



TECHNET
THE VOICE OF THE
INNOVATION ECONOMY

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The Honorable C.T. Wilson
Chair
House Economic Matters Committee
Maryland House of Delegates
231 Taylor House Office Building
6 Bladen Street, Annapolis, MD 21401

RE: HB 823 (Wu) - Generative Artificial Intelligence - Training Data Transparency - Unfavorable

Dear Chair Wilson and Members of the Committee,

On behalf of TechNet, I'm writing to share concerns on HB 823 related to training data transparency around generative artificial intelligence.

TechNet is the national, bipartisan network of technology CEOs and senior executives that promotes the growth of the innovation economy by advocating a targeted policy agenda at the federal and 50-state level. TechNet's diverse membership includes dynamic American businesses ranging from startups to the most iconic companies on the planet and represents over 4.5 million employees and countless customers in the fields of information technology, artificial intelligence, e-commerce, the sharing and gig economies, advanced energy, transportation, cybersecurity, venture capital, and finance. TechNet has offices in Austin, Boston, Chicago, Denver, Harrisburg, Olympia, Sacramento, Silicon Valley, Tallahassee, and Washington, D.C.

Artificial intelligence has the potential to help us solve the greatest challenges of our time. It is being used to predict severe weather more accurately, protect critical infrastructure, defend against cyber threats, and accelerate the development of new medical treatments, including life-saving vaccines and ways to detect earlier signs of cancer. However, recognizing and addressing the genuine risks associated with AI is crucial for its responsible advancement. TechNet and its member companies are committed to responsible development and deployment of artificial intelligence.

We support transparency, as demonstrated by the fact that many of our companies already voluntarily provide disclosures on how their AI models work. Robust transparency is a critical component in fostering and maintaining the trust and confidence of our members' customers. However, disclosure mandates must be clear, practical, and balanced to ensure compliance without requiring companies to

disclose proprietary information or otherwise confidential business information. As such, TechNet is opposed to HB 823 for several reasons.

Targeted transparency should be the goal, both to prevent consumer fatigue, as we have seen in other well-intentioned disclosure laws, and to avoid placing unnecessary burdens on businesses. Additionally, we question whether the extensive volume of training data disclosure required under this bill would provide any meaningful benefits to consumers or contribute to evaluating an AI model's performance. The sheer amount of information being requested risks overwhelming consumers with excessive technical details, while also raising concerns about proprietary data exposure.

HB 823 fails to provide essential protections for trade secrets, integrity and security, or intellectual property, though we do not believe that is the intended outcome of the bill. The expertise and judgement, as well as selection of data and datasets, is what differentiates providers, thereby causing significant concern among developers as to the potential of this bill to undermine their intellectual property and harm competition. Furthermore, there are many different data points within any given data set, making this a significant resource investment. Dataset transparency requirements should be carefully considered.

For example, this bill does not acknowledge that referencing a dataset does not mean that all the content was used for training. Developers have concerns that this may give consumers false impressions about how the system was trained. Often before a dataset can be used for training, responsible organizations will ensure it goes through data curation which consists of filtering out specific types of content and other similar processes. Compliance with this requirement can also pose a breach of confidentiality for client work.

Overall, the bill's prescriptive transparency obligations depart from emerging norms in both U.S. and global frameworks around how to promote transparency, balanced with competitiveness and feasibility considerations. An obligation to provide a summary with information on the data used to develop GenAI systems, including categories of data used, would establish a more adaptable framework in line with the pace of the development of the technology, and reduce concerns around the impact on proprietary or confidential information. We believe that AI systems or AI models should not be looped into scope. Otherwise, this bill's obligations would apply to all back-end AI systems, including basic AI systems used for narrow functions such as autocorrect.

To the extent that the goal here is not merely about transparency but more so about accountability, another less risky approach might be to require businesses to retain this information for reporting or auditing purposes where there have been detrimental outcomes, as opposed to publishing this information on public websites. Finally, we believe this bill should expressly state that private rights of action (PRAs)

are prohibited under this bill. In our view, PRAs lead to frivolous lawsuits with no real value offered to the consumer.

Thank you for the opportunity to share our concerns and please don't hesitate to reach out with any questions.

Sincerely,

Margaret Durkin

Margaret Durkin
TechNet Executive Director, Pennsylvania & the Mid-Atlantic