HB 952

Department of Legislative Services

Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 952 (Delegate Buckel)
Economic Matters

Consumer Protection - Companion Chatbots - Regulation

This bill requires an operator of a "companion chatbot" to establish and maintain a protocol for preventing a companion chatbot from producing or presenting content concerning self-harm, suicidal ideation, or suicide to a user who expresses thoughts of self-harm or suicidal ideation. The protocol must include a notification to such a user that refers the individual to a crisis service provider, including (1) the Maryland Behavioral Health Crisis Response System and (2) the national 9-8-8 Suicide and Crisis Lifeline. The bill also requires an operator to establish and maintain a protocol for preventing a companion chatbot from producing or presenting to a minor user content concerning sexually explicit conduct, as specified. An operator must publish these protocols on its website. The Office of Suicide Prevention in the Maryland Department of Health (MDH) must annually collect and publish specified data from operators. Violation of the bill is an unfair, abusive, or deceptive trade practice under the Maryland Consumer Protection Act (MCPA), subject to MCPA's civil penalty provisions.

Fiscal Summary

State Effect: General fund expenditures increase, at least minimally, beginning in FY 2027 for the Office of the Attorney General (OAG), as discussed below. MDH can receive and publish the required information with existing resources. The bill's imposition of existing penalty provisions is not anticipated to have a material impact on State revenues.

Local Effect: The bill's imposition of existing penalty provisions does not have a material impact on local government finances or operations.

Small Business Effect: None.

Analysis

Bill Summary: "Companion chatbot" means an AI system with a natural language interface that provides adaptive, human-like responses to user inputs and is capable of meeting a user's social needs, including by exhibiting anthropomorphic features and being able to sustain a relationship across multiple interactions.

An "operator" means a person who makes a companion chatbot available to a user in the State.

An operator must use evidence-based methods for detecting when a user is expressing thoughts of self-harm or suicidal ideation to a companion chatbot.

An operator must display a clear and conspicuous warning to a user stating that companion chatbots (1) are artificially generated and not human and (2) may not be suitable for some minors. Similarly, an operator must display to a minor user a clear and conspicuous warning after three hours of consecutive use (and every three hours thereafter) stating (1) that companion chatbots are artificially generated and not human and (2) recommending that the user take a break from using the companion chatbot.

By March 1 each year (beginning in 2027), an operator must report the following to the Office of Suicide Prevention within MDH:

- information on the required protocols noted above;
- the number of times the operator has issued a required notification referring a user to a crisis service provider;
- details about the evidence-based methods utilized to detect thoughts of self-harm or suicidal ideation.

The report may not contain any personal identifying information about a user. By July 1 each year (beginning in 2027), MDH must compile data from the required reports for the immediately preceding calendar year and publish the data on its website.

Current Law:

Artificial Intelligence

"AI" 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.

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

Maryland Consumer Protection Act

An unfair, abusive, or deceptive trade practice under MCPA includes, among other acts, any false, falsely disparaging, or misleading oral or written statement, visual description, or other representation of any kind which has the capacity, tendency, or effect of deceiving or misleading consumers. The prohibition against engaging in any unfair, abusive, or deceptive trade practice encompasses the offer for or actual sale, lease, rental, loan, or bailment of any consumer goods, consumer realty, or consumer services; the extension of consumer credit; the collection of consumer debt; or the offer for or actual purchase of consumer goods or consumer realty from a consumer by a merchant whose business includes paying off consumer debt in connection with the purchase of any consumer goods or consumer realty from a consumer.

The Consumer Protection Division is responsible for enforcing MCPA and investigating the complaints of aggrieved consumers. The division may attempt to conciliate the matter, issue a cease and desist order, or file a civil action in court. A merchant who violates MCPA is subject to a fine of up to $10,000 for each violation and up to $25,000 for each repetition of the same violation. In addition to any civil penalties that may be imposed, any person who violates MCPA is guilty of a misdemeanor and, on conviction, is subject to a fine of up to $1,000 and/or imprisonment for up to one year.

State Expenditures: OAG advises that it requires additional staff to enforce the bill. Specifically, OAG anticipates the need for one assistant Attorney General and one technologist, with estimated personnel expenditures of approximately $326,000 on an annual basis.

The Department of Legislative Services (DLS) acknowledges that enforcement of the bill is likely to require specialized knowledge. This analysis assumes, therefore, that OAG incurs at least minimal contractual costs to facilitate training and the development of technical expertise. However, DLS advises that without experience under the bill, it is unclear to what extent operators will be noncompliant and whether there will be a significant enough volume of related complaints to necessitate additional staff. To the extent OAG receives a significant number of complaints from consumers under the bill that it is unable to handle with existing staff, OAG may request additional resources through the annual budget process.

MDH also advises that additional staff are necessary to collect and publish the annual report. In total, MDH estimates that 3.5 additional positions are needed (one half-time program manager, 1.5 health policy analysts, one data analyst, and one half-time

web support position), at an average annual cost of approximately $382,700. DLS disagrees with this assessment and notes that the bill provides MDH with no regulatory or enforcement authority. Under the bill, the department must only receive the required information from operators and post it to the department's website. Therefore, DLS advises the reporting requirement can be handled with existing resources.

Additional Information

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

Designated Cross File: None.

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

Fiscal Note History: First Reader - February 27, 2026
caw/jkb

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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.