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H.B. No. 149

A BILL TO BE ENTITLED

AN ACT

relating to regulation of the use of artificial intelligence  
systems in this state; providing civil penalties.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. This Act may be cited as the Texas Responsible  
Artificial Intelligence Governance Act.

SECTION 2. Section 503.001, Business & Commerce Code, is  
amended by amending Subsections (a) and (e) and adding Subsections  
(b-1) and (f) to read as follows:

(a) In this section:

(1) "Artificial intelligence system" has the meaning  
assigned by Section 551.001.

(2) "Biometric [~~," "biometric"~~] identifier" means a  
retina or iris scan, fingerprint, voiceprint, or record of hand or  
face geometry.

(b-1) For purposes of Subsection (b), an individual has not  
been informed of and has not provided consent for the capture or  
storage of a biometric identifier of an individual for a commercial  
purpose based solely on the existence of an image or other media  
containing one or more biometric identifiers of the individual on  
the Internet or other publicly available source.

(e) This section does not apply to:

(1) voiceprint data retained by a financial  
institution or an affiliate of a financial institution, as those

terms are defined by 15 U.S.C. Section 6809; or

(2) the training, processing, or storage of biometric identifiers involved in artificial intelligence systems, unless the training, processing, or storage is performed for the purpose of uniquely identifying a specific individual.

(f) If a biometric identifier captured for the purpose of training an artificial intelligence system is subsequently used for a commercial purpose, the person possessing the biometric identifier is subject to:

(1) this section's provisions for the possession and destruction of a biometric identifier; and

(2) the penalties associated with a violation of this section.

SECTION 3. Section 541.104(a), Business & Commerce Code, is amended to read as follows:

(a) A processor shall adhere to the instructions of a controller and shall assist the controller in meeting or complying with the controller's duties or requirements under this chapter, including:

(1) assisting the controller in responding to consumer rights requests submitted under Section 541.051 by using appropriate technical and organizational measures, as reasonably practicable, taking into account the nature of processing and the information available to the processor;

(2) assisting the controller with regard to complying with requirements ~~[the requirement]~~ relating to the security of processing personal data, and if applicable, the data collected,

1 stored, and processed by an artificial intelligence system, as that  
2 term is defined by Section 551.001, and to the notification of a  
3 breach of security of the processor's system under Chapter 521,  
4 taking into account the nature of processing and the information  
5 available to the processor; and

6 (3) providing necessary information to enable the  
7 controller to conduct and document data protection assessments  
8 under Section 541.105.

9 SECTION 4. Title 11, Business & Commerce Code, is amended by  
10 adding Subtitle D to read as follows:

11 SUBTITLE D. ARTIFICIAL INTELLIGENCE PROTECTION

12 CHAPTER 551. GENERAL PROVISIONS

13 Sec. 551.001. DEFINITIONS. In this subtitle:

14 (1) "Artificial intelligence system" means machine  
15 learning and related technology that uses data to train statistical  
16 models for the purpose of enabling computer systems to perform  
17 tasks normally associated with human intelligence or perception,  
18 such as computer vision, speech or natural language processing, and  
19 content generation.

20 (2) "Consumer" means an individual who is a resident  
21 of this state acting only in an individual or household context.  
22 The term does not include an individual acting in a commercial or  
23 employment context.

24 (3) "Council" means the Texas Artificial Intelligence  
25 Council established under Chapter 554.

26 Sec. 551.002. APPLICABILITY OF SUBTITLE. This subtitle  
27 applies only to a person who:

1           (1) promotes, advertises, or conducts business in this  
2 state;

3           (2) produces a product or service used by residents of  
4 this state; or

5           (3) develops or deploys an artificial intelligence  
6 system in this state.

7       Sec. 551.003. CONSTRUCTION AND APPLICATION OF SUBTITLE.  
8 This subtitle shall be broadly construed and applied to promote its  
9 underlying purposes, which are to:

10           (1) facilitate and advance the responsible  
11 development and use of artificial intelligence systems;

12           (2) protect individuals and groups of individuals from  
13 known and reasonably foreseeable risks associated with artificial  
14 intelligence systems;

15           (3) provide transparency regarding risks in the  
16 development, deployment, and use of artificial intelligence  
17 systems; and

18           (4) provide reasonable notice regarding the use or  
19 contemplated use of artificial intelligence systems by state  
20 agencies.

21       CHAPTER 552. ARTIFICIAL INTELLIGENCE PROTECTION

22           SUBCHAPTER A. GENERAL PROVISIONS

23       Sec. 552.001. DEFINITIONS. In this chapter:

24           (1) "Deployer" means a person who deploys an  
25 artificial intelligence system for use in this state.

26           (2) "Developer" means a person who develops an  
27 artificial intelligence system that is offered, sold, leased,

1 given, or otherwise provided in this state.

2 Sec. 552.002. CONSTRUCTION OF CHAPTER. This chapter may  
3 not be construed to:

4 (1) impose a requirement on a person that adversely  
5 affects the rights or freedoms of any person, including the right of  
6 free speech; or

7 (2) authorize any department or agency other than the  
8 Department of Insurance to regulate or oversee the business of  
9 insurance.

10 Sec. 552.003. LOCAL PREEMPTION. This chapter supersedes  
11 and preempts any ordinance, resolution, rule, or other regulation  
12 adopted by a political subdivision regarding the use of artificial  
13 intelligence systems.

14 SUBCHAPTER B. DUTIES AND PROHIBITIONS ON USE OF ARTIFICIAL  
15 INTELLIGENCE

16 Sec. 552.051. DISCLOSURE TO CONSUMERS. (a) In this  
17 section, "health care services" means services related to human  
18 health or to the diagnosis, prevention, or treatment of a human  
19 disease or impairment provided by an individual licensed,  
20 registered, or certified under applicable state or federal law to  
21 provide those services.

22 (b) A governmental agency that makes available an  
23 artificial intelligence system intended to interact with consumers  
24 shall disclose to each consumer, before or at the time of  
25 interaction, that the consumer is interacting with an artificial  
26 intelligence system.

27 (c) A person is required to make the disclosure under

1 Subsection (b) regardless of whether it would be obvious to a  
2 reasonable consumer that the consumer is interacting with an  
3 artificial intelligence system.

4 (d) A disclosure under Subsection (b):

5 (1) must be clear and conspicuous;

6 (2) must be written in plain language; and

7 (3) may not use a dark pattern, as that term is defined  
8 by Section 541.001.

9 (e) A disclosure under Subsection (b) may be provided:

10 (1) by using a hyperlink to direct a consumer to a  
11 separate Internet web page; or

12 (2) for an artificial intelligence system related to  
13 health care services, as part of any waivers or forms signed by a  
14 patient at the start of service.

15 Sec. 552.052. MANIPULATION OF HUMAN BEHAVIOR. A person may  
16 not develop or deploy an artificial intelligence system in a manner  
17 that intentionally aims to incite or encourage a person to:

18 (1) commit physical self-harm, including suicide;

19 (2) harm another person; or

20 (3) engage in criminal activity.

21 Sec. 552.053. SOCIAL SCORING. A governmental entity may  
22 not use or deploy an artificial intelligence system that evaluates  
23 or classifies a natural person or group of natural persons based on  
24 social behavior or personal characteristics, whether known,  
25 inferred, or predicted, with the intent to calculate or assign a  
26 social score or similar categorical estimation or valuation of the  
27 person or group of persons that results or may result in:

1           (1) detrimental or unfavorable treatment of a person  
2 or group of persons in a social context unrelated to the context in  
3 which the behavior or characteristics were observed or noted;

4           (2) detrimental or unfavorable treatment of a person  
5 or group of persons that is unjustified or disproportionate to the  
6 nature or gravity of the observed or noted behavior or  
7 characteristics; or

8           (3) the infringement of any right guaranteed under the  
9 United States Constitution, the Texas Constitution, or state or  
10 federal law.

11       Sec. 552.054. CAPTURE OF BIOMETRIC DATA. (a) In this  
12 section, "biometric data" means data generated by automatic  
13 measurements of an individual's biological characteristics. The  
14 term includes a fingerprint, voiceprint, eye retina or iris, or  
15 other unique biological pattern or characteristic that is used to  
16 identify a specific individual. The term does not include a  
17 physical or digital photograph or data generated from a physical or  
18 digital photograph, a video or audio recording or data generated  
19 from a video or audio recording, or information collected, used, or  
20 stored for health care treatment, payment, or operations under the  
21 Health Insurance Portability and Accountability Act of 1996 (42  
22 U.S.C. Section 1320d et seq.).

23       (b) A governmental entity may not develop or deploy an  
24 artificial intelligence system for the purpose of uniquely  
25 identifying a specific individual using biometric data or the  
26 targeted or untargeted gathering of images or other media from the  
27 Internet or any other publicly available source without the

individual's consent, if the gathering would infringe on any right of the individual under the United States Constitution, the Texas Constitution, or state or federal law.

(c) A violation of Section 503.001 is a violation of this section.

Sec. 552.055. CONSTITUTIONAL PROTECTION. A person may not develop or deploy an artificial intelligence system with the sole intent for the artificial intelligence system to infringe, restrict, or otherwise impair an individual's rights guaranteed under the United States Constitution.

Sec. 552.056. UNLAWFUL DISCRIMINATION. (a) In this section:

(1) "Insurance entity" means:

(A) an entity described by Section 82.002(a), Insurance Code;

(B) a fraternal benefit society regulated under Chapter 885, Insurance Code; or

(C) the developer of an artificial intelligence system used by an entity described by Paragraph (A) or (B).

(2) "Protected class" means a group or class of persons with a characteristic, quality, belief, or status protected from discrimination by state or federal civil rights laws, and includes race, color, national origin, sex, age, religion, or disability.

(b) A person may not develop or deploy an artificial intelligence system with the intent to unlawfully discriminate against a protected class in violation of state or federal law.



1        (c) For purposes of this section, a disparate impact is not  
2 sufficient by itself to demonstrate an intent to discriminate.

3        (d) This section does not apply to an insurance entity for  
4 purposes of providing insurance services if the entity is subject  
5 to applicable statutes regulating unfair discrimination, unfair  
6 methods of competition, or unfair or deceptive acts or practices  
7 related to the business of insurance.

8        Sec. 552.057. CERTAIN SEXUALLY EXPLICIT CONTENT AND CHILD  
9 PORNOGRAPHY. A person may not:

10        (1) develop or distribute an artificial intelligence  
11 system with the sole intent of producing, assisting or aiding in  
12 producing, or distributing:

13                (A) visual material in violation of Section  
14 43.26, Penal Code; or

15                (B) deep fake videos or images in violation of  
16 Section 21.165, Penal Code; or

17        (2) intentionally develop or distribute an artificial  
18 intelligence system capable of engaging in text-based conversation  
19 that simulates or describes sexual conduct, as that term is defined  
20 by Section 43.25, Penal Code, while impersonating or imitating a  
21 child younger than 18 years of age.

22                        SUBCHAPTER C. ENFORCEMENT

23        Sec. 552.101. ENFORCEMENT AUTHORITY. (a) The attorney  
24 general has exclusive authority to enforce this chapter, except to  
25 the extent provided by Section 552.106.

26        (b) This chapter does not provide a basis for, and is not  
27 subject to, a private right of action for a violation of this

1 chapter or any other law.

2 Sec. 552.102. INFORMATION AND COMPLAINTS. The attorney  
3 general shall create and maintain an online mechanism on the  
4 attorney general's Internet website through which a consumer may  
5 submit a complaint under this chapter to the attorney general.

6 Sec. 552.103. INVESTIGATIVE AUTHORITY. (a) If the  
7 attorney general receives a complaint through the online mechanism  
8 under Section 552.102 alleging a violation of this chapter, the  
9 attorney general may issue a civil investigative demand to  
10 determine if a violation has occurred. The attorney general shall  
11 issue demands in accordance with and under the procedures  
12 established under Section 15.10.

13 (b) The attorney general may request from the person  
14 reported through the online mechanism, pursuant to a civil  
15 investigative demand issued under Subsection (a):

16 (1) a description of the purpose, intended use,  
17 deployment context, and associated benefits of the artificial  
18 intelligence system with which the person is affiliated;

19 (2) a description of the type of data used to program  
20 or train the artificial intelligence system;

21 (3) a description of the categories of data processed  
22 as inputs for the artificial intelligence system;

23 (4) a description of the outputs produced by the  
24 artificial intelligence system;

25 (5) any metrics the person uses to evaluate the  
26 performance of the artificial intelligence system;

27 (6) any known limitations of the artificial

1 intelligence system;

2 (7) a description of the post-deployment monitoring  
3 and user safeguards the person uses for the artificial intelligence  
4 system, including, if the person is a deployer, the oversight, use,  
5 and learning process established by the person to address issues  
6 arising from the system's deployment; or

7 (8) any other relevant documentation reasonably  
8 necessary for the attorney general to conduct an investigation  
9 under this section.

10 Sec. 552.104. NOTICE OF VIOLATION; OPPORTUNITY TO CURE.

11 (a) If the attorney general determines that a person has violated  
12 or is violating this chapter, the attorney general shall notify the  
13 person in writing of the determination, identifying the specific  
14 provisions of this chapter the attorney general alleges have been  
15 or are being violated.

16 (b) The attorney general may not bring an action against the  
17 person:

18 (1) before the 60th day after the date the attorney  
19 general provides the notice under Subsection (a); or

20 (2) if, before the 60th day after the date the attorney  
21 general provides the notice under Subsection (a), the person:

22 (A) cures the identified violation; and

23 (B) provides the attorney general with a written  
24 statement that the person has:

25 (i) cured the alleged violation;

26 (ii) notified the council and, if  
27 technically feasible, the consumer who submitted the complaint

under Section 552.102 that the violation has been addressed;

(iii) provided supporting documentation to show the manner in which the person cured the violation; and

(iv) made any necessary changes to internal policies to reasonably prevent further violation of this chapter.

Sec. 552.105. CIVIL PENALTY; INJUNCTION. (a) A person who violates this chapter and does not cure the violation under Section 552.104 is liable to this state for a civil penalty in an amount of:

(1) for each violation the court determines to be curable or a breach of a statement submitted to the attorney general under Section 552.104(b)(2), not less than \$10,000 and not more than \$12,000;

(2) for each violation the court determines to be uncurable, not less than \$80,000 and not more than \$200,000; and

(3) for a continued violation, not less than \$2,000 and not more than \$40,000 for each day the violation continues.

(b) The attorney general may bring an action in the name of this state to:

(1) collect a civil penalty under this section;

(2) seek injunctive relief against further violation of this chapter; and

(3) recover attorney's fees and reasonable court costs or other investigative expenses.

(c) There is a rebuttable presumption that a person used reasonable care as required under this chapter.

(d) A defendant in an action under this section may seek an expedited hearing or other process, including a request for

declaratory judgment, if the person believes in good faith that the person has not violated this chapter.

(e) A defendant in an action under this section may not be found liable if:

(1) another person uses the artificial intelligence system affiliated with the defendant in a manner prohibited by this chapter; or

(2) the defendant discovers a violation of this chapter through:

(A) feedback from a developer, deployer, or other person who believes a violation has occurred;

(B) testing, including adversarial testing or red-team testing;

(C) following guidelines set by applicable state agencies; or

(D) if the defendant substantially complies with the most recent version of the "Artificial Intelligence Risk Management Framework: Generative Artificial Intelligence Profile" published by the National Institute of Standards and Technology or another nationally or internationally recognized risk management framework for artificial intelligence systems, an internal review process.

(f) The attorney general may not bring an action to collect a civil penalty under this section against a person for an artificial intelligence system that has not been deployed.

Sec. 552.106. ENFORCEMENT ACTIONS BY STATE AGENCIES. (a) A state agency may impose sanctions against a person licensed,

1 registered, or certified by that agency for a violation of  
2 Subchapter B if:

3 (1) the person has been found in violation of this  
4 chapter under Section 552.105; and

5 (2) the attorney general has recommended additional  
6 enforcement by the applicable agency.

7 (b) Sanctions under this section may include:

8 (1) suspension, probation, or revocation of a license,  
9 registration, certificate, or other authorization to engage in an  
10 activity; and

11 (2) a monetary penalty not to exceed \$100,000.

12 CHAPTER 553. ARTIFICIAL INTELLIGENCE REGULATORY SANDBOX PROGRAM

13 SUBCHAPTER A. GENERAL PROVISIONS

14 Sec. 553.001. DEFINITIONS. In this chapter:

15 (1) "Applicable agency" means a department of this  
16 state established by law to regulate certain types of business  
17 activity in this state and the people engaging in that business,  
18 including the issuance of licenses and registrations, that the  
19 department determines would regulate a program participant if the  
20 person were not operating under this chapter.

21 (2) "Department" means the Texas Department of  
22 Information Resources.

23 (3) "Program" means the regulatory sandbox program  
24 established under this chapter that allows a person, without being  
25 licensed or registered under the laws of this state, to test an  
26 artificial intelligence system for a limited time and on a limited  
27 basis.

1           (4) "Program participant" means a person whose  
2 application to participate in the program is approved and who may  
3 test an artificial intelligence system under this chapter.

4           SUBCHAPTER B. SANDBOX PROGRAM FRAMEWORK

5           Sec. 553.051. ESTABLISHMENT OF SANDBOX PROGRAM. (a) The  
6 department, in consultation with the council, shall create a  
7 regulatory sandbox program that enables a person to obtain legal  
8 protection and limited access to the market in this state to test  
9 innovative artificial intelligence systems without obtaining a  
10 license, registration, or other regulatory authorization.

11           (b) The program is designed to:

12                 (1) promote the safe and innovative use of artificial  
13 intelligence systems across various sectors including healthcare,  
14 finance, education, and public services;

15                 (2) encourage responsible deployment of artificial  
16 intelligence systems while balancing the need for consumer  
17 protection, privacy, and public safety;

18                 (3) provide clear guidelines for a person who develops  
19 an artificial intelligence system to test systems while certain  
20 laws and regulations are waived or suspended; and

21                 (4) allow a person to engage in research, training,  
22 testing, or other pre-deployment activities to develop an  
23 artificial intelligence system.

24           (c) The attorney general may not file or pursue charges  
25 against a program participant for violation of a law or regulation  
26 waived under this chapter that occurs during the testing period.

27           (d) A state agency may not file or pursue punitive action

against a program participant, including the imposition of a fine or the suspension or revocation of a license, registration, or other authorization, for violation of a law or regulation waived under this chapter that occurs during the testing period.

(e) Notwithstanding Subsections (c) and (d), the requirements of Subchapter B, Chapter 552, may not be waived, and the attorney general or a state agency may file or pursue charges or action against a program participant who violates that subchapter.

Sec. 553.052. APPLICATION FOR PROGRAM PARTICIPATION. (a) A person must obtain approval from the department before testing an artificial intelligence system under the program.

(b) The department by rule shall prescribe the application form. The form must require the applicant to:

(1) provide a detailed description of the artificial intelligence system the applicant desires to test in the program, and its intended use;

(2) include a benefit assessment that addresses potential impacts on consumers, privacy, and public safety;

(3) describe the applicant's plan for mitigating any adverse consequences that may occur during the test; and

(4) provide proof of compliance with any applicable federal artificial intelligence laws and regulations.

Sec. 553.053. DURATION AND SCOPE OF PARTICIPATION. (a) A program participant approved by the department may test and deploy an artificial intelligence system under the program for a period of not more than 36 months.

(b) The department may extend a test under this chapter if



1 the department finds good cause for the test to continue.

2 SUBCHAPTER C. OVERSIGHT AND COMPLIANCE

3 Sec. 553.101. COORDINATION WITH APPLICABLE AGENCY. (a)

4 The department shall coordinate with all applicable agencies to  
5 oversee the operation of a program participant.

6 (b) The council or an applicable agency may recommend to the  
7 department that a program participant be removed from the program  
8 if the applicable agency finds that the program participant's  
9 artificial intelligence system:

- 10 (1) poses an undue risk to public safety or welfare;  
11 (2) violates any federal law or regulation; or  
12 (3) violates any state law or regulation not waived  
13 under the program.

14 Sec. 553.102. PERIODIC REPORT BY PROGRAM PARTICIPANT. (a)

15 A program participant shall provide a quarterly report to the  
16 department.

17 (b) The report shall include:

- 18 (1) metrics for the artificial intelligence system's  
19 performance;  
20 (2) updates on how the artificial intelligence system  
21 mitigates any risks associated with its operation; and  
22 (3) feedback from consumers and affected stakeholders  
23 that are using an artificial intelligence system tested under this  
24 chapter.

25 (c) The department shall maintain confidentiality regarding  
26 the intellectual property, trade secrets, and other sensitive  
27 information it obtains through the program.

1       Sec. 553.103. ANNUAL REPORT BY DEPARTMENT. (a) The  
2 department shall submit an annual report to the legislature.

3       (b) The report shall include:

4           (1) the number of program participants testing an  
5 artificial intelligence system in the program;

6           (2) the overall performance and impact of artificial  
7 intelligence systems tested in the program; and

8           (3) recommendations on changes to laws or regulations  
9 for future legislative consideration.

10       CHAPTER 554. TEXAS ARTIFICIAL INTELLIGENCE COUNCIL

11       SUBCHAPTER A. CREATION AND ORGANIZATION OF COUNCIL

12       Sec. 554.001. CREATION OF COUNCIL. (a) The Texas  
13 Artificial Intelligence Council is created to:

14           (1) ensure artificial intelligence systems in this  
15 state are ethical and developed in the public's best interest;

16           (2) ensure artificial intelligence systems in this  
17 state do not harm public safety or undermine individual freedoms by  
18 finding issues and making recommendations to the legislature  
19 regarding the Penal Code and Chapter 82, Civil Practice and  
20 Remedies Code;

21           (3) identify existing laws and regulations that impede  
22 innovation in the development of artificial intelligence systems  
23 and recommend appropriate reforms;

24           (4) analyze opportunities to improve the efficiency  
25 and effectiveness of state government operations through the use of  
26 artificial intelligence systems;

27           (5) make recommendations to applicable state agencies

1 regarding the use of artificial intelligence systems to improve the  
2 agencies' efficiency and effectiveness;

3 (6) investigate and evaluate potential instances of  
4 regulatory capture, including undue influence by technology  
5 companies or disproportionate burdens on smaller innovators caused  
6 by the use of artificial intelligence systems;

7 (7) investigate and evaluate the influence of  
8 technology companies on other companies and determine the existence  
9 or use of tools or processes designed to censor competitors or users  
10 through the use of artificial intelligence systems;

11 (8) offer guidance and recommendations to the  
12 legislature on the ethical and legal use of artificial intelligence  
13 systems;

14 (9) conduct and publish the results of a study on the  
15 current regulatory environment for artificial intelligence  
16 systems;

17 (10) monitor the regulatory sandbox program under  
18 Chapter 553 in coordination with the Texas Department of  
19 Information Resources; and

20 (11) make recommendations for improvements to the  
21 regulatory sandbox program under Chapter 553.

22 (b) The council is administratively attached to the Texas  
23 Department of Information Resources, and the department shall  
24 provide administrative support to the council as provided by this  
25 section.

26 (c) The Texas Department of Information Resources and the  
27 council shall enter into a memorandum of understanding detailing:

1           (1) the administrative support the council requires  
2 from the department to fulfill the council's purposes;

3           (2) the reimbursement of administrative expenses to  
4 the department; and

5           (3) any other provisions necessary to ensure the  
6 efficient operation of the council.

7       Sec. 554.002. COUNCIL MEMBERSHIP. (a) The council is  
8 composed of 10 members as follows:

9           (1) four members of the public appointed by the  
10 governor;

11          (2) two members of the public appointed by the  
12 lieutenant governor;

13          (3) two members of the public appointed by the speaker  
14 of the house of representatives;

15          (4) one senator appointed by the lieutenant governor  
16 as a nonvoting member; and

17          (5) one member of the house of representatives  
18 appointed by the speaker of the house of representatives as a  
19 nonvoting member.

20       (b) Voting members of the council serve staggered four-year  
21 terms, with the terms of four members expiring every two years.

22       (c) The governor shall appoint a chair from among the  
23 members, and the council shall elect a vice chair from its  
24 membership.

25       (d) The council may establish an advisory board composed of  
26 individuals from the public who possess expertise directly related  
27 to the council's functions, including technical, ethical,

regulatory, and other relevant areas.

Sec. 554.003. QUALIFICATIONS. Members of the council must be Texas residents and have knowledge or expertise in one or more of the following areas:

- (1) artificial intelligence systems;
- (2) data privacy and security;
- (3) ethics in technology or law;
- (4) public policy and regulation;
- (5) risk management related to artificial intelligence systems;
- (6) improving the efficiency and effectiveness of governmental operations; or
- (7) anticompetitive practices and market fairness.

Sec. 554.004. STAFF AND ADMINISTRATION. The council may hire an executive director and other personnel as necessary to perform its duties.

SUBCHAPTER B. POWERS AND DUTIES OF COUNCIL

Sec. 554.101. ISSUANCE OF REPORTS. (a) The council may issue reports to the legislature regarding the use of artificial intelligence systems in this state.

(b) The council may issue reports on:

- (1) the compliance of artificial intelligence systems in this state with the laws of this state;
- (2) the ethical implications of deploying artificial intelligence systems in this state;
- (3) data privacy and security concerns related to artificial intelligence systems in this state; or

1           (4) potential liability or legal risks associated with  
2 the use of artificial intelligence systems in this state.

3           Sec. 554.102. TRAINING AND EDUCATIONAL OUTREACH. The  
4 council shall conduct training programs for state agencies and  
5 local governments on the use of artificial intelligence systems.

6           Sec. 554.103. LIMITATION OF AUTHORITY. The council may  
7 not:

8           (1) adopt rules or promulgate guidance that is binding  
9 for any entity;

10           (2) interfere with or override the operation of a  
11 state agency; or

12           (3) perform a duty or exercise a power not granted by  
13 this chapter.

14           SECTION 5. Section [325.011](#), Government Code, is amended to  
15 read as follows:

16           Sec. 325.011. CRITERIA FOR REVIEW. The commission and its  
17 staff shall consider the following criteria in determining whether  
18 a public need exists for the continuation of a state agency or its  
19 advisory committees or for the performance of the functions of the  
20 agency or its advisory committees:

21           (1) the efficiency and effectiveness with which the  
22 agency or the advisory committee operates;

23           (2)(A) an identification of the mission, goals, and  
24 objectives intended for the agency or advisory committee and of the  
25 problem or need that the agency or advisory committee was intended  
26 to address; and

27           (B) the extent to which the mission, goals, and

1 objectives have been achieved and the problem or need has been  
2 addressed;

3 (3)(A) an identification of any activities of the  
4 agency in addition to those granted by statute and of the authority  
5 for those activities; and

6 (B) the extent to which those activities are  
7 needed;

8 (4) an assessment of authority of the agency relating  
9 to fees, inspections, enforcement, and penalties;

10 (5) whether less restrictive or alternative methods of  
11 performing any function that the agency performs could adequately  
12 protect or provide service to the public;

13 (6) the extent to which the jurisdiction of the agency  
14 and the programs administered by the agency overlap or duplicate  
15 those of other agencies, the extent to which the agency coordinates  
16 with those agencies, and the extent to which the programs  
17 administered by the agency can be consolidated with the programs of  
18 other state agencies;

19 (7) the promptness and effectiveness with which the  
20 agency addresses complaints concerning entities or other persons  
21 affected by the agency, including an assessment of the agency's  
22 administrative hearings process;

23 (8) an assessment of the agency's rulemaking process  
24 and the extent to which the agency has encouraged participation by  
25 the public in making its rules and decisions and the extent to which  
26 the public participation has resulted in rules that benefit the  
27 public;

(9) the extent to which the agency has complied with:

(A) federal and state laws and applicable rules regarding equality of employment opportunity and the rights and privacy of individuals; and

(B) state law and applicable rules of any state agency regarding purchasing guidelines and programs for historically underutilized businesses;

(10) the extent to which the agency issues and enforces rules relating to potential conflicts of interest of its employees;

(11) the extent to which the agency complies with Chapters 551 and 552 and follows records management practices that enable the agency to respond efficiently to requests for public information;

(12) the effect of federal intervention or loss of federal funds if the agency is abolished;

(13) the extent to which the purpose and effectiveness of reporting requirements imposed on the agency justifies the continuation of the requirement; ~~and~~

(14) an assessment of the agency's cybersecurity practices using confidential information available from the Department of Information Resources or any other appropriate state agency; and

(15) an assessment of the agency's use of artificial intelligence systems, as that term is defined by Section 551.001, Business & Commerce Code, in its operations and its oversight of the use of artificial intelligence systems by persons under the



1 agency's jurisdiction, and any related impact on the agency's  
2 ability to achieve its mission, goals, and objectives, made using  
3 information available from the Department of Information  
4 Resources, the attorney general, or any other appropriate state  
5 agency.

6 SECTION 6. Section 2054.068(b), Government Code, is amended  
7 to read as follows:

8 (b) The department shall collect from each state agency  
9 information on the status and condition of the agency's information  
10 technology infrastructure, including information regarding:

- 11 (1) the agency's information security program;  
12 (2) an inventory of the agency's servers, mainframes,  
13 cloud services, and other information technology equipment;  
14 (3) identification of vendors that operate and manage  
15 the agency's information technology infrastructure; ~~and~~  
16 (4) any additional related information requested by  
17 the department; and

18 (5) an evaluation of the use or considered use of  
19 artificial intelligence systems, as defined by Section 551.001,  
20 Business & Commerce Code, by each state agency.

21 SECTION 7. Section 2054.0965(b), Government Code, is  
22 amended to read as follows:

23 (b) Except as otherwise modified by rules adopted by the  
24 department, the review must include:

- 25 (1) an inventory of the agency's major information  
26 systems, as defined by Section 2054.008, and other operational or  
27 logistical components related to deployment of information

resources as prescribed by the department;

(2) an inventory of the agency's major databases, artificial intelligence systems, as defined by Section 551.001, Business & Commerce Code, and applications;

(3) a description of the agency's existing and planned telecommunications network configuration;

(4) an analysis of how information systems, components, databases, applications, and other information resources have been deployed by the agency in support of:

(A) applicable achievement goals established under Section 2056.006 and the state strategic plan adopted under Section 2056.009;

(B) the state strategic plan for information resources; and

(C) the agency's business objectives, mission, and goals;

(5) agency information necessary to support the state goals for interoperability and reuse; and

(6) confirmation by the agency of compliance with state statutes, rules, and standards relating to information resources.

SECTION 8. Not later than September 1, 2026, the attorney general shall post on the attorney general's Internet website the information and online mechanism required by Section 552.102, Business & Commerce Code, as added by this Act.

SECTION 9. This Act takes effect January 1, 2026.