HB 530

Department of Legislative Services

Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 530 (Delegate Wu, *et al.*)
Ways and Means

Task Force on Proactive Review of Audio and Video Recordings on Special Education Buses

This bill establishes the Task Force on Proactive Review of Audio and Video Recordings on Special Education Buses to study and make recommendations on specified topics relating to the transportation of special education students, including the use of artificial intelligence (AI) to systematically and proactively review audio and video recordings from special education buses. The Maryland State Department of Education (MSDE) must provide staff for the task force. A member of the task force may not receive compensation as a member of the task force but is entitled to reimbursement for expenses. The task force must, by December 1, 2026, report its findings and recommendations to the General Assembly and specified legislative committees. **The bill takes effect July 1, 2026, and terminates June 30, 2027.**

Fiscal Summary

State Effect: General fund expenditures increase by $343,400 in FY 2027 for MSDE to retain contractual staff to research and produce the required report. Any expense reimbursements for task force members are assumed to be minimal and absorbable within existing budgeted resources. Revenues are not affected.

(in dollars)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Revenues	$0	$0	$0	$0	$0
GF Expenditure	343,400	0	0	0	0
Net Effect	($343,400)	$0	$0	$0	$0

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: Among other specified items, the task force must study current availability, quality, effectiveness, and cost of implementing or improving audio and video recording, policies relating to special education school buses, costs associated with audio and video recording on special education buses, and topics related to the potential use of AI to systematically and proactively review audio and video recordings from special education buses. In its efforts, the task force must consult with relevant stakeholders, including the Office of Pupil Transportation and Emergency Management in MSDE, the Maryland School Bus Contractors Association, labor unions, the Maryland Association of Pupil Transportation, and disability rights organizations.

The task force must make recommendations on:

- options for implementing or improving audio and video recording on special education buses to ensure the safety and security of each student passenger, including potential costs and funding sources;
- the feasibility of using specific AI tools for the systematic and proactive review of audio and video recordings on special education buses, including potential costs and funding sources; and
- a process for notifying school leaders and parents or guardians of students who may have been the victim of physical abuse, sexual harassment, sexual abuse, bullying or harassment, or other identified issues.

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

Local school systems are required to arrange transportation to and from school for all public school students and are required to provide transportation to and from school for all disabled students. The State provides funding for student transportation through two programs: a base grant that is adjusted annually and a *per pupil* grant based on the number of students with special transportation needs. The fiscal 2027 State budget includes $387.0 million for public school student transportation, including $31.4 million for special education ridership.

State Expenditures: General fund expenditures increase by $343,360 in fiscal 2027, which accounts for (1) costs to contract with a vendor with expertise in AI applications for transportation video and audio monitoring and (2) costs to hire two contractual employees to staff the task force. This analysis assumes the two contractual positions are retained through January 2027, one month after the bill's December 1, 2026 reporting deadline.

MSDE advises that existing staff within the Office of School Facilities (Pupil Transportation and Emergency Management) are not available to staff the task force. Therefore, MSDE estimates that two contractual positions are needed to complete the work of the taskforce, one focusing on the technical and strategic requirements of the task force and one to handle the high-volume logistical and reporting requirements outlined in the bill. This estimate also includes $200,000 in contractual expenditures with a vendor with experience in AI. This estimate includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Contractual Positions	2.0
Salaries and Fringe Benefits	$126,022
Contractual Services	200,000
Other Operating Expenses	17,338
Total FY 2027 State Expenditures	**$343,360**

This estimate does not include any health insurance costs that could be incurred for specified contractual employees under the State's implementation of the federal Patient Protection and Affordable Care Act.

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 Commerce; Department of Information Technology; Maryland Department of Labor; Maryland Department of Transportation; Maryland State Department of Education; Department of Legislative Services

Fiscal Note History: First Reader - February 16, 2026
jg/hlb

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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.

AI use has expanded significantly in recent years. Many of the largest technology companies have each developed their own AI systems and have integrated the systems into their respective companies' products and services. AI's ability to quickly synthesize and summarize vast amounts of data and apply the results have made it a useful tool in modern society while also raising questions about its use. The following list briefly describes a few of the impacts of and issues surrounding AI.

- Related to education, AI may have potential benefits to help tutor or otherwise provide additional resources to assist students in their studies. However, some students use AI to cheat on their schoolwork;
- Related to energy use, the significant power draw necessary to run the data systems that host AI systems has contributed to localized energy shortages and increased energy costs;
- Regarding environmental issues, these data centers require a significant amount of water for cooling and increasingly have been using freshwater resources for this purpose;
- Related to criminal justice, AI image and video generation systems can be used to make "deep fake" pictures and videos that may be difficult or impossible to differentiate from actual events;
- AI's reliance on information from the internet has raised concerns regarding the accuracy of AI-generated content as well as copyright infringement and data privacy.
- Related to health, AI is being used to assist doctors in developing medical diagnoses, but is also being used by insurance companies to screen requests for care and claims;
- Related to labor and employment, the expansion of AI has led to concerns about employees being replaced by AI systems as a means to save money on labor costs.

Governance at the State Level

The State defines AI as 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. At the State level, AI is governed primarily by the Department of Information Technology (DoIT) and the Governor's AI Subcabinet. This governance structure was established by Chapter 496 of 2024 and, broadly speaking:

- 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.

Most recently, DoIT and the subcabinet have released the 2025 Maryland AI Enablement Strategy & AI Study Roadmap, which includes plans for studying opportunities, risks, and next steps associated with the use of AI in State services. Additionally, in November 2025, the Governor's Office announced a State partnership with two AI companies to integrate certain AI systems into a portion of the State's workforce.

Other Recent State Laws and Policies

In addition to the direct governance effectuated by Chapter 496, various other laws and policies address some of the issues posed by AI.

Chapter 105 of 2025 established the Workgroup on 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; (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. The first report from the workgroup is due July 1, 2026.

Chapter 747 of 2025 requires a carrier (*i.e.*, insurance company or another organization that provides health benefit plans), pharmacy benefits manager, or a private review agent that uses AI, algorithms, or other software tools for utilization review (including working through an entity that uses such tools) to ensure that such tools are used in a specified manner. Notably, the Act specifies that an AI, algorithm, or other software tool may not deny, delay, or modify health care services and that carriers must submit in their quarterly appeals and grievance reports whether an AI, algorithm, or other software tool was used in making an adverse decision.

Chapter 17 of the 2025 special session established an AI Evidence Clinic Pilot Program in the Administrative Office of the Courts to provide expertise in AI to the circuit courts and the District Court in the form of expert testimony on the authenticity of electronic evidence that a court determines may have been created or altered using AI.

Regarding education, the Maryland State Department of Education has begun an AI initiative to develop policies and procedures for AI use by students and teachers. Additionally, Chapter 237 of 2025 specifies that, for school years 2025-2026 through 2027-2028, certain requirements for the procurement and use of digital tools to assure equivalent access to technology for students with disabilities do not apply to digital tools that use AI.

Federal Action

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.

Other Executive Orders guiding and governing AI use of the federal level signed during the previous administration were revoked under the current administration. Moreover, an Executive Order signed in December 2025 generally expresses the federal government's

attempt to preempt State AI laws and regulations, directs certain federal agencies to penalize states that are found to not be in compliance with the preemption, and directs certain federal entities to prepare a legislative recommendation establishing a uniform federal policy framework for AI that preempts state AI laws.