



House Bill 1250

Date: March 3, 2026

Committee: Economic Matters

Position: Unfavorable

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 HB 1250 but the Maryland Chamber has concerns with the operational challenges and expansive liability that the bill would create. For example, HB 1260 would hold providers automatically liable for user injuries—even when the provider did not directly supply the chatbot to the individual user. That standard effectively creates boundless liability for unpredictable interactions with general-purpose technology. In practice, this framework would likely push providers to withdraw from Maryland or significantly curtail features, limiting residents' access to AI tools that support education, accessibility, productivity, and access to information.

Additionally, HB 1250's requirement for monthly safety testing with publicly released findings is not technically workable for modern AI systems. A chatbot that handles millions of daily conversations across unlimited subject areas cannot be exhaustively tested on a monthly basis — the range of potential interactions is effectively infinite. As written, the mandate would force companies to restrict system capabilities simply to make testing feasible, which doesn't benefit users.

HB 1250's hourly pop-up notification requirement is another overly prescriptive design mandate that could disrupt user experience, create accessibility challenges, and prove difficult to implement consistently across different formats and modalities. Additionally, the bill introduces new data definitions and consent requirements that do not align with the Maryland Online Data Privacy Act (MODPA), which took effect on October 1, 2025. By imposing separate standards—particularly around affirmative and written parental consent—the legislation would require companies to redesign systems that were only recently updated to comply with MODPA. Altering definitions and data treatment in a single use context undermines the cohesive privacy framework Maryland businesses have spent months implementing.

The bill also prohibits processing chat logs for the purpose of tailoring advertisements. That restriction effectively eliminates one of the primary revenue models that supports free consumer services, without clear evidence of corresponding harm. The likely consequences are straightforward: users would either have to pay subscription fees for services that are currently free, receive irrelevant advertisements, or lose access altogether if providers exit the market.

Finally, the combination of strict liability, a broad duty not to injure, a private right of action, and the availability of punitive damages represents a substantial expansion of legal exposure for open-ended conversational systems. The most immediate effect would likely be reduced availability of beneficial AI tools for Maryland residents, rather than improved consumer protection. **For these reasons, the Maryland Chamber respectfully requests an unfavorable report on HB 1250.**