

## CA AB 1018 Ad Script Documentation

Script	Background
<p><b>“Lawmakers should be focused on making California more affordable. Instead they’re pushing AB 1018.”</b></p>	<p>“When Californians are asked to name the issues they feel are most important for the state to be addressing this year, economic issues dominate with the cost of living heading the list.” <a href="#">[May 8, 2025 Berkeley IGS Poll]</a></p>
<p><b>“A bill that would punish the fastest growing industries in California.”</b></p>	<p><i>Imposes costly third-party audits and duplicative reviews.</i> Mandatory independent audits (on top of internal assessments) add significant fixed costs; with few auditors in the market, mandated demand pushes fees up. High-growth tech firms that iterate frequently bear these costs most acutely, making California the most expensive jurisdiction for compliance.</p> <p><i>Overbreadth forces pullbacks from productivity tools.</i> By capturing low-risk and assistive systems (not just fully automated decisions), the bill discourages use of ADS that speed fraud detection, credit access, routing, logistics, clinical workflows, and climate modeling — enterprise-wide efficiency levers that power expansion in fast-growing sectors.</p>
<p><b>“Stifling job growth.”</b></p>	<p><i>Legal uncertainty triggers expansion caution.</i> With penalties up to \$25,000 per violation, lack of clarity regarding what counts as a violation, no right to cure, and more than one enforcer, prudent firms may pause deployments, narrow product offerings, or expand in lower-risk jurisdictions. This will slow net job growth in California.</p> <p><i>Fixed compliance costs crowd out growth investment.</i> AB 1018 layers recurring evaluations, individualized notices/appeals, and — in many cases — independent third-party audits. Those costs are passed through as higher prices, which reduce sales and hinder overall economic growth, the classic conditions under which firms slow expansion hiring.</p> <p><i>Audit mandates inflate costs and deter innovation.</i> A scarce auditor market drives up fees; audits duplicate work already done internally; and</p>

	<p>required disclosures to auditors raise IP-exposure risks. Companies may respond by delaying product rollouts, relocating R&amp;D, or narrowing California operations — each a brake on job creation.</p>
<p><b>“And when living here’s never been more expensive”</b></p>	<p>The June 2025 California Consumer Price Index is at an all time high [<a href="#">CA CPI 6/2025</a>]</p>
<p><b>“AB 1018 could mean higher costs for small businesses”</b></p>	<p><i>Captures small firms and exposes them to outsized liability.</i> The bill applies broadly across every industry, with specific concern that it exposes smaller businesses to significant liability even for errors that cause no consumer harm. This will drive up legal risk, compliance spend, and insurance needs.</p> <p><i>Onerous disclosure/appeal workflows add fixed overhead.</i> Individualized pre- and post-decision notices plus rights to correct and appeal are onerous and unworkable. For small firms with lean teams, standing up these workflows means hiring compliance staff or paying vendors, which will raise costs.</p> <p><i>Overlapping regimes and no preemption add complexity.</i> Concurrent rulemakings (CPPA ADMT, Civil Rights Council) and lack of statewide preemption create a patchwork of obligations; navigating multiple, potentially conflicting requirements increases compliance costs for small businesses.</p>
<p><b>“Larger budget deficits for California”</b></p>	<p><i>Tech is a revenue keystone, so even small slowdowns matter to the budget.</i> The tech sector and its supported activity generated \$55.9B in state tax revenue in FY2022–23 — <a href="#">~30% of total state tax revenue</a> — with most of that coming from personal income tax and corporate taxes. If tech investment or output pulls back, California’s two of the largest, most volatile revenue streams take an immediate hit.</p>
<p><b>“And ultimately, higher costs for you.”</b></p>	<p>Given the state’s balanced budget requirement, finite reserves, and existing budgetary pressures, larger deficits created by a tech slowdown would</p>

	<p>increase the odds that lawmakers turn to tax or revenue measures.</p> <p><i>Pass-through to customers should be anticipated.</i> As businesses absorb new audit and compliance costs, they will be forced to raise prices. This is especially true for small businesses operating on thin margins.</p>
<p><b>“Tell lawmakers: Don’t make California even more expensive. Oppose AB 1018.”</b></p>	