Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 1271 (Delegate J. Lewis, *et al.*)

Health and Government Operations   Rules

Information Technology - Artificial Intelligence - Policies and Procedures
(Artificial Intelligence Governance Act of 2024)

This bill (1) expands the responsibilities of the Secretary of Information Technology and Department of Information Technology (DoIT) as they relate to the procurement and use of artificial intelligence (AI) by State agencies, including the establishment of AI policies and procedures; (2) requires public senior higher education institutions, Baltimore City Community College (BCCC), and the State's constitutional officers to establish policies and procedures related to the development, procurement, and use of AI; (3) requires units of State government to conduct data inventories, inventories of systems that use AI, and impact assessments of data systems that use AI; (4) authorizes and establishes a process for "proof-of-concept" procurements; (5) codifies the AI Subcabinet of the Governor's Executive Council; and (6) requires the subcabinet to develop an AI roadmap and complete a specified report. **The bill takes effect July 1, 2024.**

Fiscal Summary

State Effect: DoIT general and special fund expenditures increase by *at least* $1.7 million in FY 2025; other quantifiable general fund expenditures increase by $96,100 in FY 2025. Out-years reflect annualization and elimination of one-time costs. Higher education expenditures increase, likely by more than $1.0 million annually, to develop and implement AI policies and procedures and other State expenditures (all funds) may further increase to conduct data inventories, AI inventories, and impact assessments (not quantified below). Revenues are not affected.

($ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Revenues	$0	$0	$0	$0	$0
GF Expenditure	0.1	0.1	0.1	0.1	0.1
GF/SF Exp.	1.7	1.7	1.8	1.8	1.8
GF/SF/FF/NonBud Exp.	-	-	-	-	-
Higher Ed Exp.	-	-	-	-	-
Net Effect	($-)	($-)	($-)	($-)	($-)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: The bill is not anticipated to materially affect local government operations or finances.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary:

Secretary and Department of Information Technology – Responsibilities

The responsibilities of the Secretary of Information Technology are expanded to include conducting inventories of systems that employ AI that are used by a unit of State government, as specified.

Artificial Intelligence Policies and Procedures

By December 1, 2024, DoIT must adopt policies and procedures, in consultation with the Governor's AI Subcabinet, concerning the development, procurement, deployment, use, and ongoing assessment of systems that employ high-risk AI by a unit of State government. "High-risk AI" means AI that is a risk to individuals or communities, as defined under regulations adopted by DoIT in consultation with the Governor's AI Subcabinet; it includes rights-impacting AI and safety-impacting AI. "Rights-impacting AI" means AI whose output serves as a basis for decision or action that is significantly likely to affect civil rights, civil liberties, equal opportunities, access to critical resources, or privacy. "Safety-impacting AI" means AI that has the potential to significantly impact the safety of human life, well-being, or critical infrastructure.

DoIT must make the policies and procedures publicly available on its website within 45 days of their adoption. The policies and procedures must:

- subject to any other applicable law, govern the procurement, deployment, and ongoing assessment of systems that employ high-risk AI by a unit of State government;
- define the criteria for an inventory of systems that employ high-risk AI;
- be sufficient to ensure that the use of any system that employs AI by a unit of State government is governed by adequate guardrails to protect individuals and communities;
- if DoIT is notified that an individual or group of individuals may have been negatively impacted by a system that employs high-risk AI, require DoIT to notify and provide guidance to affected individuals, as specified; and

- provide guidance to units of State government on procurement of a system that employs high-risk AI that ensures data privacy and compliance with applicable statutes and regulations.

Requirements for Public Senior Higher Education Institutions and Baltimore City Community College

"Public senior higher education institution" means the constituent institutions of the University System of Maryland and the University of Maryland Center for Environmental Sciences, Morgan State University, or St. Mary's College of Maryland. The bill's requirements generally apply to public senior higher education institutions and BCCC, but do not apply for AI deployed by those institutions that is used solely for a research or academic purpose, including in partnership with a unit of State government for the development, procurement, deployment, or use of AI.

However, by June 1, 2025, these institutions must establish policies and procedures that are functionally compatible with the policies and procedures adopted by DoIT for the development, procurement, deployment, use, and ongoing assessment of systems that employ high-risk AI used solely for a research or academic purpose. By September 1, 2025, and each year thereafter, these institutions must submit to DoIT a report on all high-risk AI procured and deployed for a research or academic purpose.

Requirements for Constitutional Officers

The bill's requirements do not generally apply to the Office of the Attorney General, the Comptroller, or the State Treasurer. Instead, by June 1, 2025, these entities must establish policies and procedures that are functionally compatible with the policies and procedures adopted by DoIT for the development, procurement, deployment, use, and ongoing assessment of systems that employ high-risk AI.

Data Inventories

By December 1, 2024, and annually thereafter, each unit of State government must conduct a data inventory that identifies data that meets criteria established by the Chief Data Officer and that is:

- necessary for the operations of the unit or otherwise required to be collected as a condition to receive federal funds or by federal or State law; and
- in a form prescribed by the Chief Data Officer, including when the data is used in AI.

DoIT must develop and publish guidance on policies and procedures for the data inventory.

Artificial Intelligence Inventories and Impact Assessments

By December 1, 2025, and regularly thereafter, each unit of State government must conduct an inventory of systems that employ high-risk AI and provide the inventory to DoIT in a format required by DoIT. For each system, the inventory required must include specified information, including the name of the system and a statement of purpose and intended uses of the system, and DoIT must make an aggregated statewide inventory publicly available on its website. DoIT may not make certain information from the inventories related to the safety and security of State systems publicly available but must, on request, provide the information to the Governor, members of the General Assembly, and law enforcement.

By December 31, 2026, each unit of State government must conduct an impact assessment of a system procured on or after February 1, 2026, that involves high-risk AI. By February 1, 2027, each unit of State government must conduct an impact assessment of a system previously procured (specifically, before February 1, 2026) that involves high-risk AI.

Procurement Requirements and Exemptions

Beginning July 1, 2025, a unit of State government may not procure or deploy a new system that employs AI unless the system complies with the policies and procedures adopted by DoIT. A unit of State government that employs high-risk AI must conduct regular impact assessments, as determined by the AI Subcabinet of the Governor's Executive Council.

Proof-of-concept Procurements

"Proof of concept" means a test, evaluation, or pilot project of a good, service, or technology in a real-world environment to evaluate whether the good, service, or technology can be successfully deployed and is beneficial to the State. A competitive proof-of-concept procurement is a formal competitive procurement method that may be used to solicit proposals for the conduct of a proof of concept prior to full implementation when the head of a unit determines the process to be appropriate and in the best interests of the unit, including testing specified products, services, and software.

After obtaining the approval of the head of a unit and before conducting a competitive proof-of-concept procurement, the unit must obtain approval from the Secretary of Information Technology or the Secretary's designee. The Secretary may grant approval if the unit has sufficient internal resources to manage the proof of concept, as specified, and enters into a memorandum of understanding with DoIT that requires regular status updates, vendor capacity, and other information necessary for DoIT to evaluate whether the proof of concept can be successfully deployed and is beneficial to the State.

A competitive proof-of-concept procurement may be conducted through the issuance of a solicitation by any method of procurement authorized in State procurement law. A competitive proof-of-concept procurement solicitation must include a statement of (1) the scope of work or project description, as specified, and (2) the factors, including the price, that will be used in evaluating proposals and the relative importance of each. A solicitation may be distributed to vendors known to offer goods or services within the scope of the proof of concept and must, except for procurements under $15,000 not otherwise required by law to be posted, be posted on eMaryland Marketplace Advantage (eMMA).

After receipt of proposals, but before award of a procurement contract, a unit may (1) conduct discussions with an offeror, as specified, and (2) request product samples for testing by the unit or a demonstration of a product or service and use these samples or demonstrations in its evaluation process. A request for product samples for testing or demonstration must be issued to all offerors deemed reasonable at the time of the request.

A unit may award one or more of the proposals a contract for the proof of concept. A vendor awarded a proof-of-concept procurement is eligible to bid on a procurement to implement a proposal related to the proof-of-concept procurement. The Department of General Services (DGS) must consult with DoIT to adopt policies and procedures for the development and implementation of competitive proof-of-concept procurements.

Governor's Artificial Intelligence Subcabinet of the Governor's Executive Council

The bill codifies the Governor's AI Subcabinet of the Governor's Executive Council, which was established by Executive Order 01.01.2024.02. Broadly, the subcabinet must:

- develop strategy, policy, and monitoring processes for AI, as specified;
- oversee the State's implementation of various aspects of AI;
- support AI and data innovation across units of State government and in private-sector enterprise;
- develop and implement a comprehensive action plan for responsible and productive use of AI and associated data by units of State government;
- establish partnerships, memoranda of understanding, and contracts, as specified;
- promote AI knowledge, skills, and talent in State government; and
- identify AI use cases and build foundational infrastructure by requiring specified evaluations and modeling, and coordination between State agencies, as specified.

The Governor must provide the subcabinet with sufficient resources to perform its duties.

By December 1, 2024, the subcabinet must, in collaboration with appropriate units of State government, develop a roadmap that includes specified plans and prioritizations to review

the risks and opportunities associated with the use of AI in State services and submit the roadmap to the Governor and the General Assembly.

By December 1, 2025, the subcabinet must submit a report and recommendations to the Governor and the General Assembly on the sufficiency of the subcabinet to accomplish the AI goals of the State and the efficacy of the potential transition of the subcabinet to a department or independent unit of State government.

Current Law: For additional information on the status of AI in the nation and State, please see the **Appendix – Artificial Intelligence**.

Department of Information Technology

DoIT and the Secretary of Information Technology are responsible for:

- developing and enforcing information technology (IT) policies, procedures, and standards;
- providing technical assistance, advice, and recommendations to any unit of State government;
- reviewing agency project plans to make information and services available to the public over the Internet;
- developing and maintaining a statewide IT Master Plan, as specified;
- developing a statewide cybersecurity strategy, as specified;
- adopting and enforcing nonvisual access standards to be used in the procurement of IT services, as specified;
- in consultation with the Maryland Cybersecurity Coordinating Council (MCCC), advising and overseeing a consistent cybersecurity strategy for units of State government, as specified;
- advising and consulting with the Legislative and Judicial branches of State government regarding a cybersecurity strategy;
- in consultation with MCCC, developing guidance on consistent cybersecurity strategies for specified local government entities;
- upgrading IT and cybersecurity-related State government infrastructure; and
- annually evaluating (1) the feasibility of units of State government providing public services using AI, machine learning, commercial cloud computer services, device-as-a-service procurement models, and other emerging technologies and (2) the development of data analytics capabilities to enable data-driven policymaking by units of State government.

"Information technology" means all electronic information processing, including maintenance, telecommunications, hardware, software, and associated services.

Procurement

State procurement law identifies multiple procurement methods available to State procurement officials depending on the nature and circumstances of the procurement. The two most common methods are competitive sealed bids and competitive sealed proposals. In general, procurement officials have the discretion to use whichever method best suits the nature and circumstances of the procurement. However, the competitive sealed proposal method is identified as the preferred (but not required) method for the procurement of human, social, cultural, or educational services and for real property leases.

The basis for award under competitive sealed bids is (1) the lowest bid price; (2) the lowest evaluated bid price; or (3) under specified circumstances, the bid most favorable to the State.

For competitive sealed proposals, procurement officials establish (1) the factors, including price, that are the basis for the contract award and (2) the relative importance of each factor. They must then communicate those factors in the solicitation and award the contract to the offeror whose proposal or best and final offer is determined to be the most advantageous to the State based on the identified factors. This method, therefore, allows State agencies to award contracts based on factors other than lowest price if so specified in the solicitation.

eMMA is the State's cloud-based procurement portal.

State Expenditures: Readily quantifiable general and special fund expenditures increase by $1.8 million in fiscal 2025, which reflects anticipated costs for DoIT and DGS, with ongoing costs totaling $1.9 million in fiscal 2029. State expenditures (all funds) may increase further for agencies to conduct the data inventories, AI inventories, and impact assessments required by the bill; however, any such impact cannot be reliably estimated at this time. Similarly, higher education expenditures may increase, potentially by more than $1.0 million, for public senior higher education institutions and BCCC to develop and implement AI policies and procedures.

The following sections include additional detail for costs anticipated for State agencies, public senior higher education institutions, DoIT, and DGS.

State Agencies

The bill creates new and ongoing responsibilities for units of State government by requiring data inventories, AI inventories, and impact assessments for systems that employ AI. Estimates from State agencies that responded to a request for information for this fiscal and policy note generally fall into three categories.

- Most State agencies advise that the bill has minimal or no effect on their operations or finances since they do not employ any systems that use AI.
- Various State agencies advise that the bill's requirements can be handled using existing budgeted resources or have minimal or no impact on their operations generally because the agency (1) plans to rely on DoIT to meet the bill's requirements or (2) has very few systems to inventory.
- Some State agencies anticipate moderate to significant costs, generally for new expert staff with experience in AI to implement the bill's requirements, including the Department of Service and Civic Innovation and the Maryland State Archives.

The Department of Legislative Services (DLS) has neither the technical expertise nor the knowledge of each State agency's systems to independently verify these estimates, but DLS acknowledges that expenditures (all funds) for some agencies may increase if they make extensive use of AI.

Public Senior Higher Education Institutions

The bill requires each public senior higher education institution (as well as BCCC) to establish its own policies and procedures for the development, procurement, deployment, or use of AI (other than AI used for research or academic purposes) that are functionally compatible with the policies and procedures adopted by DoIT; each response received from the request for information is summarized below.

- The University of Maryland, College Park Campus estimates ongoing costs of $500,000 annually for specialized staff and related costs to develop and implement the policies and procedures and manage AI use at the institution.
- Coppin State University anticipates annual costs of about $200,000 to hire specialized staff and to license specialized software to comply with the bill's requirements.
- The University of Maryland Global Campus could not provide a precise estimate but anticipates significant costs to comply with the bill's requirements.

DLS has neither the technical expertise nor the knowledge of each institution's systems to independently verify these estimates, but DLS acknowledges that higher education expenditures for some or all public senior higher education institutions (and possibly BCCC) may increase if they make extensive use of AI.

Department of Information Technology

DoIT requires additional staff and expert consultant assistance to (1) implement the bill's various requirements related to AI; (2) support State agencies in conducting the required

data and AI inventories and performing impact assessments when necessary; (3) support State agencies and DGS in implementing the proof-of-concept procurements; and (4) develop the required roadmap (since DoIT provides staff for the AI Subcabinet of the Governor's Executive Council). These new duties are substantial and cannot be handled by existing staff using existing budgeted resources. Specifically, multiple agencies advise that, even though the bill requires them to conduct inventories and impact assessments, they expect to rely on DoIT to conduct them instead because they lack expertise. Therefore, DoIT requires substantial contractual support from expert consultants as it does not have the capacity or expertise to conduct a large number of inventories and impact assessments. Contractual support is needed because the State salary scale does not support hiring regular staff with high-level IT and AI expertise.

Thus, general and special fund expenditures for DoIT increase by $1.7 million in fiscal 2025, which assumes a 90-day start-up delay from the bill's July 1, 2024 effective date for new staff. This estimate reflects the cost of hiring one full-time AI subject matter expert and one contractual graduate student from the University of Maryland, Baltimore County. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses. It also includes $1.5 million in contractual costs for expert AI consultant assistance.

Regular Position	1.0
Contractual Position	1.0
Salaries and Fringe Benefits	$191,337
Expert Consultant Costs	1,500,000
Other Operating Expenses	14,512
Total FY 2025 DoIT Expenditures	**$1,705,849**

The fiscal 2025 budget bill as passed by the General Assembly includes a fiscal 2024 appropriation of $3.0 million in general funds to the Dedicated Purpose Account (DPA) for DoIT to complete a State data inventory, a statewide asset inventory, and various other IT-related projects. It is assumed that a portion of those funds – as much as $1.5 million – can be used for the inventories and impact assessments required by the bill. **Accordingly, a combination of general funds and special funds from DPA are assumed to be used in fiscal 2025 and out-years.**

Future year expenditures reflect full salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses. The estimate includes ongoing costs for expert consultant assistance. This estimate does not include any health insurance costs that could be incurred for the contractual employee under the State's implementation of the federal Patient Protection and Affordable Care Act. It further assumes that the contractual position remains through the five years covered by this fiscal and policy note but terminates in fiscal 2030.

Total expenditures for DoIT may vary significantly from the estimate depending on (1) findings from the initial data and AI inventories required by the bill; (2) whether DoIT chooses to implement any of the various systems and processes for which the bill requires testing and evaluations; and (3) how many proof-of-concept procurements are implemented in any given fiscal year. For example, if many more State agencies require impact assessments than anticipated, DoIT may require additional expert consultants to ensure the impact assessments are conducted in the timeframe required by the bill. Additionally, if DoIT were to procure sandbox software for the purposes of AI governance and testing, licensing costs would total $1.5 million annually.

Department of General Services

General fund expenditures for DGS increase by $96,089 in fiscal 2025, which assumes a 90-day start-up delay from the bill's July 1, 2024 effective date. This estimate reflects the cost of hiring one procurement officer to manage the procurement process for proof-of-concept procurements. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Position	1.0
Salary and Fringe Benefits	$88,833
Operating Expenses	7,256
Total FY 2025 DGS Expenditures	**$96,089**

Future year expenditures reflect a full salary with annual increases and employee turnover as well as annual increases in ongoing operating expenses. This analysis assumes that DGS relies considerably on the expertise of DoIT (including new staff hired to implement the bill) to provide technical guidance and support for the implementation of any proof-of-concept procurements (which are expected to be few in number). To the extent that DGS requires more in-house technical expertise to conduct any such procurements, multiple additional staff are likely necessary for DGS to work with State agencies to conduct the procurements.

Small Business Effect: Small businesses in the technology or AI industries may benefit from the opportunity to bid on proof-of-concept procurements authorized by the bill.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: SB 818 (Senator Hester, *et al.*) - Education, Energy, and the Environment.

Information Source(s): Department of Information Technology; Governor's Office of Small, Minority, and Women Business Affairs; Maryland Department of Aging; State Board of Contract Appeals; Department of Commerce; Maryland Commission on Civil Rights; Maryland Institute for Emergency Medical Services Systems; Maryland Longitudinal Data System Center; Maryland Department of Emergency Management; Alcohol, Tobacco, and Cannabis Commission; Maryland Cannabis Administration; Office of the Attorney General; Judiciary (Administrative Office of the Courts); Maryland State Department of Education; Maryland School for the Deaf; Baltimore City Community College; Maryland State Library Agency; University System of Maryland; Morgan State University; Interagency Commission on School Construction; Maryland Center for School Safety; Maryland Public Television; Maryland Department of Agriculture; Department of Budget and Management; Maryland Department of the Environment; Department of General Services; Department of Human Services; Department of Juvenile Services; Maryland Department of Labor; Department of Natural Resources; Maryland Department of Planning; Department of Public Safety and Correctional Services; Board of Public Works; Department of State Police; Maryland Department of Transportation; Department of Veterans Affairs; State Treasurer's Office; Office of Administrative Hearings; Maryland State Archives; Department of Service and Civic Innovation; State Ethics Commission; Maryland Insurance Administration; Maryland State Lottery and Gaming Control Agency; Department of Housing and Community Development; Comptroller's Office; Public Service Commission; State Retirement Agency; Baltimore City Public Schools; Baltimore County Public Schools; Montgomery County Public Schools; Prince George's County Public Schools; Department of Legislative Services

Fiscal Note History: First Reader - March 1, 2024
rh/mcr
Third Reader - May 9, 2024
      Revised - Amendment(s) - May 9, 2024
      Revised - Budget Information - May 9, 2024

Analysis by: Richard L. Duncan

Direct Inquiries to:
(410) 946-5510
(301) 970-5510

Appendix – Artificial Intelligence

Artificial Intelligence – Generally

Artificial intelligence (AI) is a broad field of computer science that deals with the creation of "intelligent" systems that can reason, learn, and act autonomously. There are many different branches of AI, each with its own focus and set of techniques, such as machine learning, neural networks, robotics, expert systems, fuzzy logic, and natural language processing. AI research has been successful in developing algorithms for solving a wide range of problems, from game playing to conversation simulation.

Though a variety of forms of AI are now in use, experts have not established an agreed-upon definition for the technology. An early definition in 1955 branded AI as "making a machine behave in ways that would be called intelligent if a human were so behaving." A more recent and expansive consensus definition of AI emerging in academic circles as cited by Stuart Russell and Peter Norvig in their computer science textbook *Artificial Intelligence: A Modern Approach*, defines it as "the designing and building of intelligent agents that receive percepts from the environment and take actions that affect that environment."

In Executive Order 01.01.2024.02, which is discussed in more detail below, for State regulatory purposes, AI means a machine-based system that can, for a given set of human-defined objectives, make predictions, recommendations, or decisions influencing real or virtual environments. AI systems use machine- and human-based inputs to perceive real and virtual environments; abstract such perceptions into models through analysis in an automated manner; and use model inference to formulate options for information or action.

History of Artificial Intelligence

Though the general public's awareness of AI may be relatively recent, AI has existed conceptually for nearly 70 years. In 1950, Alan Turing, the English mathematician and computer scientist, wrote Computing Machinery and Intelligence, one of the first papers that posed the question of whether machines can think. The phrase "artificial intelligence" was first coined in 1956 at an academic conference on the subject. From 1964 to 2017, numerous developments were made in the field, including the Massachusetts Institute of Technology's "ELIZA," a chatbot that simulates conversation; IBM's Watson, a cognitive computing platform that uses AI to help businesses and individuals make decisions; and Apple's Siri, a voice assistant for consumers that uses speech recognition.

More recently, in November 2022, OpenAI's ChatGPT (Chat Generative Pre-Trained Transformer) was released for public beta testing and by January 2023 had become one of the fastest growing consumer software applications in history, gaining more than 100 million users in that time. As users interact with the software, the software learns from the conversations and improves its capabilities. The continued development of this and other generative AI software systems is drawing the attention of policymakers to better understand the technology, regulate it to protect individuals from potential risks, and promote the development of safe applications of the technology.

Major Risks – Data Privacy, Bias, and Academic Integrity

Although data privacy has been a matter of concern since the advent of the Internet, the complexity of the algorithms that power AI has prompted interest in government regulation of the technology to prevent the improper or unethical use of personal data. However, regulation of this aspect of AI is sometimes challenging due to intellectual property claims and resistance by the private owners of these technologies to allow exploration of the internal workings of their systems.

As AI algorithms and neural networks are trained by humans, existing societal discriminations can be incorporated into the internal and inherent biases of the data sets that AI systems use and can affect the way an AI model functions. One set of AI functions that has been identified as potentially having some bias is the use of facial recognition software in security or policing contexts. In use by various law enforcement agencies throughout the nation, this software has been shown to be prone to error and unable to accurately recognize people of color, women, and young people. Similarly, some AI software designed to screen resumes for employment consideration has been found to be biased against minorities, women, and older individuals.

Academic institutions, including secondary and postsecondary institutions, have also raised concerns about AI's potential to compromise academic integrity. Generative AI systems can produce written works in response to prompts that can be presented by students as their work product. These institutions have struggled to develop policies and practices to limit the potential for such adverse uses of AI.

Federal Initiatives

The National Artificial Intelligence Initiative Act of 2020 became law on January 1, 2021. The aim of the Act is to promote U.S. leadership in AI research and development with the goal of accelerating the nation's economic prosperity and national security through the development and use of trustworthy AI in the public and private sectors and preparation of the workforce for the inevitable integration of AI systems. This multi-agency initiative has included work by the U.S. Department of Energy, in consultation with the National

Institute of Standards and Technology, to develop the AI Risk Management Playbook as a reference guide to support responsible and trustworthy AI use and development. Though not a binding document, the playbook addresses common AI risks and steps that AI leaders, practitioners, and procurement teams can take to manage data privacy and bias risks.

In addition, the White House introduced its Blueprint for an AI Bill of Rights, a set of five principles and associated practices (safe and effective systems; algorithmic discrimination protections; data privacy; notice and explanation; and human alternatives, consideration, and fallback) to help guide the design and deployment of automated systems to protect the rights and opportunities of the public, as well as public access to critical resources and services, and to serve as a guide for how new AI resources are developed. The blueprint is designed to apply to speech-related systems, surveillance and criminal justice algorithms, voting-related systems, and any other systems that could lead to potential algorithmic discrimination.

In October 2023, the White House issued an executive order to establish new standards for AI safety and security and direct actions that aim to protect privacy of Americans, advance equity and civil rights, protect consumers and workers, and promote innovation and competition.

Maryland Law

Maryland has certain statutes in effect that govern AI directly or indirectly. The Department of Information Technology and the Secretary of Information Technology are statutorily responsible for annually evaluating the feasibility of units of State government providing public services using AI, machine learning, commercial cloud computer services, device-as-a-service procurement models, and other emerging technologies.

Indirectly, Chapter 446 of 2020 prohibits employers from using facial recognition services to create facial templates of job applicants without their consent, and Chapter 41 of 2022 requires courts to consider the results of algorithmic tools before detaining juveniles. Additionally, Maryland's broader consumer protection and data privacy laws, such as the Consumer Protection Act and the Maryland Personal Information Protection Act (MPIPA), offer certain protections against AI-related risks. For example, MPIPA requires businesses that collect, maintain, or license personal information to implement reasonable security measures.

Regulatory Framework by Executive Order

In January 2024, the Governor issued Executive Order 01.01.2024.02 to direct, guide, and regulate the use of AI by State agencies. Primarily, the executive order establishes an AI subcabinet to, among other things, (1) promote the foundational principles that State

agencies must adhere to when using AI (*i.e.*, fairness, equity, privacy, safety, validity, and transparency); (2) provide advice and recommendations to the Governor on the use of AI; (3) facilitate statewide coordination on the responsible, ethical, and productive use of AI; (4) develop an AI action plan to operationalize the AI principles; (5) find, evaluate, and offer training programs for state workers on the use of AI; and (6) study and make recommendations to the Governor and the General Assembly on how AI affects the State workforce, economic development, and security.