

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
Enrolled - Revised

House Bill 956
Economic Matters

(Delegate Wilson)

Finance

Consumer Protection - Workgroup on Artificial Intelligence Implementation

This bill establishes the Workgroup on Artificial Intelligence (AI) Implementation to monitor issues and make recommendations related to AI, including (1) the regulation of AI used in decisions that significantly impact the livelihood and life opportunities of individuals in the State; (2) employer and developer obligations related to labor and employment and protection of individual privacy rights; (3) protection of consumer rights; (4) current private sector use of AI; (5) general AI disclosures for all consumers; (6) enforcement authority for the Office of the Attorney General's Consumer Protection Division; and (7) the impact of the use of AI in the determination of government benefits. It is the intent of the General Assembly that the workgroup coordinate with the Maryland Cybersecurity Council, as specified. By July 1, 2026, and each year thereafter, the workgroup must report its findings and recommendations to specified committees of the General Assembly. For fiscal 2027 and each year thereafter, the Governor *may* include in the annual budget bill an appropriation of \$100,000 to support the workgroup. **The bill takes effect July 1, 2025, and terminates June 30, 2029.**

Fiscal Summary

State Effect: Potential minimal increase in general fund expenditures in FY 2026. From FY 2027 through 2029, general fund expenditures may increase by as much as \$100,000 annually, consistent with the amount specified in the bill's authorized funding provision.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law:

Artificial Intelligence – Definition

Under § 3.5-801 of the State Finance and Procurement Article – the applicable definition as used in the bill – “Artificial Intelligence” means a machine-based system that (1) can, for a given set of human-defined objectives, make predictions, recommendations, or decisions influencing real or virtual environments; (2) uses machine and human-based inputs to perceive real and virtual environments and abstracts those perceptions into models through analysis in an automated manner; and (3) uses model inference to formulate options for information or action.

Artificial Intelligence – State Agencies

Chapter 496 of 2024 expanded the responsibilities of the Secretary of the Department of Information Technology (DoIT) as they relate to the procurement and use of AI by State agencies and codified the Governor’s AI Subcabinet that was established by [Executive Order 01.01.2024.02](#). Broadly, among other things, the Act:

- requires DoIT to 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;
- prohibits units of State government from procuring or deploying a new system that employs AI unless the system complies with the policies and procedures adopted by DoIT;
- requires each unit of State government to conduct a data inventory to identify data that meets criteria established by the Chief Data Officer and that is (1) 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 (2) in a form prescribed by the Chief Data Officer, including when the data is used in AI; and
- requires each unit of State government to conduct an inventory of systems that employ high-risk AI.

State Expenditures: General fund expenditures *may* increase minimally in fiscal 2026 for costs associated with the workgroup. Beginning in fiscal 2027 (and through 2029), this analysis assumes that *up to* \$100,000 annually is available to support the workgroup, consistent with the bill’s authorized funding provision. Although unspecified, this analysis assumes any funding is provided via the University System of Maryland budget.

Additional Comments: The University of Maryland Center for Health and Homeland Security is a nonprofit consulting group and academic center.

Additional Information

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

Designated Cross File: None.

Information Source(s): Department of Information Technology; Office of the Attorney General (Consumer Protection Division); Department of Legislative Services

Fiscal Note History: First Reader - February 14, 2025
km/jkb Third Reader - March 13, 2025
Enrolled - May 6, 2025
Revised - Amendment(s) - May 6, 2025

Analysis by: Eric F. Pierce

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