



House Bill 712

Position: Unfavorable

Committee: Judiciary

Date: February 25, 2026

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 working to develop and promote strong public policy that ensures sustained economic health and growth for Maryland businesses, employees, and families.

House Bill 712 (HB 712) would impose sweeping and unprecedented civil liability standards on artificial intelligence (AI) developers and deployers that threaten innovation, investment, and job creation in Maryland. Specifically, HB 712:

1. Creates Uncertain and Expansive Liability

- The bill establishes a new cause of action targeting AI system developers and, in certain circumstances, “deployers.” The bill’s broad definitions and lack of clear limiting standards create significant uncertainty regarding who may be sued and under what circumstances.
- Businesses of all sizes – including hospitals using diagnostic tools, retailers deploying automated systems, financial institutions utilizing fraud detection software, and startups developing AI-enabled products – could face expanded litigation risk even when they act responsibly and in good faith.
- This uncertainty will increase legal exposure and insurance costs, discourage adoption of productivity-enhancing tools, create barriers for small and emerging companies, and discourage innovation.

2. Duplicates and Expands Existing Product Liability Law

- Maryland already has a well-developed body of product liability law that addresses defective design, failure to warn, and breach of warranty. HB 712 layers a new AI-specific liability framework on top of these existing doctrines without clear evidence that current law is insufficient.
- By singling out AI systems for heightened liability treatment, the bill creates an uneven playing field and risks positioning Maryland as an outlier compared to other states. Companies considering where to invest and grow will take note of that regulatory divergence.

3. Chills Innovation and Economic Development

- Maryland has worked diligently to position itself as a hub for cybersecurity, biotechnology, health technology, and advanced research. AI is increasingly integrated into each of these sectors.

- If enacted, HB 712 would discourage AI companies from locating or expanding in Maryland, reduce venture capital investment in Maryland startups, drive research and development activity to other states, and slow modernization efforts across public and private sectors
 - At a time when neighboring jurisdictions are competing aggressively for technology investment, Maryland should avoid adopting policies that create disproportionate legal risk.
4. Broad Attorney General Enforcement Authority
- The bill authorizes expansive enforcement authority that could result in duplicative or overlapping litigation. Without clearer standards and guardrails, businesses face the prospect of parallel private and public enforcement actions stemming from the same alleged conduct. This dual-exposure model increases uncertainty and litigation pressure, particularly for small and mid-sized enterprises with limited resources.

For these reasons, the Maryland Chamber respectfully requests an unfavorable report on HB 712.

