

Testimony in Support of HB1261: Consumer Protection – Artificial Intelligence Toys (Artificial Intelligence Toy Safety Act)

Date: March 3, 2026

Committee: Economic Matters

Chair Valderrama, Vice Chair Charkoudian, and Members of the Economic Matters Committee:

Thank you for the opportunity to submit testimony in strong support of HB 1261, the Artificial Intelligence Toy Safety Act. My name is Ben Yelin, and I serve as the Program Director for Public Policy & External Affairs at the University of Maryland Center for Cyber, Health, and Hazard Strategies (CHHS). Over the past several years, I have focused my research on the intersection of artificial intelligence (AI), data governance, and state-level regulatory mechanisms that protect consumers—especially children—from emerging technological risks.

The Need for Protective Legislation

Consider the scenario where a parent purchases a GPT-powered teddy bear for their child, only to discover later that the toy shares sexually explicit content when prompted and provides dangerous advice, such as directions to find sharp knives in the home. Equally alarming is learning that the child’s plush toy has been transmitting private conversations to a publicly accessible web portal. As a father of two young children, ages nine and six, these examples are both bizarre and deeply disturbing.

The Maryland General Assembly now has the opportunity to enact a groundbreaking bill to prevent AI-enabled toys from harming children. HB 1261 stands out as a thoughtful and forward-looking framework at the state level for addressing the unique risks posed by AI-enabled toys. These products increasingly feature adaptive content, behavioral modeling, and conversational interfaces that blur the line between entertainment and emotional influence. HB 1261 responds directly to these challenges by establishing clear safety requirements, robust data protection rules, and meaningful state oversight.

Protecting Children from Harmful or Manipulative AI-Generated Content

Child safety must remain the central focus of any policy involving consumer AI technologies. Unlike traditional digital content, AI-enabled toys generate new and personalized responses that can adapt to a child’s behavior or emotional state over time. HB 1261 prohibits these systems from producing:

- Violent content

- Sexually explicit material
- Emotionally manipulative or coercive dialogue
- Prompts encouraging children to access third-party online platforms or services

These restrictions align with scientific consensus that adaptive AI content can shape emotional development, influence decision-making, and alter socialization patterns in children. The bill requires age-appropriate filters, structured content moderation, and an automatic “safe mode” to neutralize harmful inputs, ensuring AI toys behave in a predictable, developmentally appropriate, and psychologically safe manner.

Ensuring Responsible Data Governance and AI Safety

HB 1261 sets rigorous standards to protect children’s privacy and safety when using AI-enabled toys. Manufacturers are limited to collecting only essential data, must implement strong encryption, and are prohibited from selling or transferring children’s data. The bill also forbids using children’s data for unrelated AI training or targeted advertising. Parents have the right to review, download, delete, or disable data collection without impacting toy functionality. A 12-month data retention limit is enforced unless parents renew consent, promoting transparency and parental control.

Manufacturers must conduct pre-market child safety assessments, annual reviews, and additional evaluations after major AI changes, identifying risks and mitigation strategies. Toys must be clearly labeled as using AI, and safety summary reports must be made publicly available. This comprehensive approach empowers parents and regulators with oversight and ensures children’s toys remain safe, transparent, and developmentally appropriate.

Building State Capacity for Oversight and Accountability

HB 1261 establishes the Artificial Intelligence Toy Safety Review Panel within the Office of the Attorney General’s Consumer Protection Division. This panel is tasked with monitoring compliance, conducting independent audits, and performing safety assessments, ensuring the law’s enforcement infrastructure is robust. Violations are categorized as unfair, abusive, or deceptive trade practices under the Maryland Consumer Protection Act, providing a strong legal backbone for enforcement. By embedding oversight within an experienced consumer protection body, Maryland positions itself as a national leader in responsible AI governance.

First Amendment and Constitutional Considerations

The proposed amendments to HB 1261 strengthen its constitutional foundation by clarifying that the bill regulates product safety, data-collection practices, and operational design features—not speech. The addition of §14-5109 requires the subtitle to be construed as a consumer-protection and product-safety law, grounding the Act in the State’s authority to regulate dangerous children’s products. The amendments remove mandatory content-moderation requirements, replacing them with a design-based duty to mitigate foreseeable risks, ensuring the bill targets conduct rather than expression. This approach avoids strict First Amendment scrutiny and supports

established doctrine permitting states to regulate commercial practices, data governance, and product safety without affecting expressive content.

Further, the amendments clarify that nothing in the Act should be construed to regulate the content, viewpoint, or subject matter of speech, nor require manufacturers to monitor or moderate third-party user-generated content, thereby avoiding compelled speech concerns and protecting editorial discretion. Incorporation of 47 U.S.C. § 230 ensures the Act does not impose liability for third-party expression, protecting it from federal preemption challenges. The narrowed definition of “artificial intelligence toy” focuses on physical, child-directed products with embedded AI and data-processing capabilities, tightly tailoring the law to the compelling state interest of protecting children from documented harms such as data breaches, exposure to inappropriate content, and manipulative or dangerous interactions.

Conclusion

As an academic studying the societal impacts of artificial intelligence, I strongly believe HB 1261 is both prudent and necessary. AI-equipped toys present unprecedented opportunities and risks. Maryland has the chance to adopt a gold-standard framework that:

- Protects children from harmful or manipulative AI behavior
- Safeguards their data and digital autonomy
- Increases transparency and parental control
- Ensures accountability for manufacturers
- Establishes state capacity to evaluate and audit emerging technologies

For these reasons, I respectfully urge the Committee to issue a FAVORABLE report on HB 1261.

Thank you for your time and for your commitment to safeguarding Maryland’s children in the age of artificial intelligence.