years of age; and

(2)  must treat the minor as a known minor.

Sec. 509.052.  REGISTRATION AS VERIFIED PARENT. (a) A digital service provider shall provide a process for a known minor's parent or guardian to register with the digital service provider as the known minor's verified parent.

(b)  The registration process under this section must require a known minor's parent or guardian to confirm the parent's or guardian's identity using a method acceptable for obtaining consent under Sections 509.051(d)(1)-(5).

(c)  A person registered with a digital service provider as a known minor's verified parent may give consent or perform other functions of a known minor's parent or guardian under this chapter relating to a digital service provider with whom the verified parent is registered without confirming the verified parent's identity under Sections 509.051(d)(1)-(5).

Sec. 509.053.  DIGITAL SERVICE PROVIDER DUTY TO PREVENT HARM. (a) A digital service provider shall exercise reasonable care to prevent physical, emotional, and developmental harm to a known minor in relation to the minor's use of the digital service, including:

(1)  self harm, suicide, eating disorders, and other similar behaviors;

(2)  substance abuse and patterns of use that indicate addiction;

(3)  bullying and harassment;

(4)  sexual exploitation, including enticement, grooming, trafficking, abuse, and child pornography;

(5)  advertisements for products or services that are unlawful for a minor, including illegal drugs, tobacco, gambling, pornography, and alcohol; and

(6)  predatory, unfair, or deceptive marketing practices.

(b)  A digital service provider shall exercise reasonable care to ensure that a known minor is not exposed to a type of harm described by Subsection (a) in relation to the minor's use of the digital service.

Sec. 509.054.  ACCESS TO DATA ASSOCIATED WITH KNOWN MINOR. (a) A known minor's parent or guardian may submit a request to a digital service provider to access any data on the digital service associated with the minor.

(b)  A digital service provider shall establish and make available a simple and easily accessible method by which a known minor's parent or guardian may make a request for access under this section.

(c)  The method established under Subsection (b) must:

(1)  allow a known minor's parent or guardian to access:

(A)  all data in the digital service provider's possession associated with the known minor, organized by:

(i)  type of data; and

(ii)  purpose for which the digital service provider processed each type of data;

(B)  the name of each third party to which the digital service provider disclosed the data, if applicable;

(C)  each source other than the minor from which the digital service provider obtained data associated with the known minor;

(D)  the length of time for which the digital service provider will retain the data associated with the known minor;

(E)  any index or score assigned to the minor as a result of the data, including whether the digital service provider created the index or score and, if not, who created the index or score;

(F)  the manner in which the digital service provider uses an index or score under Paragraph (E);

(G)  a method by which the known minor's parent or guardian may:

(i)  dispute the accuracy of any data collected or processed by the digital service provider; and

(ii)  request that the digital service provider correct any data collected or processed by the digital service provider; and

(H)  a method by which the known minor's parent or guardian may request that the digital service provider delete any data associated with the known minor collected or processed by the digital service provider; and

(2)  require a known minor's parent or guardian to confirm the parent's or guardian's identity using a method acceptable under Sections 509.051(d)(1)-(5).

(d)  A verified parent is not required to confirm the verified parent's identity under Subsection (c)(2) when making a request under this section to the digital service provider with whom the verified parent is registered.

(e)  If a digital service provider receives a request under Subsection (c)(1)(G), the digital service provider shall, not later than the 45th day after the request is made:

(1)  determine whether the relevant data is inaccurate or incomplete; and

(2)  make any corrections necessary.

(f)  If a digital service provider receives a request under Subsection (c)(1)(H), the digital service provider shall delete the data specified by the request not later than the 45th day after the request is made.

Sec. 509.055.  ADVERTISING AND MARKETING DUTIES. A digital service provider that allows advertisers to advertise to known minors on the digital service shall disclose in a clear and accessible manner at the time the advertisement is displayed:

(1)  the name of each product, service, or brand advertising on the digital service;

(2)  the subject matter of each advertisement or marketing material on the digital service;

(3)  if the digital service provider or advertiser targets advertisements to known minors on the digital service, the reason why each advertisement has been targeted to a minor;

(4)  the way in which data associated with a known minor's use of the digital service leads to each advertisement targeted to the minor; and

(5)  whether certain media on the digital service are advertisements.

Sec. 509.056.  USE OF ALGORITHMS. A digital service provider that uses algorithms to automate the suggestion, promotion, or ranking of information to known minors on the digital service shall:

(1)  ensure that the algorithm does not interfere with the digital service provider's duties under Section 509.053; and

(2)  disclose in the digital service provider's terms of service, in a clear and accessible manner:

(A)  an overview of the manner in which the digital service uses algorithms to provide information to known minors; and

(B)  an overview of the manner in which those algorithms use data associated with a known minor.

Sec. 509.057.  PROHIBITION ON LIMITING OR DISCONTINUING DIGITAL SERVICE. A digital service provider may not limit or discontinue a digital service provided to a known minor due to the nature of responses made by the known minor's parent or guardian under Section 509.051(f).

SUBCHAPTER C. ENFORCEMENT

Sec. 509.101.  DECEPTIVE TRADE PRACTICE. A violation of this chapter is a false, misleading, or deceptive act or practice as defined by Section 17.46(b). In addition to any remedy under this chapter, a remedy under Subchapter E, Chapter 17, is also available for a violation of this chapter.

SECTION 3.  If any provision of this Act or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of this Act that can be given effect without the invalid provision or application, and to this end the provisions of this Act are declared to be severable.

SECTION 4.  This Act takes effect September 1, 2024.