



**THE SENATE OF MARYLAND**  
**ANNAPOLIS, MARYLAND 21401**

**Testimony in Support of SB936- Consumer Protection – High–Risk Artificial Intelligence – Developer and Deployer Requirements**

February 27, 2025

Chair Beidle, Vice-Chair Hayes, and members of the Finance Committee.

Thank you for your consideration of SB936 - Consumer Protection for High-Risk Artificial Intelligence (AI) Systems. This legislation is essential to safeguarding Maryland residents as we navigate an era of rapid technological advancement. It establishes critical checks and balances to safeguard privacy, prevent discrimination, and ensure accountability in the deployment of high-risk AI systems.

Artificial intelligence is increasingly automating key aspects of hiring, employment, and financial decisions, often with little transparency or oversight. This has left consumers vulnerable to bias, errors, and privacy breaches. The consequences of unregulated AI are already evident across the country. In Michigan, the MiDAS unemployment claims system falsely accused over 34,000 individuals of fraud due to a lack of human oversight, with estimated damages approaching \$100 million.<sup>1</sup> In the private sector, Amazon was forced to abandon an AI-powered recruiting tool when it was found to systematically discriminate against female applicants.<sup>2</sup>

These cases are just the tip of the iceberg, highlighting the urgent need for regulation to prevent similar harm in Maryland. SB 936 accomplishes this by:

**1. Establishing Developer Responsibilities:**

- a. Exercise reasonable care to prevent known and foreseeable algorithmic discrimination.

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<sup>1</sup> Robert N. Charette, "Michigan's Midas Unemployment System: Algorithm Alchemy Created Lead, Not Gold," IEEE Spectrum, June 24, 2021, <https://spectrum.ieee.org/michigans-midas-unemployment-system-algorithm-alchemy-that-created-lead-not-gold>.

<sup>2</sup> Jeffrey Dastin, "Insight - Amazon scraps secret AI recruiting tool that showed bias against women" Reuters, October 10, 2028 <https://www.reuters.com/article/us-amazon-com-jobs-automation-insight/amazon-scraps-secret-ai-recruiting-tool-that-showed-bias-against-women-idUSKCN1MK08G/>

- b. Provide deployers with necessary disclosures about the AI system's capabilities, limitations, and potential risks.
  - c. Make available documentation and information required for conducting impact assessments.
2. **Setting Obligations for AI Deployers:**
- a. Establish and maintain a risk management policy and program for each high-risk AI system in use.
  - b. Conduct impact assessments to evaluate the AI system's effects on consumers, particularly concerning algorithmic discrimination.
  - c. Inform consumers when a high-risk AI system is used in consequential decisions affecting them.
  - d. Provide mechanisms for consumers to correct information and appeal decisions made by AI systems.
3. **Enforcement and Consumer Rights:**
- a. The Maryland Attorney General is authorized to enforce compliance with the Act.
  - b. Consumers have the right to bring civil actions against deployers for violations, seeking remedies for harms caused by non-compliance.

For the past two years, I have served on the Steering Committee Multistate AI Policymaker Working Group, a bipartisan coalition of over 200 state lawmakers from more than 45 states dedicated to developing a shared understanding of emerging technologies and their policy implications. During the interim, the **Working Group facilitated discussions on AI consumer protection legislation**, with various models now being introduced and implemented across the country—including in [Colorado](#) (passed), [Virginia](#) (passed), [Connecticut](#) (pending), [New York](#) (pending), [Massachusetts](#) (pending), and [Texas](#) (pending).

This bill as drafted most closely follows the model established in Virginia's AI Consumer Protection Bill. However, I am committed to working with consumer rights and labor organizations to strengthen this bill from its current posture. As drafted, this bill has loopholes that would allow industry to not comply with large portions of it. I ask you to consider the amendments that advocacy groups are putting forth today.

Maryland has already demonstrated strong leadership in consumer protection with the passage of the Maryland Online Data Privacy Act and the Maryland Kids Code. Additionally, we passed SB 818, requiring state agencies to conduct Impact Assessments for new safety-impacting or rights-impacting systems that involve “high-risk” actions. SB 936 builds on this foundation, ensuring that AI-driven technologies operate fairly and transparently, safeguarding Marylanders from the dangers of bias and misuse.

AI is a powerful tool with incredible potential, but without the right safeguards, it can amplify bias, erode privacy, and undermine trust. Now is the time to act—before these risks become real

harms for Maryland residents. SB 936 positions our state as a leader in AI legislation, ensuring we remain ahead of the curve in consumer protection. For these reasons, I respectfully request a favorable report on SB 936.

Sincerely,

A handwritten signature in cursive script, appearing to read "Katie Fry Hester".

Senator Katie Fry Hester  
Howard and Montgomery Counties