



Senate Bill 936

Date: February 27, 2025

Committee: Senate Finance

Position: Unfavorable

Founded in 1968, the Maryland Chamber of Commerce (Maryland Chamber) is a statewide coalition of more than 7,000 members and federated partners working to develop and promote strong public policy that ensures sustained economic growth and opportunity for all Marylanders.

As introduced, Senate Bill 936 (SB 936) aims to protect consumers from algorithmic discrimination in high-risk artificial intelligence systems by imposing new disclosure and impact assessment requirements, while also granting authority to the Attorney General to enforce the act.

SB 936 Imposes Burdensome Disclosure Requirements

To comply with SB 936, developers would be required to notify the consumer when an AI system is used to make a consequential decision about them, by providing the purpose of the system, nature of the decision, and information concerning a consumer's right to opt out of the data processing. This requirement creates a significant compliance burden and cost for each system developed, limiting businesses' ability to compete and discouraging AI innovation by making it more expensive to develop new high-risk systems.

Additionally, compliance with this requirement would result in consumers being inundated with disclosures. A large volume of disclosures would overwhelm consumers, leading to "disclosure fatigue." When inundated with frequent notifications, consumers would likely stop reading them altogether, undermining the bill's intent to provide meaningful transparency.

SB 936 Establishes an Unrealistic Compliance Timeline

The bill would require developers of high-risk AI systems to comply by February 1, 2026 – an unreasonably short timeframe for businesses to update their technology and compliance processes and capabilities. This rushed implementation increases the risk of costly and unnecessary legal challenges once the law takes effect.

SB 936 Introduces a Private Right of Action

SB 936 allows consumers to bring a private right of action if the Attorney General does not respond to an administrative complaint within 180 days. Given the extensive disclosure requirements and tight compliance timeline, this provision exposes businesses to potential litigation before they have adequate time to address safety concerns or adjust to the new regulatory framework.

While we appreciate the intent of this legislation, we have concerns about its implementation. The regulation of high-risk AI systems merits further study and collaboration with industry stakeholders to ensure policies are both effective and practical – for both the developer and consumer.

For these reasons, the Maryland Chamber of Commerce respectfully requests an **unfavorable report** on HB 936.

