

Department of Legislative Services
 Maryland General Assembly
 2025 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 956 (Delegate Wilson)
 Economic Matters

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) deployer 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; and (6) enforcement authority for the Office of the Attorney General’s Consumer Protection Division. By July 1, 2026, and each year thereafter, the workgroup must report its findings and recommendations to specified committees of the General Assembly. **The bill takes effect July 1, 2025.**

Fiscal Summary

State Effect: General fund expenditures for the Department of Information Technology (DoIT) increase by approximately \$101,000 in FY 2026 to hire staff. Future years reflect annualization, inflation, and ongoing operating costs. Expense reimbursements for workgroup members are assumed to be minimal and absorbable within existing budgeted resources.

(in dollars)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	101,000	121,500	126,900	132,500	138,200
Net Effect	(\$101,000)	(\$121,500)	(\$126,900)	(\$132,500)	(\$138,200)

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

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 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 increase by \$101,048 in fiscal 2026, which accounts for a 90-day start-up delay. As the bill establishes the workgroup as a permanent entity that DoIT is responsible for staffing, this estimate reflects the cost of hiring one administrative manager to perform the functions required by the bill

(i.e., coordinating workgroup activities and preparing/submitting the annual report). It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Position	1.0
Salary and Fringe Benefits	\$93,679
Operating Expenses	<u>7,369</u>
Total FY 2026 State Expenditures	\$101,048

Future year expenditures reflect a full salary with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

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

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