



House Economic Matters Committee

March 3, 2026

House Bill 1250 – *Consumer Protection and Product Liability – Chatbots*

POSITION: OPPOSE

The Maryland Tech Council (MTC), with over 800 members, is the State’s largest association of technology companies. Our vision is to propel Maryland to be the country’s number one innovation economy for life sciences and technology. MTC brings the State’s life sciences and technology communities into a single, united organization that empowers members to achieve their goals through advocacy, networking, and education. On behalf of MTC, we submit this letter of **opposition** to House Bill 1250.

This bill sets up a comprehensive new regulatory framework for chatbots and generative artificial intelligence (AI) systems in Maryland. The introduction of this bill reflects a trend across the United States to provide regulatory safeguards to govern how users interact with chatbot systems. The MTC supports efforts to address potential harm from AI chatbots, including clear AI disclosures, the protection of children’s data, and the implementation of reasonable security measures. However, we believe that this bill is overly broad, poses several compliance challenges, and is premature, given the establishment of the “Workgroup on Artificial Intelligence Implementation” (the AI Workgroup) through House Bill 956 last Session, which MTC supported.

Our understanding of the purpose of establishing the AI Workgroup was to convene a diverse array of stakeholders to take a deep dive into the challenges posed by AI adoption and to develop well-thought-out policy solutions for the types of problems this bill seeks to address. The MTC has three representatives on the AI Workgroup, but as of today, the AI Workgroup has not yet convened. Rather than pass a comprehensive framework on AI uses, such as chatbots, at this time, we believe the AI Workgroup should first have the opportunity to discuss appropriate regulation of such uses and make recommendations for a regulatory framework.

As drafted, this legislation poses several challenges. One concern is the bill appears to create new definitions that conflict with the Maryland Online Data Privacy Act (MODPA), which took effect on October 1, 2025. For example, the steps related to affirmative consent and changes to require written consent in the context of parental consent differ from the consent requirements in MODPA. This would require reconfiguring user interfaces and data flows that were just changed to comply with MODPA. The treatment of consent and data should be consistent with MODPA, which was only recently enacted.

Other sections of this bill are overly broad. For example, the bill prohibits “providing advice or a service that an individual cannot lawfully provide without a license, including financial, legal, or medical advice.” Providing “advice” is vague and could hinder chatbot use that is for legitimate educational or informational purposes. If an AI user used a chatbot to help understand the terms of a contract or help in understanding the purpose of language, a common AI use-case, would that constitute legal advice under the bill? The bill, therefore, creates legal risk for providing consumers with useful information.

We are also concerned about the bill’s restriction prohibiting the processing of a user’s chat log to “determine whether to display an advertisement for a good or service to the user” or “customize an

advertisement displayed to the user.” AI developers are providing chatbots free of charge, which consumers use in myriad ways to gather information and seek education. The ability to provide customized advertising to consumers helps to ensure these services remain free and ensure that business models are financially sustainable. The alternative would be requiring users to pay for subscriptions to use these services, be subjected to advertisements that are of no utility to them, or lose access to these tools entirely. We do not believe that such a change is beneficial to Maryland residents and is overly restrictive on an activity that clearly establishes harm to consumers.

The enforcement provisions of this bill are also disproportionately heavy-handed, given the vagueness of certain provisions described above. The bill creates a new cause of action for individuals affected by a violation of this legislation, allowing them to seek both punitive and actual damages. Additionally, the bill states that an operator or developer may be held strictly liable for harm to a user. We are concerned that these provisions will cause AI developers to restrict functionality or cease offering certain tools that residents rely on for education, productivity, or access to information. We would urge closer examination of the bill's enforcement provisions.

In conclusion, we believe there are many issues surrounding efforts to regulate the use of chatbots that warrant careful consideration before enacting legislation. Moving forward with this bill now, before such conversations can be considered by the AI Workgroup, is premature and could lead to a variety of unintended consequences. The MTC is prepared to contribute to these conversations and help the State develop targeted regulations that address the real potential harm that can result from chatbots. In the meantime, we think it is important not to enact regulations that could reduce access to beneficial AI tools. For these reasons, the MTC requests an unfavorable report on House Bill 1250.

For more information call:

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