

SENATE BILL 818

S1, P2, K3

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CF 4lr2598

By: **Senators Hester, Gile, Augustine, Elfreth, Ellis, Feldman, Ferguson, Jackson, Lam, Rosapepe, Smith, Waldstreicher, West, and Zucker**

Introduced and read first time: February 2, 2024

Assigned to: Education, Energy, and the Environment

A BILL ENTITLED

1 AN ACT concerning

2 **Information Technology – Artificial Intelligence – Policies and Procedures**
3 **(Artificial Intelligence Governance Act of 2024)**

4 FOR the purpose of requiring each unit of State government to conduct a certain annual
5 data inventory, a certain annual inventory of systems that employ artificial
6 intelligence, and a certain impact assessment on or before a certain date; requiring
7 the Department of Information Technology to conduct ongoing monitoring of certain
8 systems under certain circumstances; requiring the Department of Information
9 Technology to adopt policies and procedures concerning the development,
10 procurement, implementation, use, and assessment of systems that employ artificial
11 intelligence by units of State government; prohibiting a unit of State government
12 from implementing or using a system that employs artificial intelligence under
13 certain circumstances beginning on a certain date; establishing the Governor's
14 Artificial Intelligence Subcabinet of the Governor's Executive Council; establishing
15 competitive proof of concept procurement as a formal competitive procurement
16 method for the procurement of certain products and services; exempting certain
17 competitive proof of concept procurements from oversight by the Board of Public
18 Works; requiring the Department of General Services, in consultation with the
19 Department of Information Technology, to develop certain policies and procedures
20 for the development and implementation of competitive proof of concept
21 procurements; and generally relating to the use of artificial intelligence by units of
22 State government.

23 BY repealing and reenacting, without amendments,
24 Article – State Finance and Procurement
25 Section 3.5–101(a), (c), (d), and (f)
26 Annotated Code of Maryland
27 (2021 Replacement Volume and 2023 Supplement)

28 BY repealing and reenacting, with amendments,

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Article – State Finance and Procurement
2 Section 3.5–301, 3.5–303(a), and 12–101
3 Annotated Code of Maryland
4 (2021 Replacement Volume and 2023 Supplement)

5 BY adding to
6 Article – State Finance and Procurement
7 Section 3.5–318; 3.5–801 through 3.5–805 to be under the new subtitle “Subtitle 8.
8 Artificial Intelligence”; and 13–116
9 Annotated Code of Maryland
10 (2021 Replacement Volume and 2023 Supplement)

11 Preamble

12 WHEREAS, Artificial intelligence is transforming society and work, and the pace of
13 that change will present new opportunities and risks for the State’s residents, workers, and
14 economy; and

15 WHEREAS, The State must ensure the responsible, ethical, beneficial, and
16 trustworthy use of artificial intelligence in State government; and

17 WHEREAS, The State is home to a rich and growing artificial intelligence ecosystem
18 of academic, industry, government, and civil society experts, researchers, builders,
19 organizers, and stakeholders; and

20 WHEREAS, To foster an environment for innovation while respecting individuals,
21 employees, and civil rights, as artificial intelligence technologies are developed and evolve,
22 the technologies should be analyzed and monitored by government officials, industry
23 experts, consumer protection advocates, and other stakeholders; and

24 WHEREAS, Given the rapid rate of change in artificial intelligence technologies and
25 industry, the State must chart a principled yet adaptable, pragmatic path forward, so that
26 the technologies’ benefits can be confidently harnessed on behalf of Marylanders and in
27 service of the Governor’s mission to Leave No One Behind; and

28 WHEREAS, Leaders across State government share a common interest in
29 establishing effective artificial intelligence governance and are committed to working
30 together to develop the legal and policy framework for its responsible use in the State; and

31 WHEREAS, Automated systems should be safe and effective, developed with
32 consultation from diverse communities, stakeholders, and domain experts to identify
33 concerns, risks, and potential impacts of the systems; and

34 WHEREAS, Designers, developers, and deployers of automated systems should take
35 proactive and continuous measures to protect individuals and communities from
36 algorithmic discrimination and to use and design systems in an equitable way; and

1 WHEREAS, Designers, developers, and deployers of automated systems should seek
2 permission and respect decisions regarding collection, use, access, transfer, and deletion of
3 data in appropriate ways and to the greatest extent possible; where not possible, alternative
4 privacy by design safeguards should be used; and

5 WHEREAS, Designers, developers, and deployers of automated systems should
6 provide generally accessible plain language documentation including clear descriptions of
7 the overall system functioning and the role automation plays, notice that such systems are
8 in use, the individual or organization responsible for the system, and explanations of
9 outcomes that are clear, timely, and accessible; and

10 WHEREAS, Designers, developers, and deployers of automated systems should
11 consider the specific types of actions for which a human alternative is appropriate,
12 commensurate with the magnitude of the action and risk of harm, along with the extent to
13 which a human alternative would be beneficial to individuals and the public interest; now,
14 therefore,

15 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
16 That the Laws of Maryland read as follows:

17 **Article – State Finance and Procurement**

18 3.5–101.

19 (a) In this title the following words have the meanings indicated.

20 (c) “Department” means the Department of Information Technology.

21 (d) “Secretary” means the Secretary of Information Technology.

22 (f) “Unit of State government” means an agency or unit of the Executive Branch
23 of State government.

24 3.5–301.

25 (a) In this subtitle the following words have the meanings indicated.

26 **(B) “ARTIFICIAL INTELLIGENCE” HAS THE MEANING STATED IN § 3.5–801**
27 **OF THIS TITLE.**

28 **[(b)] (C)** “Cybersecurity” means processes or capabilities wherein systems,
29 communications, and information are protected and defended against damage,
30 unauthorized use or modification, and exploitation.

31 **[(c)] (D)** “Cybersecurity strategy” means a vision, a plan of action, or guiding
32 principles.

1 **[(d)] (E)** (1) “Development” means all expenditures for a new information
2 technology system or an enhancement to an existing system including system:

- 3 (i) planning;
- 4 (ii) creation;
- 5 (iii) installation;
- 6 (iv) testing; and
- 7 (v) initial training.

8 (2) “Development” does not include:

- 9 (i) ongoing operating costs, software or hardware maintenance,
10 routine upgrades, or modifications that merely allow for a continuation of the existing level
11 of functionality; or
- 12 (ii) expenditures made after a new or enhanced system has been
13 legally accepted by the user and is being used for the business process for which it was
14 intended.

15 **[(e)] (F)** “Fund” means the Major Information Technology Development Project
16 Fund.

17 **[(f)] (G)** “Information technology” means all electronic information processing,
18 including:

- 19 (1) maintenance;
- 20 (2) telecommunications;
- 21 (3) hardware;
- 22 (4) software; and
- 23 (5) associated services.

24 **[(g)] (H)** “Information technology services” means information provided by
25 electronic means by or on behalf of a unit of State government.

26 **[(h)] (I)** “Major information technology development project” means any
27 information technology development project that meets one or more of the following
28 criteria:

- 29 (1) the estimated total cost of development equals or exceeds \$1,000,000;

1 (2) the project is undertaken to support a critical business function
2 associated with the public health, education, safety, or financial well-being of the citizens
3 of Maryland; or

4 (3) the Secretary determines that the project requires the special attention
5 and consideration given to a major information technology development project due to:

6 (i) the significance of the project's potential benefits or risks;

7 (ii) the impact of the project on the public or local governments;

8 (iii) the public visibility of the project; or

9 (iv) other reasons as determined by the Secretary.

10 [(i)] (J) "Master plan" means the statewide information technology master plan
11 and statewide cybersecurity strategy.

12 [(j)] (K) "Nonvisual access" means the ability, through keyboard control,
13 synthesized speech, Braille, or other methods not requiring sight to receive, use, and
14 manipulate information and operate controls necessary to access information technology in
15 accordance with standards adopted under § 3.5-303(b) of this subtitle.

16 [(k)] (L) "Resource sharing" means the utilization of a State resource by private
17 industry in exchange for the provision to the State of a communication service or other
18 consideration.

19 [(l)] (M) "Systems development life cycle plan" means a plan that defines all
20 actions, functions, or activities to be performed by a unit of State government in the
21 definition, planning, acquisition, development, testing, implementation, operation,
22 enhancement, and modification of information technology systems.

23 3.5-303.

24 (a) The Secretary is responsible for carrying out the following duties:

25 (1) developing, maintaining, revising, and enforcing information
26 technology policies, procedures, and standards;

27 (2) providing technical assistance, advice, and recommendations to the
28 Governor and any unit of State government concerning information technology matters;

29 (3) reviewing the annual project plan for each unit of State government to
30 make information and services available to the public over the Internet;

1 (4) developing and maintaining a statewide information technology master
2 plan that will:

3 (i) centralize the management and direction of information
4 technology policy within the Executive Branch of State government under the control of the
5 Department;

6 (ii) include all aspects of State information technology including
7 telecommunications, security, data processing, and information management;

8 (iii) consider interstate transfers as a result of federal legislation and
9 regulation;

10 (iv) ensure that the State information technology plan and related
11 policies and standards are consistent with State goals, objectives, and resources, and
12 represent a long-range vision for using information technology to improve the overall
13 effectiveness of State government;

14 (v) include standards to assure nonvisual access to the information
15 and services made available to the public over the Internet; and

16 (vi) allows a State agency to maintain the agency's own information
17 technology unit that provides for information technology services to support the mission of
18 the agency;

19 (5) developing and maintaining a statewide cybersecurity strategy that
20 will:

21 (i) centralize the management and direction of cybersecurity
22 strategy within the Executive Branch of State government under the control of the
23 Department; and

24 (ii) serve as the basis for budget allocations for cybersecurity
25 preparedness for the Executive Branch of State government;

26 (6) adopting by regulation and enforcing nonvisual access standards to be
27 used in the procurement of information technology services by or on behalf of units of State
28 government in accordance with subsection (c) of this section;

29 (7) in consultation with the Maryland Cybersecurity Coordinating Council,
30 advising and overseeing a consistent cybersecurity strategy for units of State government,
31 including institutions under the control of the governing boards of the public institutions
32 of higher education;

33 (8) advising and consulting with the Legislative and Judicial branches of
34 State government regarding a cybersecurity strategy;

1 (9) in consultation with the Maryland Cybersecurity Coordinating Council,
2 developing guidance on consistent cybersecurity strategies for counties, municipal
3 corporations, school systems, and all other political subdivisions of the State;

4 (10) upgrading information technology and cybersecurity-related State
5 government infrastructure; [and]

6 (11) annually evaluating:

7 (i) the feasibility of units of State government providing public
8 services using artificial intelligence, machine learning, commercial cloud computer
9 services, device-as-a-service procurement models, and other emerging technologies; and

10 (ii) the development of data analytics capabilities to enable
11 data-driven policymaking by units of State government; AND

12 **(12) CONDUCTING INVENTORIES AND ONGOING ASSESSMENTS OF**
13 **SYSTEMS THAT EMPLOY ARTIFICIAL INTELLIGENCE THAT ARE USED BY A UNIT OF**
14 **STATE GOVERNMENT AS REQUIRED UNDER § 3.5-318 OF THIS SUBTITLE.**

15 **3.5-318.**

16 **(A) ON OR BEFORE DECEMBER 1, 2024, AND ANNUALLY THEREAFTER,**
17 **EACH UNIT OF STATE GOVERNMENT SHALL CONDUCT A DATA INVENTORY THAT**
18 **IDENTIFIES DATA THAT MEETS THE CRITERIA ESTABLISHED BY THE CHIEF DATA**
19 **OFFICER AND THAT IS:**

20 **(1) (I) NECESSARY FOR THE OPERATION OF THE UNIT; OR**

21 **(II) OTHERWISE REQUIRED TO BE COLLECTED:**

22 **1. AS A CONDITION TO RECEIVE FEDERAL FUNDS; OR**

23 **2. BY FEDERAL OR STATE LAW; AND**

24 **(2) IN A FORM PRESCRIBED BY THE CHIEF DATA OFFICER,**
25 **INCLUDING WHEN THE DATA IS USED IN ARTIFICIAL INTELLIGENCE.**

26 **(B) THE DEPARTMENT SHALL DEVELOP AND PUBLISH GUIDANCE ON THE**
27 **POLICIES AND PROCEDURES FOR THE INVENTORY.**

28 **SUBTITLE 8. ARTIFICIAL INTELLIGENCE.**

29 **3.5-801.**

1 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
2 INDICATED.

3 (B) (1) “ALGORITHMIC DECISION SYSTEM” MEANS A COMPUTATIONAL
4 PROCESS THAT FACILITATES DECISION MAKING.

5 (2) “ALGORITHMIC DECISION SYSTEM” INCLUDES DECISIONS
6 DERIVED FROM MACHINES, STATISTICS, FACIAL RECOGNITION, AND DECISIONS ON
7 PAPER.

8 (C) “ARTIFICIAL INTELLIGENCE” MEANS A MACHINE-BASED SYSTEM THAT:

9 (1) CAN, FOR A GIVEN SET OF HUMAN-DEFINED OBJECTIVES, MAKE
10 PREDICTIONS, RECOMMENDATIONS, OR DECISIONS INFLUENCING REAL OR VIRTUAL
11 ENVIRONMENTS;

12 (2) USES MACHINE AND HUMAN-BASED INPUTS TO PERCEIVE REAL
13 AND VIRTUAL ENVIRONMENTS AND ABSTRACTS THOSE PERCEPTIONS INTO MODELS
14 THROUGH ANALYSIS IN AN AUTOMATED MANNER; AND

15 (3) USES MODEL INFERENCE TO FORMULATE OPTIONS FOR
16 INFORMATION OR ACTION.

17 (D) “HIGH-RISK” MEANS AN ACT THAT IS LIKELY TO:

18 (1) RESULT IN ANY UNLAWFUL DISCRIMINATION;

19 (2) HAVE AN UNLAWFUL DISPARATE IMPACT ON ANY INDIVIDUAL OR
20 GROUP OF INDIVIDUALS ON THE BASIS OF ANY ACTUAL OR PERCEIVED
21 CHARACTERISTIC; OR

22 (3) HAVE A NEGATIVE IMPACT ON THE HEALTH, SAFETY, OR
23 WELL-BEING OF AN INDIVIDUAL.

24 (E) “IMPACT ASSESSMENT” MEANS A DOCUMENTED RISK-BASED
25 EVALUATION OF A SYSTEM THAT EMPLOYS ARTIFICIAL INTELLIGENCE.

26 **3.5-802.**

27 (A) ON OR BEFORE DECEMBER 1, 2024, AND ANNUALLY THEREAFTER,
28 EACH UNIT OF STATE GOVERNMENT SHALL CONDUCT AN INVENTORY OF SYSTEMS
29 THAT EMPLOY ARTIFICIAL INTELLIGENCE.

1 **(B) FOR EACH SYSTEM, THE INVENTORY REQUIRED BY THIS SECTION SHALL**
2 **INCLUDE:**

3 **(1) THE NAME OF THE SYSTEM;**

4 **(2) THE VENDOR THAT PROVIDED THE SYSTEM, IF APPLICABLE;**

5 **(3) A DESCRIPTION OF THE CAPABILITIES OF THE SYSTEM;**

6 **(4) A STATEMENT OF THE PURPOSE AND THE INTENDED USES OF THE**
7 **SYSTEM;**

8 **(5) WHETHER THE SYSTEM UNDERWENT AN IMPACT ASSESSMENT**
9 **PRIOR TO BEING IMPLEMENTED;**

10 **(6) WHETHER THE SYSTEM IS USED TO INDEPENDENTLY MAKE A**
11 **DECISION OR JUDGMENT OR TO INFORM OR SUPPORT A DECISION OR JUDGMENT**
12 **DETERMINED BY THE DEPARTMENT TO INVOLVE A HIGH-RISK ACTION; AND**

13 **(7) A DETERMINATION OF THE RISK THAT USE OF A SYSTEM MAY BE**
14 **HIGH-RISK.**

15 **(C) THE DEPARTMENT SHALL MAKE EACH INVENTORY REQUIRED BY THIS**
16 **SECTION PUBLICLY AVAILABLE ON ITS WEBSITE.**

17 **(D) ON OR BEFORE FEBRUARY 1, 2025, EACH UNIT OF STATE GOVERNMENT**
18 **SHALL CONDUCT AN IMPACT ASSESSMENT OF A SYSTEM THAT INVOLVES A**
19 **HIGH-RISK ACTION.**

20 **3.5-803.**

21 **(A) ON OR BEFORE DECEMBER 1, 2024, THE DEPARTMENT SHALL ADOPT**
22 **POLICIES AND PROCEDURES CONCERNING THE DEVELOPMENT, PROCUREMENT,**
23 **IMPLEMENTATION, USE, AND ONGOING ASSESSMENT OF SYSTEMS THAT EMPLOY**
24 **ARTIFICIAL INTELLIGENCE BY A UNIT OF STATE GOVERNMENT.**

25 **(B) THE POLICIES AND PROCEDURES REQUIRED BY THIS SECTION SHALL:**

26 **(1) SUBJECT TO ANY OTHER APPLICABLE LAW, GOVERN THE**
27 **PROCUREMENT, IMPLEMENTATION, AND ONGOING ASSESSMENT OF SYSTEMS THAT**
28 **EMPLOY ARTIFICIAL INTELLIGENCE BY A UNIT OF STATE GOVERNMENT;**

1 **(2) BE SUFFICIENT TO ENSURE THAT THE USE OF ANY SYSTEM THAT**
2 **EMPLOYS ARTIFICIAL INTELLIGENCE BY ANY UNIT OF STATE GOVERNMENT IS NOT**
3 **HIGH-RISK;**

4 **(3) REQUIRE EACH UNIT OF STATE GOVERNMENT TO ASSESS THE**
5 **LIKELY IMPACT OF ANY SYSTEM THAT EMPLOYS ARTIFICIAL INTELLIGENCE BEFORE**
6 **IMPLEMENTING THE SYSTEM;**

7 **(4) REQUIRE THE DEPARTMENT TO:**

8 **(I) NOTIFY AN INDIVIDUAL OR A GROUP OF INDIVIDUALS**
9 **DETERMINED TO HAVE BEEN NEGATIVELY IMPACTED BY A SYSTEM THAT EMPLOYS**
10 **ARTIFICIAL INTELLIGENCE; AND**

11 **(II) PROVIDE GUIDANCE TO AN INDIVIDUAL OR A GROUP OF**
12 **INDIVIDUALS DETERMINED TO HAVE BEEN NEGATIVELY IMPACTED BY A SYSTEM**
13 **THAT EMPLOYS ARTIFICIAL INTELLIGENCE ON AVAILABLE OPTIONS TO OPT OUT OF**
14 **THE SYSTEM; AND**

15 **(5) PROVIDE GUIDANCE TO UNITS OF STATE GOVERNMENT ON**
16 **PROCUREMENT OF A SYSTEM THAT EMPLOYS ARTIFICIAL INTELLIGENCE THAT**
17 **ENSURES DATA PRIVACY AND COMPLIANCE WITH APPLICABLE STATUTES AND**
18 **REGULATIONS.**

19 **(C) THE DEPARTMENT SHALL MAKE THE POLICIES AND PROCEDURES**
20 **REQUIRED BY THIS SECTION PUBLICLY AVAILABLE ON ITS WEBSITE.**

21 **3.5-804.**

22 **BEGINNING JULY 1, 2025, A UNIT OF STATE GOVERNMENT MAY NOT PROCURE**
23 **OR IMPLEMENT A SYSTEM THAT EMPLOYS ARTIFICIAL INTELLIGENCE UNLESS THE**
24 **SYSTEM COMPLIES WITH THE POLICIES AND PROCEDURES ADOPTED UNDER §**
25 **3.5-803 OF THIS SUBTITLE.**

26 **3.5-805.**

27 **(A) THERE IS A GOVERNOR'S ARTIFICIAL INTELLIGENCE SUBCABINET OF**
28 **THE GOVERNOR'S EXECUTIVE COUNCIL.**

29 **(B) THE PURPOSE OF THE SUBCABINET IS TO FACILITATE AND ENHANCE**
30 **COOPERATION AMONG UNITS OF STATE GOVERNMENT, IN CONSULTATION WITH**
31 **ACADEMIC INSTITUTIONS AND INDUSTRIES UTILIZING ARTIFICIAL INTELLIGENCE.**

1 (C) THE SUBCABINET CONSISTS OF THE FOLLOWING MEMBERS:

2 (1) THE SECRETARY, OR THE SECRETARY'S DESIGNEE;

3 (2) THE SECRETARY OF BUDGET AND MANAGEMENT, OR THE
4 SECRETARY'S DESIGNEE;

5 (3) THE SECRETARY OF GENERAL SERVICES, OR THE SECRETARY'S
6 DESIGNEE;

7 (4) THE SECRETARY OF LABOR, OR THE SECRETARY'S DESIGNEE;

8 (5) THE SECRETARY OF COMMERCE, OR THE SECRETARY'S
9 DESIGNEE;

10 (6) THE DIRECTOR OF THE GOVERNOR'S OFFICE OF HOMELAND
11 SECURITY, OR THE DIRECTOR'S DESIGNEE;

12 (7) THE CHIEF PRIVACY OFFICER, OR THE CHIEF PRIVACY
13 OFFICER'S DESIGNEE;

14 (8) THE CHIEF DATA OFFICER, OR THE CHIEF DATA OFFICER'S
15 DESIGNEE;

16 (9) THE CHIEF INFORMATION SECURITY OFFICER, OR THE CHIEF
17 INFORMATION SECURITY OFFICER'S DESIGNEE;

18 (10) THE GOVERNOR'S SENIOR ADVISOR FOR RESPONSIBLE
19 ARTIFICIAL INTELLIGENCE, OR THE SENIOR ADVISOR'S DESIGNEE; AND

20 (11) ANY OTHER MEMBER OF THE GOVERNOR'S EXECUTIVE COUNCIL,
21 APPOINTED BY THE GOVERNOR.

22 (D) THE SECRETARY SHALL CHAIR THE SUBCABINET.

23 (E) THE SUBCABINET SHALL:

24 (1) DEVELOP STRATEGY, POLICY, AND MONITORING PROCESSES FOR
25 RESPONSIBLE AND PRODUCTIVE USE OF ARTIFICIAL INTELLIGENCE AND
26 ASSOCIATED DATA BY UNITS OF STATE GOVERNMENT;

27 (2) OVERSEE THE STATE'S IMPLEMENTATION OF:

- 1 **(I) ARTIFICIAL INTELLIGENCE INVENTORY;**
- 2 **(II) DATA INVENTORY;**
- 3 **(III) ARTIFICIAL INTELLIGENCE IMPACT ASSESSMENTS;**
- 4 **(IV) MONITORING OF ARTIFICIAL INTELLIGENCE INVOLVING A**
5 **HIGH-RISK ACTION; AND**
- 6 **(V) COMPLIANCE WITH STATE POLICIES AND PROCEDURES;**
- 7 **(3) SUPPORT ARTIFICIAL INTELLIGENCE AND DATA INNOVATION**
8 **ACROSS UNITS OF STATE GOVERNMENT AND IN PRIVATE SECTOR ENTERPRISE BY:**
- 9 **(I) IDENTIFYING AND PRIORITIZING BEST USES OF ARTIFICIAL**
10 **INTELLIGENCE IN EACH UNIT OF STATE GOVERNMENT AND IN PRIVATE SECTOR**
11 **ENTERPRISE;**
- 12 **(II) TESTING PROOFS OF CONCEPT OF PRIORITY ARTIFICIAL**
13 **INTELLIGENCE USE IN PROTOTYPING;**
- 14 **(III) REDUCING BARRIERS TO THE RESPONSIBLE USE OF**
15 **ARTIFICIAL INTELLIGENCE AND STATE DATA;**
- 16 **(IV) DEVELOPING SUCCESSFUL ARTIFICIAL INTELLIGENCE**
17 **PILOTS INTO PRODUCTION; AND**
- 18 **(V) TRAINING AND WORKFORCE DEVELOPMENT;**
- 19 **(4) DEVELOP AND IMPLEMENT A COMPREHENSIVE ACTION PLAN FOR**
20 **RESPONSIBLE AND PRODUCTIVE USE OF ARTIFICIAL INTELLIGENCE AND**
21 **ASSOCIATED DATA BY UNITS OF STATE GOVERNMENT;**
- 22 **(5) ESTABLISH PARTNERSHIPS, MEMORANDA OF UNDERSTANDING,**
23 **AND CONTRACTS TO SUPPORT THE AIMS OF THIS SECTION;**
- 24 **(6) PROMOTE ARTIFICIAL INTELLIGENCE KNOWLEDGE, SKILLS, AND**
25 **TALENT IN STATE GOVERNMENT BY:**
- 26 **(I) IDENTIFYING AND OFFERING TRAINING PROGRAMS FOR**
27 **STATE WORKERS ON THE USE OF ARTIFICIAL INTELLIGENCE AND PARTICULARLY**
28 **GENERATIVE ARTIFICIAL INTELLIGENCE; AND**

1 **(II) EXPLORING WAYS TO PROVIDE EXTERNAL ARTIFICIAL**
2 **INTELLIGENCE TALENT AN OPPORTUNITY TO SERVE THE STATE AND UNITS OF**
3 **STATE GOVERNMENT IN TARGETED, SHORT-TERM PROJECTS, INCLUDING BY**
4 **LEVERAGING INSTITUTIONS OF HIGHER EDUCATION OR INDUSTRY; AND**

5 **(7) IDENTIFY ARTIFICIAL INTELLIGENCE USE CASES AND BUILD**
6 **FOUNDATIONAL INFRASTRUCTURE BY REQUIRING:**

7 **(I) THE DEPARTMENT TO EVALUATE RELEVANT**
8 **INFRASTRUCTURE TO SAFELY, SECURELY, AND EFFICIENTLY TEST ARTIFICIAL**
9 **INTELLIGENCE PROOFS OF CONCEPT AND PILOTS;**

10 **(II) THE DEPARTMENT OF GENERAL SERVICES, IN**
11 **CONSULTATION WITH THE DEPARTMENT, TO CREATE A MODEL FOR RUNNING AND**
12 **PROCURING ARTIFICIAL INTELLIGENCE PROOFS OF CONCEPT AND PILOTS, IN**
13 **ACCORDANCE WITH STATE LAWS, REGULATIONS, AND POLICIES; AND**

14 **(III) THE DEPARTMENT, IN CONSULTATION WITH THE**
15 **SUBCABINET, TO COORDINATE WITH AGENCIES TO PROVIDE SUPPORT IN**
16 **IDENTIFYING AND PRIORITIZING USE CASES AND EXECUTING PROOFS OF CONCEPT**
17 **AND PILOTS ALIGNED WITH THE GOVERNOR'S PRIORITIES.**

18 **(F) THE GOVERNOR SHALL PROVIDE THE SUBCABINET WITH SUFFICIENT**
19 **RESOURCES TO PERFORM THE FUNCTIONS OF THIS SECTION.**

20 **(G) FOR EACH FISCAL YEAR, THE GOVERNOR MAY INCLUDE IN THE ANNUAL**
21 **BUDGET BILL AN APPROPRIATION OF UP TO \$3,000,000 FOR PARTNERSHIPS AND**
22 **CONTRACTS TO SUPPORT THE FUNCTIONS REQUIRED IN THIS SECTION.**

23 12-101.

24 (a) This section does not apply to:

25 (1) capital expenditures by the Department of Transportation or the
26 Maryland Transportation Authority, in connection with State roads, bridges, or highways,
27 as provided in § 12-202 of this title; [or]

28 (2) procurements by the Department of General Services **AND THE**
29 **DEPARTMENT OF INFORMATION TECHNOLOGY** for the purpose of modernizing
30 **INFORMATION TECHNOLOGY AND** cybersecurity infrastructure for the State valued
31 below \$1,000,000; **OR**

32 **(3) COMPETITIVE PROOF OF CONCEPT PROCUREMENTS VALUED**
33 **BELOW \$1,000,000 MADE UNDER § 13-116 OF THIS ARTICLE.**

1 (b) (1) The Board may control procurement by units.

2 (2) To implement the provisions of this Division II, the Board may:

3 (i) set policy;

4 (ii) adopt regulations, in accordance with Title 10, Subtitle 1 of the
5 State Government Article; and

6 (iii) establish internal operational procedures consistent with this
7 Division II.

8 (3) The Board shall ensure that the regulations of the primary
9 procurement units provide for procedures that are consistent with this Division II and Title
10 13, Subtitle 4 of the State Personnel and Pensions Article and, to the extent the
11 circumstances of a particular type of procurement or a particular unit do not require
12 otherwise, are substantially the same.

13 (4) The Board may delegate any of its authority that it determines to be
14 appropriate for delegation and may require prior Board approval for specified procurement
15 actions.

16 (5) Except as limited by the Maryland Constitution, the Board may
17 exercise any control authority conferred on a primary procurement unit by this Division II
18 and, to the extent that its action conflicts with the action of the primary procurement unit,
19 the action of the Board shall prevail.

20 (c) On or before December 1 each year, the Department of General Services shall
21 submit a report to the Board on procurements made under subsection (a)(2) of this section
22 that shall include for each procurement:

23 (1) the purpose of the procurement;

24 (2) the name of the contractor;

25 (3) the contract amount;

26 (4) the method of procurement utilized;

27 (5) the number of bidders who bid on the procurement; and

28 (6) the contract term.

29 **(D) ON OR BEFORE DECEMBER 1 EACH YEAR, THE DEPARTMENT OF**
30 **GENERAL SERVICES SHALL SUBMIT A REPORT TO THE BOARD ON PROCUREMENTS**

1 MADE UNDER SUBSECTION (A)(3) OF THIS SECTION THAT SHALL INCLUDE FOR EACH
2 PROCUREMENT:

3 (1) THE PURPOSE OF THE PROCUREMENT;

4 (2) THE NAME OF THE CONTRACTOR;

5 (3) THE CONTRACT AMOUNT;

6 (4) THE NUMBER OF PROPOSALS RECEIVED ON THE PROCUREMENT;

7 AND

8 (5) THE CONTRACT TERM.

9 13-116.

10 (A) IN THIS SECTION, "PROOF OF CONCEPT" MEANS A TEST, EVALUATION,
11 OR PILOT PROJECT OF A GOOD OR SERVICE IN A REAL-WORLD ENVIRONMENT TO
12 EVALUATE WHETHER THE GOOD OR SERVICE CAN BE SUCCESSFULLY DEPLOYED
13 AND IS BENEFICIAL TO THE STATE.

14 (B) (1) A COMPETITIVE PROOF OF CONCEPT PROCUREMENT IS A FORMAL
15 COMPETITIVE PROCUREMENT METHOD THAT MAY BE USED TO SOLICIT PROPOSALS
16 FOR THE CONDUCT OF A PROOF OF CONCEPT PRIOR TO FULL IMPLEMENTATION
17 WHEN THE HEAD OF A UNIT DETERMINES THE PROCESS TO BE APPROPRIATE AND IN
18 THE BEST INTERESTS OF THE UNIT, INCLUDING:

19 (I) TESTING SOFTWARE-AS-A-SERVICE OR OFF-THE-SHELF
20 SOFTWARE;

21 (II) TESTING NEW, INNOVATIVE PRODUCTS OR SERVICES; OR

22 (III) TESTING A PRODUCT OR SERVICE CONCEPTUALIZED OR
23 CONCEIVED OF BY A UNIT OF STATE GOVERNMENT.

24 (2) AFTER OBTAINING THE APPROVAL OF THE HEAD OF THE UNIT
25 AND BEFORE CONDUCTING A COMPETITIVE PROOF OF CONCEPT PROCUREMENT,
26 THE UNIT SHALL OBTAIN APPROVAL FROM THE SECRETARY OF INFORMATION
27 TECHNOLOGY, OR THE SECRETARY'S DESIGNEE.

28 (C) (1) A COMPETITIVE PROOF OF CONCEPT PROCUREMENT MAY BE
29 CONDUCTED THROUGH THE ISSUANCE OF A SOLICITATION BY ANY METHOD OF
30 PROCUREMENT AUTHORIZED UNDER THIS DIVISION II.

1 **(2) A COMPETITIVE PROOF OF CONCEPT PROCUREMENT**
2 **SOLICITATION SHALL INCLUDE A STATEMENT OF:**

3 **(I) THE SCOPE OF WORK OR PROJECT DESCRIPTION,**
4 **INCLUDING THE INTENDED USE, QUANTITY, ESTIMATED TIME FRAME FOR THE**
5 **PROOF OF CONCEPT, AND ANTICIPATED NUMBER OF PROOF OF CONCEPT AWARDS**
6 **THAT WILL BE MADE; AND**

7 **(II) THE FACTORS, INCLUDING PRICE, THAT WILL BE USED IN**
8 **EVALUATING PROPOSALS AND THE RELATIVE IMPORTANCE OF EACH.**

9 **(3) A SOLICITATION MAY BE DISTRIBUTED TO VENDORS KNOWN TO**
10 **OFFER GOODS OR SERVICES WITHIN THE SCOPE OF THE PROOF OF CONCEPT AND**
11 **SHALL, EXCEPT FOR PROCUREMENTS UNDER \$15,000 NOT OTHERWISE REQUIRED**
12 **BY LAW TO BE POSTED, BE POSTED ON eMARYLAND MARKETPLACE ADVANTAGE, IN**
13 **ACCORDANCE WITH THE POLICIES AND PROCEDURES UNDER SUBSECTION (G) OF**
14 **THIS SECTION.**

15 **(D) AFTER RECEIPT OF PROPOSALS BUT BEFORE AWARD OF A**
16 **PROCUREMENT CONTRACT, A UNIT MAY:**

17 **(1) CONDUCT DISCUSSIONS WITH AN OFFEROR TO ENSURE FULL**
18 **UNDERSTANDING OF:**

19 **(I) THE REQUIREMENTS OF THE UNIT, AS SET FORTH IN THE**
20 **REQUEST FOR PROPOSALS; AND**

21 **(II) THE PROPOSAL SUBMITTED BY THE OFFEROR; AND**

22 **(2) REQUEST PRODUCT SAMPLES FOR TESTING BY THE UNIT OR A**
23 **DEMONSTRATION OF A PRODUCT OR SERVICE AND USE THESE SAMPLES OR**
24 **DEMONSTRATIONS IN ITS EVALUATION PROCESS.**

25 **(E) A REQUEST FOR PRODUCT SAMPLES FOR TESTING OR DEMONSTRATION**
26 **MADE UNDER SUBSECTION (D)(2) OF THIS SECTION SHALL BE ISSUED TO ALL**
27 **OFFERORS DEEMED REASONABLE AT THE TIME OF THE REQUEST.**

28 **(F) A UNIT MAY:**

29 **(1) AWARD ONE OR MORE OF THE PROPOSALS A CONTRACT FOR THE**
30 **PROOF OF CONCEPT; AND**

1 **(2) PROVIDE AN OPTION FOR THE STATE TO PROCEED WITH A FULL**
2 **IMPLEMENTATION OF AN AWARDED PROPOSAL.**

3 **(G) THE DEPARTMENT OF GENERAL SERVICES, IN CONSULTATION WITH**
4 **THE DEPARTMENT OF INFORMATION TECHNOLOGY, SHALL ADOPT POLICIES AND**
5 **PROCEDURES FOR THE DEVELOPMENT AND IMPLEMENTATION OF COMPETITIVE**
6 **PROOF OF CONCEPT PROCUREMENTS.**

7 SECTION 2. AND BE IT FURTHER ENACTED, That, on or before December 1,
8 2024, the Governor's Artificial Intelligence Subcabinet of the Governor's Executive Council,
9 in consultation with the appropriate stakeholders, shall submit an interim report and
10 recommendations to the Governor and, in accordance with § 2-1257 of the State
11 Government Article, the General Assembly on the risks and opportunities and associated
12 recommendations related to:

13 (1) use of artificial intelligence to support job and business creation and
14 growth in the State;

15 (2) in collaboration with the Maryland Department of Labor and, as
16 appropriate, external experts, workers, labor unions, businesses, and civil society, use of
17 artificial intelligence by the State workforce, including opportunities to upskill the
18 workforce;

19 (3) in consultation with the Maryland Department of Emergency
20 Management, the Public Service Commission, the Department of the Environment, and the
21 Department of Transportation, use of artificial intelligence in critical infrastructure and
22 guidelines for owners and operators to incorporate risk management into critical
23 infrastructure, including mapping emergent cyber and physical security and resiliency
24 risks to the State infrastructure and residents stemming from artificial intelligence;

25 (4) in consultation with the Maryland Department of Health, the U.S.
26 Department of Veterans Affairs, and the U.S. Department of Homeland Security, use of
27 systems that employ artificial intelligence in health care delivery and human services;

28 (5) in consultation with the Department of Information Technology Office
29 of Security Management and the Chief Privacy Officer, use of artificial intelligence in the
30 discovery and remediation of vulnerabilities in cybersecurity and data management across
31 State and local government, including school systems;

32 (6) in consultation with the State Chief Privacy Officer and an independent
33 contractor identified by the Subcabinet, data privacy, specifically regarding the potential
34 to train systems that employ artificial intelligence;

35 (7) in consultation with the Maryland Department of Labor, the
36 Department of Commerce, and the Governor's Office of Small, Minority, and Women
37 Business Affairs, use of artificial intelligence in workforce training and hiring of talent with

1 expertise in artificial intelligence, employment practices, and workforce development
2 implications;

3 (8) in consultation with the Office of the Attorney General and the Judicial
4 Branch, use of artificial intelligence in the criminal justice system, including whether and
5 how such technology should be used, in what contexts, and with what safeguards;

6 (9) the procurement of systems that employ artificial intelligence,
7 including efforts to increase competition and assurance that contracts retain sufficient data
8 privacy protection against vendor lock-in;

9 (10) use of artificial intelligence by occupations licensed and certified by the
10 State, in consultation with the boards, identifying ways for the regulatory board to identify
11 and manage the risks of opportunities of artificial intelligence and determine appropriate
12 permitted use and supervision by licensees; and

13 (11) use of artificial intelligence in local school systems, including
14 recommendations to the State on the responsible and productive use of artificial
15 intelligence based on a review of the federal Department of Education Office of Educational
16 Technology's report entitled "Artificial Intelligence and the Future of Teaching and
17 Learning: Insights and Recommendations", in collaboration with the State Department of
18 Education.

19 SECTION 3. AND BE IT FURTHER ENACTED, That, on or before December 1,
20 2025, the Governor's Artificial Intelligence Subcabinet of the Governor's Executive Council
21 shall submit a report and recommendations to the Governor and, in accordance with §
22 2-1257 of the State Government Article, the General Assembly on the sufficiency of the
23 Subcabinet to accomplish the artificial intelligence goals of the State and the efficacy of the
24 potential transition of the Subcabinet to a department or independent unit of State
25 government.

26 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect July
27 1, 2024.