



**March 3, 2026**

House Economic Matters Committee  
Attn: Joy Jones  
230 Taylor House Office Building  
Annapolis, MD 21401

## **Re: HB 1261 - "Artificial Intelligence Toy Safety Act" (Oppose)**

Dear Chair Valderrama and Members of the House Economic Matters Committee:

On behalf of the Computer & Communications Industry Association (CCIA), I write to respectfully oppose HB 1261 in advance of the Committee hearing on March 3, 2026. CCIA is an international, not-for-profit trade association representing a broad cross-section of communications and technology firms.<sup>1</sup> Proposed regulations on the intrastate provision of digital services therefore can have a significant, nationwide impact on CCIA members.

CCIA firmly believes that children are entitled to security and privacy online. Our members have designed and developed parental tools to individually tailor younger users' online use to their developmental needs. For example, various services allow parents to set time limits, provide enhanced privacy protections by default for known child users, and other tools allow parents to block specific sites entirely.

While we share the Legislature's commitment to ensuring the safety and privacy of Maryland's youth, the bill as currently drafted creates an unworkable regulatory framework that would stifle innovation, jeopardize security, and burden both consumers and businesses.

### **HB 1261's definition of "artificial intelligence toy" is overly broad.**

HB 1261 would sweep in far more than lawmakers likely intend for a bill called the "Artificial Intelligence Toy Safety." A primary concern lies in the bill's expansive proposed definition of an "artificial intelligence toy." By encompassing any product or device sold to a consumer in the state that utilizes machine learning or artificial intelligence, without refining or clarifying these terms further, the legislation casts an unnecessarily wide net. This overinclusive language fails to distinguish between complex interactive systems and basic consumer electronics that use automated processes for routine functions, creating significant regulatory uncertainty for a vast array of common household products.

### **The bill conflicts with state data breach laws and proprietary interests.**

The proposed AI toy safety assessments, "following any significant change made to the AI features of an AI toy" — with "significant change" undefined — would entail burdensome and unclear compliance burdens, and conflict with existing industry practice on online safety.

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<sup>1</sup> For more than 50 years, CCIA has promoted open markets, open systems, and open networks. CCIA members employ more than 1.6 million workers, invest more than \$100 billion in research and development, and contribute trillions of dollars in productivity to the global economy. A list of CCIA members is available at <https://www.ccianet.org/members>.



Insofar as there is work occurring in this space, it should incorporate the existing consensus. Consumer facing digital services have already built considerable consensus around mitigating content- and conduct-related risks to users and other parties. Most of the leading firms in industry have committed to best practice standards for online safety which are embedded in a recently published 2025 international standard.<sup>2</sup>

HB 1261 would also create significant friction with Maryland’s established data breach statute under the Personal Information Protection Act (PIPA) by requiring notification within 48 hours, even for suspected incidents, in contrast with PIPA’s standard of “as soon as reasonably practicable, but not later than 45 days after the business discovers or is notified of the breach.”<sup>3</sup> Such a compressed timeline leads to inaccurate reporting and may result in sensitive youth privacy information being exposed inadvertently to avoid potential liability.

Additionally, the mandate to publicly disclose testing results for AI tools would force companies to reveal the inner workings of their technology, risking exposing trade secrets and proprietary information to global competitors.

**HB 1261 bill’s private right of action would result in the proliferation of frivolous lawsuits and lead to onerous penalties.**

The bill’s proposed remedies include a civil penalty up to \$50,000 per violation, as well as enforcement under the Maryland Consumer Protection Act, which includes a private right of action. Creating a new private right of action would open the doors of state courthouses to plaintiffs advancing frivolous claims with little evidence of actual injury. As lawsuits prove extremely costly and time-intensive, it is foreseeable that these costs would be passed on to individuals in Maryland, disproportionately impacting smaller businesses and startups across the state.

Enforcement of consumer protection laws should remain the exclusive purview of the Attorney General to ensure consistent and fair application of the law. Moreover, the proposed fine structure and the broad authority to mandate product recalls are disproportionate and would impose an unsustainable financial burden on retailers and the digital services industry.

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CCIA supports sensible AI governance and protections for minors. However, HB 1261 goes beyond these goals, introducing mandates that would make Maryland a difficult environment for technological innovation. For these reasons, we urge an unfavorable report on HB 1261.

Sincerely,

Megan Stokes  
State Policy Director  
Computer & Communications Industry Association

<sup>2</sup> ISO/IEC 25389:2025, *Information technology – The safe framework* (Edition 1, June 2025), <https://www.iso.org/standard/90106.html>.

<sup>3</sup> See, e.g., Personal Information Protection Act, Md. Code Ann., Com. Law §14–3504 (West 2022).