



February 27, 2025

The Honorable Pamela Beidle  
Chair, Senate Committee on Finance  
Room 3 East Wing, Miller Senate Office Building  
11 Bladen Street  
Annapolis, MD 21401

**Re: Please oppose SB 936 and protect AI innovation in Maryland**

Dear Chair Beidle and members of the committee:

On behalf of the Chamber of Progress, a tech industry association supporting public policies to build a more inclusive society in which all people benefit from technological advances, **I respectfully urge you to oppose SB 936**, which would stunt Marylander's budding innovative AI tech sector without meaningfully advancing civil rights.

AI has tremendous potential for improving education, enabling creative expression, and creating new business opportunities. So, it is critically important that public policy promotes the broad and equitable distribution of these innovations.

Policymakers are justly concerned about civil rights abuses, particularly discrimination in housing, employment, or lending. Historically marginalized communities have faced repeated discrimination in these areas and many more, and as such, we applaud the sponsors for their attention to these critical matters of social justice.

However, pinpointing the source and catalyst of discriminatory outcomes of an AI system is not always possible, nor is consistently determining who or what is responsible for the act of discrimination.<sup>1</sup> The roots of bias may be in the data used to train a model—which could be laden with human-created biases—or the human who rubber stamps the outcome of an automated decision tool - or from any number of other sources.

Regardless of origins, there must be avenues to address circumstances of discrimination that are consistent, whether the abuse is online or offline.

---

<sup>1</sup> John Villasenor, *Artificial Intelligence and Bias: Four Key Challenges*, BROOKINGS (Jan. 3, 2019), <https://www.brookings.edu/articles/artificial-intelligence-and-bias-four-key-challenges/> ("An additional challenge is that biases can be created within AI systems and then become amplified as the algorithms evolve.").

## **SB 936's notice requirement jeopardizes sensitive business intelligence and trade practices**

The bill's requirement in Section 14-47A-04(D)(1)-(2) that online platforms notify consumers every time a high-risk AI automated decision tool is used to make a consequential decision presents a complex challenge for deployers and developers. While addressing harmful algorithmic discrimination is laudable, such notices could divulge sensitive information about algorithms and data processing methods, potentially compromising user privacy.

For example, SB 936 requires a covered platform to notify a user every time an AI decides whether they qualify for a loan or insurance based on personal data, it might reveal details about the data used, such as credit history, social media activity, or browsing habits. These notifications might allow bad actors to reverse-engineer the AI's decision-making process, making it easier to manipulate or exploit the system. While transparency is important, this approach could unintentionally threaten user privacy and security.

## **SB 936's impact assessment requirement will burden startups and harm competition**

Under Section 14-47A-04(C), the impact assessment further threatens to expose business strategy and stifle competition by mandating that businesses disclose the details of their automated decision tools to the government. Any such disclosure of sensitive business practices must serve a compelling government interest and be narrowly tailored. SB 936 comes up short on both.

While redacting trade secrets may offer some protection, the bill's extensive requirements risk handing proprietary strategies to competitors, giving them valuable insights that would undermine competition and ultimately harm consumers.

Furthermore, SB 936's stifling of AI startups and innovation is in direct contrast to the Moore-Miller Administration's 2025 Economic Growth Agenda that seeks to bring tech industries and jobs, including AI, to Maryland to "spur business growth and build an economy that works for everyone."<sup>2</sup>

## **SB 936 will cost Maryland's AI Market**

The US AI market is estimated to be worth \$66.2 billion as of 2025. According to Superside, Maryland accounts for 2.50% of AI searches in the country. If we apply this percentage to the US AI market, it comes to \$1.66 billion. The costs for following rules and regulations, like those in SB 936, are estimated to be 17.22% of that amount, which

---

<sup>2</sup> See

<https://governor.maryland.gov/news/press/pages/governor-moore-announces-economic-growth-agenda-for-the-2025-legislative-session.aspx>

means compliance costs in Maryland will be around \$285 million. Every time the AI models are updated, another \$285 million in compliance costs will be added. These recurring compliance costs are significant and could add up quickly, making operating AI-related businesses in Maryland more expensive. This could result in higher operational expenses for companies and potentially affect profitability and growth in the sector. (See Appendix for more details.)

### **Innovators agree that bias is bad**

Unfairly biased outcomes are problematic for developers, deployers, and end-users alike. Tech companies are increasingly investing in internal teams for proactive bias detection and mitigation in their products. For example, Google has implemented its 'Responsible AI Practices.'<sup>3</sup> The initiative encompasses detailed guidelines for evaluating training metrics in machine learning models, including a thorough examination of the training data itself. Google's practices also emphasize a human-centric approach to AI development. Prioritizing safe and inclusive user experiences remains a top commitment for the tech industry.

### **SB 936 lacks incentive for “good” developer behavior**

We commend the sponsors of SB 936 for integrating a notice-and-cure period under Section 14-47A-07(C)(2), allowing for corrective actions before imposing penalties. However, concerns arise with the bill granting the Attorney General wide-ranging powers to mandate remedies that could adversely affect essential business operations, potentially compromising service functionality, quality, and integrity. Additionally, it's crucial to recognize that smaller firms and startups with limited resources may require more time than established tech giants to detect and rectify discriminatory practices.

### **Strengthening Maryland's consumer and civil rights laws is a better approach**

SB 936 is designed to address potential discrimination from artificial intelligence systems, including automated decision-making, in employment, housing, and other areas. To reiterate, we agree that discrimination is wrong, but focusing exclusively on AI systems ignores offline discrimination; Chamber of Progress opposes bias, whether by human or algorithmic decision-making. A better approach is to strengthen existing civil rights and Maryland fair housing laws to ensure that the most vulnerable members of society are protected online and offline.

For these reasons, **we respectfully urge you to oppose SB 936.**

Thank you,

---

<sup>3</sup> Google, *Responsible AI Practices*, AI.GOOGLE. <https://ai.google/responsibility/responsible-ai-practices/>

A handwritten signature in black ink, appearing to read "Brianna January". The signature is fluid and cursive, with the first name "Brianna" written in a larger, more prominent script than the last name "January".

Brianna January

Director of State & Local Government Relations, Northeast US



## **Economic Impact of SB 936: A Chamber of Progress Analysis**

### **AI Discrimination Bill May Cost Maryland Developers and Deployers Millions**

Maryland's Senate Bill 936 ([SB 936](#)) seeks to regulate high-risk AI systems to prevent algorithmic discrimination, defined as AI-driven decisions causing unlawful differential treatment or disparate impact. The bill imposes compliance requirements on AI developers and deployers, including risk management, transparency, and consumer protections to ensure fairness. Given the significant compliance costs associated with reporting and risk management, Maryland should weigh these financial impacts when considering the bill's passage.

### **Estimating the Cost of Compliance in Maryland**

- **Compliance costs equal to 17.22% of the total cost to build the AI tool**
  - A [report](#) prepared for the European Commission, written by CEPS, ICF, and Wavestone, estimates compliance costs for complying with the EU's AI Act.
  - AI Act imposes requirements on developers and deployers of algorithmic technology, including high-risk AI, in order to avoid discrimination.
  - Their approach utilizes the Standard Cost Model, a model used worldwide and by nearly all EU member states, to estimate the compliance costs as a percentage of total model development costs for the AI Act.
  - Their analysis used interviews with industry stakeholders to confirm assumptions about time and cost estimates.
  - The report estimates compliance costs for the following categories: training data, document and record keeping, provision of information, human oversight, and robustness and accuracy.
  - Their findings suggest compliance costs to be equal to 17.22% of the total cost to build the AI model.
- **Cost Estimate for Maryland - \$285 million**
- The U.S. AI market is [estimated](#) to be worth \$66.2 billion as of 2025.
- As a proxy for AI use within the state, I use the percentage of US searches for AI within Maryland as reported by Superside in [this article](#).
- According to Superside, Maryland was responsible for 2.50% of AI searches in the US.
- Applying 2.50% to the US AI market yields a total dollar amount of \$1.66 billion.
- Compliance costs are estimated to be 17.22% of the total dollar amount of \$1.66 billion, thus compliance costs in Maryland are estimated to be \$285 million. For every reiteration of all models this number is estimated to reoccur, thus when all models update once another \$285 million in compliance costs will be incurred.