



Senate Finance Committee

March 26, 2026

House Bill 952 – *Consumer Protection – Companion Chatbots – Regulation*

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** on House Bill 952.

Comments on House Bill 952 as Introduced

The MTC submitted a letter of information on the bill as introduced and supported the bill’s intent: to protect users from engaging in harmful behaviors resulting from interactions with an artificial intelligence (AI) system and to protect minors from inappropriate content. Over the last several years, dozens of bills have been introduced addressing specific use cases for AI technology. The number of new policy proposals in this emerging, constantly evolving area led the MTC to draft an “Artificial Intelligence Policy Statement” in 2024. We have attached that policy to today’s testimony. We would like to draw attention to one item from our policy platform, which is that “Any new requirements must be clear and specific. Overly broad requirements make it difficult for the industry to evaluate the impact and comply with.” Another component of our policy platform is that “Consideration should always be given to smaller and medium-sized local businesses when AI laws or regulations are being adopted.”

The bill, as drafted, applies broadly to all AI systems and tools. The MTC understands that the context of this bill reflects a growing legislative interest in ensuring that AI systems, especially those that could affect mental health or interact with minors, have safety and transparency guardrails. We note that several other states have addressed this issue. Consistent with the MTC’s policy platform, we encouraged the bill sponsor and committee to look to other state laws as a guide to ensure a consistent approach across states and make it less burdensome for smaller, locally based AI firms to comply. Regarding the focus of this bill, the MTC notes that it bears similarities to a bill enacted last year in California and encouraged the committee to align this bill more closely with the law already in effect.

Concerns about House Bill 952 as Amended

The House made numerous amendments to the bill that significantly expand its scope from the bill as introduced. Specifically, the third reader version of the bill added broad, prescriptive consumer warning requirements that will require significant system changes to implement, posing a serious compliance challenge. As amended, the bill requires a “static, persistent warning that continuously appears on the screen,” and a “dynamic warning that pops up on the screen and requires a user to respond.” These disclosures are required at the start of a user’s interaction with

a chatbot, “after every hour of the user’s continuous interaction with the chatbot, and “when prompted by the user in a manner that questions how the chatbot functions or provides responses.” These requirements are extensive, difficult to implement, and go well beyond the requirements of the California law on which the original bill appears to be based.

The MTC is also concerned about the expansive liability language that was added to the amended version of the bill. The amendments both create a broad private right of action for defects in design, manufacturing, or marketing and hold operators and developers strictly liable for causing injury or harm to a user. These provisions expose companies to significant litigation risk, even when they have made good-faith efforts to comply with the bill’s technically complex requirements. Companies facing the potential for broad lawsuits may unduly restrict products or features offered to Maryland consumers that benefit consumers in other states. Furthermore, we believe that such restrictions dampen innovation and investment in Maryland’s tech sector.

For these reasons, MTC **opposes** House Bill 952 as amended. If the Senate is considering favorable passage of this bill, the MTC urges the Committee to amend the bill back to its original posture as introduced.

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Maryland Tech Council

Artificial Intelligence Policy Statement

The continued development and adoption of artificial intelligence (AI) has the potential to transform many aspects of society and our daily lives, from how we interact online to education, e-commerce, healthcare delivery, finance, and many other applications. The Maryland Tech Council (MTC) is optimistic about the promise of AI to be a force of good and positive societal change. However, MTC is clear that adoption of AI carries risks that must be considered by innovators and policymakers. Elected leaders, regulators, and the private sector must work together to ensure that the use of AI is safe, ethical, responsible, and trustworthy. We must protect against unintended harms such as bias and disproportionate impact on marginalized communities.

The promise and risks inherent in the adoption of AI has policymakers at the federal, state, and local levels of government considering laws, regulations, and other measures to examine the complex issues presented above. As such, the MTC has developed a set of factors to be considered by policymakers and regulators when considering new efforts to govern the use and adoption of AI.

- Ensure broad representation of industry sectors on new commissions and boards. There are different use cases and impacts depending on sector, be it healthcare, finance, education, etc. To the extent these impacts are being regulated, policymakers should bring subject matter experts and stakeholders into the discussion.
- Policymakers are considering various new assessments or certifications of AI tools. Any new requirements must be clear and specific. Overly broad requirements make it difficult for industry to evaluate impact and comply with. Consider using risk assessment standards and practices that already exist, such as the NIST AI Risk Management Framework.
- Be mindful in defining new terms, ensuring that there are not multiple definitions of the same or similar terms and that there is not conflict with Federal definitions. Strive for consistency with other states so as not to have a patchwork of laws from state to state. Avoid creating overly broad discretion of terms that subject companies to liability such as the definition of a harmful or high-risk action or impact.
- Special deliberation should occur around the challenges and opportunities presented by Open Source AI. Open Source AI is critical to the democratization of AI technologies beyond a few massive technology providers. Yet, Open Source AI systems must be rigorously reviewed and assessed from a security perspective. Policy leaders should consult with the private sectors to ensure an understanding of the benefits of Open Source AI while providing reasonable expectations to securing these platforms.

- The implications on the workforce must be incorporated into AI policy discussions. A majority of companies lack enough skilled employees for future growth. AI developers, learning institutions, training programs, and prospective workers must coordinate to ensure we have an AI-ready workforce.
- Consideration should always be given to smaller and medium sized local businesses when new AI laws or regulations are being adopted. Far too often, these laws are considered with only the largest technology companies in mind, when smaller and locally based businesses are impacted just the same. Often, these smaller companies lack the resources to quickly adapt and comply with complex new laws.
- Enforcement mechanisms must be calibrated to be consistent with the level of risk that AI solutions present, especially in cases where there is a new risk created by AI that is not already addressed. Liability and enforcement standards should be thoughtful and proportionate, with an emphasis on compliance over being punitive. Distinctions between 3rd party services, technology providers, and end-users should be accounted for, as well as recognition of good faith efforts to develop technology that evolves and improves over time.