

March 10, 2026

The Honorable Pam Beidle
Chair
Senate Finance Committee
Maryland Senate
231 Taylor House Office Building
6 Bladen Street
Annapolis, MD 21401

RE: SB 827 (Hester) - Consumer Protection and Product Liability – Chatbots – Unfavorable

Dear Chair Beidle and Members of the Committee,

On behalf of TechNet, I'm writing to share comments on SB 827.

TechNet is the national, bipartisan network of technology CEOs and senior executives that promotes the growth of the innovation economy by advocating a targeted policy agenda at the federal and 50-state level. TechNet's diverse membership includes 104 dynamic American businesses ranging from startups to the most iconic companies on the planet and represents five million employees and countless customers in the fields of information technology, artificial intelligence, e-commerce, the sharing and gig economies, advanced energy, transportation, cybersecurity, venture capital, and finance.

TechNet and its member companies are committed to providing a safe experience for children and adults using their products online. Conceptually we agree with the intent of this bill: to create strong, sensible guardrails for children using chatbots online. However, we have concerns with SB 827 as drafted.

While we recognize the need to address potential harms from AI chatbots, SB 827's strict product liability framework is unprecedented and problematic. The bill holds providers strictly liable for injuries even if the chatbot provider did not directly distribute the chatbot to the user. This creates unlimited liability for unpredictable user interactions with general-purpose technology, fundamentally different from traditional product liability for physical goods with defined use cases. As a result, this approach will either drive providers out of Maryland entirely, or force them to severely restrict functionality, denying Maryland residents access to beneficial AI tools for education, accessibility, productivity, and information access.

Requiring monthly safety testing with published findings sounds reasonable but is technically impractical for rapidly evolving AI systems. For example, a chatbot that

processes millions of conversations daily across unlimited topics cannot be comprehensively "tested" monthly in any meaningful way—the possible interaction space is infinite. This creates a compliance requirement that either produces checkbox exercises or requires providers to dramatically limit functionality to make testing possible. Neither outcome serves users.

The prohibition on processing chat logs "to determine... or customize an advertisement..." eliminates a primary revenue model for free consumer services without evidence this causes actual harm. As a result, users will face three options: (1) pay subscription fees for services currently free, (2) see completely irrelevant ads, or (3) lose access entirely as providers exit the market. The bill doesn't explain what harm comes from showing relevant ads based on chat context versus irrelevant ones, yet demands this significant mandate.

While we agree chatbots shouldn't falsely claim to replace licensed professionals, SB 827's broad prohibition on providing "financial, legal, or medical advice" is vague and could prevent legitimate educational and informational uses. This mandate raises questions: Could a chatbot help someone understand their medical bill, explain legal terms in a contract they're reading, or calculate compound interest? These aren't licensed professional services, but could be interpreted as prohibited "advice". The bill creates legal risk for helpful information sharing without clear boundaries.

The hourly interruptive pop-up requirement is unusually prescriptive for a design requirement and may degrade the user experience and accessibility, and be difficult to implement consistently across modalities. Moreover, the bill introduces novel definitions and provisions for data collected and used in the context of chatbots that do not align with the Maryland Online Data Privacy Act (MODPA), which went into effect Oct. 1, 2025. The steps related to affirmative consent and changes to require written consent, in the context of parental consent, differ from the extensive consent requirements of MODPA, and would require re-working user interfaces and data flows just put in place to comply with the act. Similarly, different definitions and treatment of terms in this bill should not be put in place when the new framework of MODPA governs the data. Changing these fundamental terms and their use undermines the compliance approaches Maryland businesses have developed over the last several months. Treatment of data should be dealt with holistically within the privacy laws, rather than treating data differently in one use case.

Finally, the strict liability, duty not to injure or harm, coupled with a private right of action and punitive damages, is a major expansion of exposure for open-ended conversational systems. SB 827's combination of strict liability, operational mandates, and business model restrictions goes far beyond addressing actual problems and will primarily harm Maryland consumers by reducing their access to beneficial AI tools.

For the reasons stated above, TechNet is opposed to SB 827 in its current form. Please don't hesitate to reach out with any questions.

Sincerely,

Margaret Durkin

Margaret Durkin
TechNet Executive Director, Pennsylvania & the Mid-Atlantic