House Economic Matters Committee
March 4, 2025
House Bill 1331 – *Consumer Protection – Artificial Intelligence*
POSITION: SUPPORT WITH AMENDMENT

The Maryland Tech Council (MTC), with over 800 members, is the State's largest association of technology companies. Our vision is to propel Maryland to be the country's number one innovation economy for life sciences and technology. MTC brings the State's life sciences and technology communities into a united organization that empowers members to achieve their goals through advocacy, networking, and education. On behalf of MTC, we submit this letter of support with amendment for House Bill 1331.

MTC supports the development of a sensible framework for the regulation of high-risk artificial intelligence (AI). We believe that elected leaders, regulators, and the private sector must work together to ensure that the use of AI is safe, ethical, responsible, and trustworthy and that we must protect against unintended harm, such as bias and disproportionate impact on marginalized communities. In 2024, the MTC developed an "Artificial Intelligence Policy Statement" that contains a set of factors to be considered by policymakers and regulators when deliberating new efforts to govern the use of AI. These factors are the basis for how MTC evaluates AI policies and regulations.

To that end, we appreciate the sponsor's focus on "high-risk" use cases of AI and its focus on preventing algorithmic discrimination. Numerous MTC member companies have reviewed this legislation and have various suggestions to improve the bill and strike the proper balance between strong consumer protections, practicality of compliance, and proportionate enforcement. Our members are continuing to review this bill and determining impacts. However, we are sharing some of the feedback we have received to date:

- **Definitions and Consistency with Other States.** There are several other States that have enacted comprehensive laws for high-risk AI. As the Committee deliberates on this issue, we request careful examination of the definitions in this bill and to align them with other states when necessary. This is an important issue, particularly for smaller companies who may do business in multiple states. Achieving compliance across multiple states with different rules can be cumbersome and costly.
- **Ensure Bill is Not Overly Inclusive.** High-risk AI should not include clinical and pre-clinical research and development. AI is used commonly in R&D activities in areas like life sciences and fintech that are distinguishable from high-risk decisions intended to be guarded against by this bill. Other state laws have enacted exceptions, such as when AI is used in narrow procedural tasks before a high-risk decision is made. We recommend examining exceptions made in other states and adopting them in this bill when it is reasonable to do so.

- **Effective Date.** The Effective Date should be changed to be at least 18 months from the bill's enactment. This is important for Maryland-based smaller tech companies who do not have the resources that larger companies do for ensuring legal compliance. An effective date of October 2025 is not enough time for these types of companies to prepare.
- **Small Business Impact.** We are concerned that smaller companies will have difficulty complying with the bill's deployer and developer obligations sections. We request consideration of exempting small businesses with fewer than 50 employees or $5 million in revenue from full documentation and assessment requirements, or to offer a simplified compliance model. We would also recommend a 2-year grace period for start-up companies. Making such provisions for small businesses will allow small tech firms to grow without overly burdensome compliance overhead.
- **Enforcement.** The bill should be clarified to ensure that there are no new private rights of action created by the bill. The bill should be clarified to ensure "This Act shall be exclusively enforced by the Attorney General."

Thank you for your consideration and we look forward to participating in the continued discussions about striking the right balance between innovation and consumer protection for high-risk AI.

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