



## House Bill 1261

Date: March 3, 2026

Committee: Economic Matters

Position: **Unfavorable**

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Founded in 1968, the Maryland Chamber of Commerce (the Chamber) is the leading voice for business in Maryland. We are a statewide coalition of more than 7,000 members and federated partners, and we work to develop and promote strong public policy that ensures sustained economic growth for Maryland businesses, employees, and families.

The Maryland Chamber appreciates the sponsor's intent, but we have significant concerns regarding HB 1261's current drafting. Specifically, the proposed definition of "Artificial Intelligence Toy" is too expansive. By including "any toy, device, or product sold to a consumer in the state that employs artificial intelligence, machine learning..." the language risks capturing a far broader range of products than likely intended.

The requirement that manufacturers conduct child AI safety assessments for every AI toy produced, distributed, imported, or sold in Maryland—combined with the bill's sweeping definition—would create substantial compliance obligations for businesses operating in the state.

HB 1261 also mandates that AI toys incorporate age-appropriate filters and content moderation tools. However, numerous content filtering and blocking solutions—both free and subscription-based—are already available to consumers. These tools, offered as standalone services or integrated features across various technologies, provide families with meaningful options to manage access to inappropriate or unlawful content.

Additionally, HB 1261 appears to conflict with Maryland's existing data breach notification law by requiring disclosure within 48 hours, even in cases of suspected breaches. These overlapping standards are likely to generate confusion and complicate compliance efforts. The provision mandating public disclosure of AI testing results also raises concerns about the potential exposure of proprietary information, creating competitive disadvantages for companies.

Finally, the bill establishes a private right of action (PRA). In our view, such provisions often invite unnecessary litigation that primarily benefits parties in the litigation industry. Further, the proposed penalty framework and recall requirements would also impose considerable burdens on affected businesses. **For these reasons, the Maryland Chamber respectfully requests an unfavorable report on HB 1261.**