

A BILL TO BE ENTITLED

AN ACT

relating to the regulation and reporting on the use of artificial intelligence systems by certain business entities and state agencies; 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. Title 11, Business & Commerce Code, is amended by adding Subtitle D to read as follows:

SUBTITLE D. ARTIFICIAL INTELLIGENCE PROTECTION

CHAPTER 551. ARTIFICIAL INTELLIGENCE PROTECTION

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 551.001. DEFINITIONS. In this chapter:

(1) "Algorithmic discrimination" means any condition in which an artificial intelligence system when deployed creates an unlawful discrimination of a protected classification in violation of the laws of this state or federal law.

(A) "Algorithmic discrimination" does not include the offer, license, or use of a high-risk artificial intelligence system by a developer or deployer for the sole purpose of the developer's or deployer's self-testing, for a non-deployed purpose, to identify, mitigate, or prevent discrimination or otherwise ensure compliance with state and federal law.

1 (2) "Artificial intelligence system" means the use of
2 machine learning and related technologies that use data to train
3 statistical models for the purpose of enabling computer systems to
4 perform tasks normally associated with human intelligence or
5 perception, such as computer vision, speech or natural language
6 processing, and content generation.

7 (3) "Biometric identifier" means a retina or iris scan,
8 fingerprint, voiceprint, or record of hand or face geometry.

9 (4) "Council" means the Artificial Intelligence Council
10 established under Chapter 553.

11 (5) "Consequential decision" means any decision that has
12 a material, legal, or similarly significant, effect on a consumer's
13 access to, cost of, or terms or conditions of:

14 (A) a criminal case assessment, a sentencing or
15 plea agreement analysis, or a pardon, parole, probation, or release
16 decision;

17 (B) education enrollment or an education
18 opportunity;

19 (C) employment or an employment opportunity;

20 (D) a financial service;

21 (E) an essential government service;

22 (F) residential utility services;

23 (G) a health-care service or treatment;

24 (H) housing;

25 (I) insurance;

26 (J) a legal service;

27 (K) a transportation service;

1 (L) constitutionally protected services or
2 products; or

3 (M) elections or voting process.

4 (6) "Consumer" means an individual who is a resident of
5 this state acting only in an individual or household context. The
6 term does not include an individual acting in a commercial or
7 employment context.

8 (7) "Deploy" means to put into effect or commercialize.

9 (8) "Deployer" means a person doing business in this
10 state that deploys a high-risk artificial intelligence system.

11 (9) "Developer" means a person doing business in this
12 state that develops a high-risk artificial intelligence system or
13 substantially or intentionally modifies an artificial intelligence
14 system.

15 (10) "Digital service" means a website, an application,
16 a program, or software that collects or processes personal
17 identifying information with Internet connectivity.

18 (11) "Digital service provider" means a person who:

19 (A) owns or operates a digital service;

20 (B) determines the purpose of collecting and
21 processing the personal identifying information of users of the
22 digital service; and

23 (C) determines the means used to collect and
24 process the personal identifying information of users of the
25 digital service.

1 (12) "Distributor" means a person, other than the
2 Developer, that makes an artificial intelligence system available
3 in the market for a commercial purpose.

4 (13) "Generative artificial intelligence" means
5 artificial intelligence models that can emulate the structure and
6 characteristics of input data in order to generate derived
7 synthetic content. This can include images, videos, audio, text,
8 and other digital content.

9 (14) "High-risk artificial intelligence system" means
10 any artificial intelligence system that is a substantial factor
11 to a consequential decision. The term does not include:

12 (A) an artificial intelligence system if the
13 artificial intelligence system is intended to detect decision-
14 making patterns or deviations from prior decision-making patterns
15 and is not intended to replace or influence a previously completed
16 human assessment without sufficient human review;

17 (B) an artificial intelligence system that violates
18 a provision of Subchapter B; or

19 (C) the following technologies, unless the
20 technologies, when deployed, make, or are a substantial factor in
21 making, a consequential decision:

22 (i) anti-malware;

23 (ii) anti-virus;

24 (iii) calculators;

25 (iv) cybersecurity;

26 (v) databases;

27 (vi) data storage;

- 1 (vii) firewall;
- 2 (viii) fraud detection systems;
- 3 (ix) internet domain registration;
- 4 (x) internet website loading;
- 5 (xi) networking;
- 6 (xii) operational technology;
- 7 (xiii) spam- and robocall-filtering;
- 8 (xiv) spell-checking;
- 9 (xv) spreadsheets;
- 10 (xvi) web caching;
- 11 (xvii) web scraping;
- 12 (xviii) web hosting or any similar technology;

13 or

14 (xviii) any technology that solely communicates
15 in natural language for the sole purpose of providing users with
16 information, making referrals or recommendations relating to
17 customer service, and answering questions and is subject to an
18 acceptable use policy that prohibits generating content that is
19 discriminatory or harmful, as long as the system does not violate
20 any provision listed in Subchapter B.

21 (15) "Open source artificial intelligence system" means
22 an artificial intelligence system that:

23 (A) can be used or modified for any purpose without
24 securing permission from the owner or creator of such an artificial
25 intelligence system;

26 (B) can be shared for any use with or without
27 modifications; and

1 (C) includes information about the data used to
2 train such system that is sufficiently detailed such that a person
3 skilled in artificial intelligence could create a substantially
4 equivalent system when the following are made available freely or
5 through a non-restrictive license:

6 (i) the same or similar data;

7 (ii) the source code used to train and run
8 such system; and

9 (iii) the model weights and parameters of such
10 system.

11 (16) "Operational technology" means hardware and
12 software that detects or causes a change through the direct
13 monitoring or control of physical devices, processes, and events
14 in the enterprise.

15 (17) "Personal data" has the meaning assigned to it by
16 Section 541.001, Business and Commerce Code.

17 (18) "Risk" means the composite measure of an event's
18 probability of occurring and the magnitude or degree of the
19 consequences of the corresponding event.

20 (19) "Sensitive personal attribute" means race,
21 political opinions, religious or philosophical beliefs, ethnic
22 orientation, mental health diagnosis, or sex. The term does not
23 include conduct that would be classified as an offense under
24 Chapter 21, Penal Code.

25 (20) "Social media platform" has the meaning assigned by
26 Section 120.001, Business and Commerce Code.

27 (21) "Substantial factor" means a factor that is:

1 (A) considered when making a consequential
2 decision;

3 (B) likely to alter the outcome of a consequential
4 decision; and

5 (C) weighed more heavily than any other factor
6 contributing to the consequential decision.

7 (22) "Intentional and substantial modification" or
8 "Substantial modification" means a deliberate change made to an
9 artificial intelligence system that reasonably increases the risk
10 of algorithmic discrimination.

11 Sec. 551.002. APPLICABILITY OF CHAPTER. This chapter applies
12 only to a person that is not a small business as defined by the
13 United States Small Business Administration, and:

14 (1) conducts business, promotes, or advertises in this
15 state or produces a product or service consumed by residents of
16 this state; or

17 (2) engages in the development, distribution, or
18 deployment of a high-risk artificial intelligence system in this
19 state.

20 Sec. 551.003. DEVELOPER DUTIES. (a) A developer of a high-
21 risk artificial intelligence system shall use reasonable care to
22 protect consumers from any known or reasonably foreseeable risks
23 of algorithmic discrimination arising from the intended and
24 contracted uses of the high-risk artificial intelligence system.

25 (b) Prior to providing a high-risk artificial intelligence
26 system to a deployer, a developer shall provide to the deployer,
27 in writing, a High-Risk Report that consists of:

1 (1) a statement describing how the high-risk artificial
2 intelligence system should be used or not be used;

3 (2) any known limitations of the system that could lead
4 to algorithmic discrimination, the metrics used to measure the
5 system's performance, which shall include at a minimum, metrics
6 related to accuracy, explainability, transparency, reliability,
7 and security set forth in the most recent version of the
8 "Artificial Intelligence Risk Management Framework: Generative
9 Artificial Intelligence Profile" published by the National
10 Institute of Standards and Technology, and how the system performs
11 under those metrics in its intended use contexts;

12 (3) any known or reasonably foreseeable risks of
13 algorithmic discrimination, arising from its intended or likely
14 use;

15 (4) a high-level summary of the type of data used to
16 program or train the high-risk artificial intelligence system;

17 (5) the data governance measures used to cover the
18 training datasets and their collection, and the measures used to
19 examine the suitability of data sources and prevent unlawful
20 discriminatory biases; and

21 (6) appropriate principles, processes, and personnel for
22 the deployers' risk management policy.

23 (c) If a high-risk artificial intelligence system is
24 intentionally or substantially modified after a developer provides
25 it to a deployer, a developer shall make necessary information in
26 subsection (b) available to deployers within 30 days of the
27 modification.

1 (d) If a developer believes or has reason to believe, that it
2 deployed a high-risk artificial intelligence system that does not
3 comply with a requirement of this chapter, the developer shall
4 immediately take the necessary corrective actions to bring that
5 system into compliance, including by withdrawing it, disabling it,
6 and recalling it, as appropriate. Where applicable, the developer
7 shall inform the distributors or deployers of the high-risk
8 artificial intelligence system concerned.

9 (e) Where the high-risk artificial intelligence system
10 presents risks of algorithmic discrimination, unlawful use or
11 disclosure of personal data, or deceptive manipulation or coercion
12 of human behavior and the developer knows or should reasonably
13 know of that risk, it shall immediately investigate the causes, in
14 collaboration with the deployer, where applicable, and inform the
15 attorney general in writing of the nature of the non-compliance
16 and of any relevant corrective action taken.

17 (f) Developers shall keep detailed records of any generative
18 artificial intelligence training data used to develop a generative
19 artificial intelligence system or service, consistent with the
20 suggested actions under GV-1.2-007 of the "Artificial Intelligence
21 Risk Management Framework: Generative Artificial Intelligence
22 Profile" by the National Institute of Standards and Technology, or
23 any subsequent versions thereof.

24 Sec. 551.004. DISTRIBUTOR DUTIES. A distributor of a high-
25 risk artificial intelligence system shall use reasonable care to
26 protect consumers from any known or reasonably foreseeable risks
27 of algorithmic discrimination. If a distributor of a high-risk

1 artificial intelligence system knows or has reason to know that a
2 high-risk artificial intelligence system is not in compliance with
3 any requirement in this chapter, it shall immediately withdraw,
4 disable, or recall as appropriate, the high-risk artificial
5 intelligence system from the market until the system has been
6 brought into compliance with the requirements of this chapter. The
7 distributor shall inform the developers of the high-risk
8 artificial intelligence system concerned and, where applicable,
9 the deployers.

10 Sec. 551.005. DEPLOYER DUTIES. A deployer of a high-risk
11 artificial intelligence system shall use reasonable care to
12 protect consumers from any known or reasonably foreseeable risks
13 of algorithmic discrimination. If a deployer of a high-risk
14 artificial intelligence system knows or has reason to know that a
15 high-risk artificial intelligence system is not in compliance with
16 any requirement in this chapter, it shall immediately suspend the
17 use of the high-risk artificial intelligence system from the market
18 until the system has been brought into compliance with the
19 requirements of this chapter. The deployer shall inform the
20 developers of the high-risk artificial intelligence system
21 concerned and, where applicable, the distributors.

22 Sec. 551.006. IMPACT ASSESSMENTS. (a) A deployer that deploys
23 a high-risk artificial intelligence system shall complete an
24 impact assessment for the high-risk artificial intelligence
25 system. A deployer, or a third-party contracted by the deployer
26 for such purposes, shall complete an impact assessment annually
27 and within ninety days after any intentional and substantial

1 modification to the high-risk artificial intelligence system is
2 made available. An impact assessment must include, at a minimum,
3 and to the extent reasonably known by or available to the deployer:

4 (1) a statement by the deployer disclosing the purpose,
5 intended use cases, and deployment context of, and benefits
6 afforded by, the high-risk artificial intelligence system;

7 (2) an analysis of whether the deployment of the high-
8 risk artificial intelligence system poses any known or reasonably
9 foreseeable risks of algorithmic discrimination and, if so, the
10 nature of the algorithmic discrimination and the steps that have
11 been taken to mitigate the risks;

12 (3) a description of the categories of data the high-
13 risk artificial intelligence system processes as inputs and the
14 outputs the high-risk artificial intelligence system produces;

15 (4) if the deployer used data to customize the high-risk
16 artificial intelligence system, an overview of the categories of
17 data the deployer used to customize the high-risk artificial
18 intelligence system;

19 (5) any metrics used to evaluate the performance and
20 known limitations of the high-risk artificial intelligence system;

21 (6) a description of any transparency measures taken
22 concerning the high-risk artificial intelligence system, including
23 any measures taken to disclose to a consumer that the high-risk
24 artificial intelligence system will be used;

25 (7) a description of the post-deployment monitoring and
26 user safeguards provided concerning the high-risk artificial
27 intelligence system, including the oversight, use, and learning

1 process established by the deployer to address issues arising from
2 the deployment of the high-risk artificial intelligence system;
3 and

4 (8) a description of cybersecurity measures and threat
5 modeling conducted on the system.

6 (b) Following an intentional and substantial modification to
7 a high-risk artificial intelligence system, a deployer must
8 disclose the extent to which the high-risk artificial intelligence
9 system was used in a manner that was consistent with, or varied
10 from, the developer's intended uses of the high-risk artificial
11 intelligence system.

12 (c) A single impact assessment may address a comparable set
13 of high-risk artificial intelligence systems deployed by a
14 deployer.

15 (d) A deployer shall maintain the most recently completed
16 impact assessment for a high-risk artificial intelligence system,
17 all records concerning each impact assessment, and all prior impact
18 assessments, if any, for at least three years following the final
19 deployment of the high-risk artificial intelligence system.

20 (e) If a deployer, or a third party contracted by the
21 deployer, completes an impact assessment for the purpose of
22 complying with another applicable law or regulation, such impact
23 assessment shall be deemed to satisfy the requirements established
24 in this subsection if such impact assessment is reasonably similar
25 in scope and effect to the impact assessment that would otherwise
26 be completed pursuant to this subsection.

1 (f) A deployer may redact any trade secrets as defined by
2 Section 541.001(33), Business & Commerce Code or information
3 protected from disclosure by state or federal law.

4 (g) Except as provided in subsection (e) of this section, a
5 developer that makes a high-risk artificial intelligence system
6 available to a deployer shall make available to the deployer the
7 documentation and information necessary for a deployer to complete
8 an impact assessment pursuant to this section.

9 (h) A developer that also serves as a deployer for a high-risk
10 artificial intelligence system is not required to generate and
11 store an impact assessment unless the high-risk artificial
12 intelligence system is provided to an unaffiliated deployer.

13 Sec. 551.007. DISCLOSURE OF A HIGH-RISK ARTIFICIAL
14 INTELLIGENCE SYSTEM TO CONSUMERS. (a) A deployer or developer that
15 deploys, offers, sells, leases, licenses, gives, or otherwise
16 makes available a high-risk artificial intelligence system that is
17 intended to interact with consumers shall disclose to each
18 consumer, before or at the time of interaction:

19 (1) that the consumer is interacting with an artificial
20 intelligence system;

21 (2) the purpose of the system;

22 (3) that the system may or will make a consequential
23 decision affecting the consumer;

24 (4) the nature of any consequential decision in which
25 the system is or may be a substantial factor;

26 (5) the factors to be used in making any consequential
27 decisions;

1 (6) contact information of the deployer;

2 (7) a description of:

3 (A) any human components of the system;

4 (B) any automated components of the system; and

5 (C) how human and automated components are used to
6 inform a consequential decision; and

7 (8) a declaration of the consumer's rights under Section
8 551.108.

9 (b) Disclosure is required under subsection (a) of this
10 section regardless of whether it would be obvious to a reasonable
11 person that the person is interacting with an artificial
12 intelligence system.

13 (c) All disclosures under subsection (a) shall be clear and
14 conspicuous and written in plain language, and avoid the use of a
15 dark pattern as defined by 541.001, Business & Commerce Code.

16 (d) All disclosures under subsection (a) may be linked to a
17 separate webpage of the developer or deployer.

18 (e) Any requirement in this section that may conflict with
19 state or federal law may be exempt.

20 Sec. 551.008. RISK IDENTIFICATION AND MANAGEMENT POLICY. (a)
21 A developer or deployer of a high-risk artificial intelligence
22 system shall, prior to deployment, assess potential risks of
23 algorithmic discrimination and implement a risk management policy
24 to govern the development or deployment of the high-risk artificial
25 intelligence system. The risk management policy shall:

26 (1) specify and incorporate the principles and processes
27 that the developer or deployer uses to identify, document, and

1 mitigate, in the development or deployment of a high-risk
2 artificial intelligence system:

3 (A) known or reasonably foreseeable risks of
4 algorithmic discrimination; and

5 (B) prohibited uses and unacceptable risks under
6 Subchapter B; and

7 (2) be reasonable in size, scope, and breadth,
8 considering:

9 (A) guidance and standards set forth in the most
10 recent version of the "Artificial Intelligence Risk Management
11 Framework: Generative Artificial Intelligence Profile" published
12 by the National Institute of Standards and Technology;

13 (B) any existing risk management guidance,
14 standards or framework applicable to artificial intelligence
15 systems designated by the Banking Commissioner or Insurance
16 Commissioner, if the developer or deployer is regulated by the
17 Department of Banking or Department of Insurance;

18 (C) the size and complexity of the developer or
19 deployer;

20 (D) the nature, scope, and intended use of the high-
21 risk artificial intelligence systems developed or deployed; and

22 (E) the sensitivity and volume of personal data
23 processed in connection with the high-risk artificial intelligence
24 systems.

25 (b) A risk management policy implemented pursuant to this
26 section may apply to more than one high-risk artificial
27 intelligence system developed or deployed, so long as the developer

1 or deployer complies with all of the forgoing requirements and
2 considerations in adopting and implementing the risk management
3 policy with respect to each high-risk artificial intelligence
4 system covered by the policy.

5 (c) A developer or deployer may redact or omit any trade
6 secrets as defined by Section 541.001(33), Business & Commerce
7 Code or information protected from disclosure by state or federal
8 law.

9 Sec. 551.009. RELATIONSHIPS BETWEEN ARTIFICIAL INTELLIGENCE
10 PARTIES. Any distributor or deployer, shall be considered to be a
11 developer of a high-risk artificial intelligence system for the
12 purposes of this chapter and shall be subject to the obligations
13 and duties of a developer under this chapter in any of the
14 following circumstances:

15 (1) they put their name or trademark on a high-risk
16 artificial intelligence system already placed in the market or put
17 into service;

18 (2) they intentionally and substantially modify a high-
19 risk artificial intelligence system that has already been placed
20 in the market or has already been put into service in such a way
21 that it remains a high-risk artificial intelligence system under
22 this chapter; or

23 (3) they modify the intended purpose of an artificial
24 intelligence system which has not previously been classified as
25 high-risk and has already been placed in the market or put into
26 service in such a way that the artificial intelligence system
27 concerned becomes a high-risk artificial intelligence system in

1 accordance with this chapter of a high-risk artificial
2 intelligence system.

3 Sec. 551.010. DIGITAL SERVICE PROVIDER AND SOCIAL MEDIA
4 PLATFORM DUTIES REGARDING ARTIFICIAL INTELLIGENCE SYSTEMS. A
5 digital service provider as defined by Section 509.001(2),
6 Business & Commerce Code or a social media platform as defined by
7 Section 120.001(1), Business & Commerce Code, shall require
8 advertisers on the service or platform to agree to terms preventing
9 the deployment of a high-risk artificial intelligence system on
10 the service or platform that could expose the users of the service
11 or platform to algorithmic discrimination or prohibited uses under
12 Subchapter B.

13 Sec. 551.011. REPORTING REQUIREMENTS. (a) A deployer must
14 notify, in writing, the council, the attorney general, or the
15 director of the appropriate state agency that regulates the
16 deployer's industry, and affected consumers as soon as practicable
17 after the date on which the deployer discovers or is made aware
18 that a deployed high-risk artificial intelligence system has
19 caused algorithmic discrimination of an individual or group of
20 individuals.

21 (b) If a developer discovers or is made aware that a deployed
22 high-risk artificial intelligence system is using inputs or
23 providing outputs that constitute a violation of Subchapter B, the
24 deployer must cease operation of the offending system as soon as
25 technically feasible and provide notice to the council and the
26 attorney general as soon as practicable and not later than the

1 10th day after the date on which the developer discovers or is
2 made aware of the unacceptable risk.

3 Sec. 551.012. SANDBOX PROGRAM EXCEPTION. (a) Excluding
4 violations of Subchapter B, this chapter does not apply to the
5 development of an artificial intelligence system that is used
6 exclusively for research, training, testing, or other pre-
7 deployment activities performed by active participants of the
8 sandbox program in compliance with Chapter 552.

9 SUBCHAPTER B. PROHIBITED USES AND UNACCEPTABLE RISK

10 Sec. 551.051. MANIPULATION OF HUMAN BEHAVIOR TO CIRCUMVENT
11 INFORMED DECISION-MAKING. An artificial intelligence system shall
12 not be developed or deployed that uses subliminal techniques beyond
13 a person's consciousness, or purposefully manipulative or
14 deceptive techniques, with the objective or the effect of
15 materially distorting the behavior of a person or a group of
16 persons by appreciably impairing their ability to make an informed
17 decision, thereby causing a person to make a decision that the
18 person would not have otherwise made, in a manner that causes or
19 is likely to cause significant harm to that person or another
20 person or group of persons.

21 Sec. 551.052. SOCIAL SCORING. An artificial intelligence
22 system shall not be developed or deployed for the evaluation or
23 classification of natural persons or groups of natural persons
24 based on their social behavior or known, inferred, or predicted
25 personal characteristics with the intent to determine a social
26 score or similar categorical estimation or valuation of a person
27 or groups of persons.

1 Sec. 551.053. CAPTURE OF BIOMETRIC IDENTIFIERS USING
2 ARTIFICIAL INTELLIGENCE. An artificial intelligence system
3 developed with biometric identifiers of individuals and the
4 targeted or untargeted gathering of images or other media from the
5 internet or any other publicly available source shall not be
6 deployed for the purpose of uniquely identifying a specific
7 individual. An individual is not considered to be informed nor to
8 have provided consent for such purpose pursuant to Section 503.001,
9 Business and Commerce Code, based solely upon the existence on the
10 internet, or other publicly available source, of an image or other
11 media containing one or more biometric identifiers.

12 Sec. 551.054. CATEGORIZATION BASED ON SENSITIVE ATTRIBUTES.
13 An artificial intelligence system shall not be developed or
14 deployed with the specific purpose of inferring or interpreting,
15 sensitive personal attributes of a person or group of persons using
16 biometric identifiers, except for the labeling or filtering of
17 lawfully acquired biometric identifier data.

18 Sec. 551.055. UTILIZATION OF PERSONAL ATTRIBUTES FOR HARM. An
19 artificial intelligence system shall not utilize characteristics
20 of a person or a specific group of persons based on their race,
21 color, disability, religion, sex, national origin, age, or a
22 specific social or economic situation, with the objective, or the
23 effect, of materially distorting the behavior of that person or a
24 person belonging to that group in a manner that causes or is
25 reasonably likely to cause that person or another person harm.

26 Sec. 551.056. CERTAIN SEXUALLY EXPLICIT VIDEOS, IMAGES, AND
27 CHILD PORNOGRAPHY. An artificial intelligence system shall not be

1 developed or deployed that produces, assists, or aids in producing,
2 or is capable of producing unlawful visual material in violation
3 of Section 43.26, Penal Code or an unlawful deep fake video or
4 image in violation of Section 21.165, Penal Code.

5 SUBCHAPTER C. ENFORCEMENT AND CONSUMER PROTECTIONS

6 Sec. 551.101. CONSTRUCTION AND APPLICATION. (a) This chapter
7 shall be broadly construed and applied to promote its underlying
8 purposes, which are:

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

11 (2) to protect individuals and groups of individuals
12 from known, and unknown but reasonably foreseeable, risks,
13 including unlawful algorithmic discrimination;

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

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

20 (b) this chapter does not apply to the developer of an open
21 source artificial intelligence system, provided that:

22 (1) the system is not deployed as a high-risk artificial
23 intelligence system and the developer has taken reasonable steps
24 to ensure that the system cannot be used as a high-risk artificial
25 intelligence system without substantial modifications; and

26 (2) the weights and technical architecture of the system
27 are made publicly available.

1 Sec. 551.102. ENFORCEMENT AUTHORITY. The attorney general has
2 authority to enforce this chapter. Excluding violations of
3 Subchapter B, researching, training, testing, or the conducting of
4 other pre-deployment activities by active participants of the
5 sandbox program, in compliance with Chapter 552, does not subject
6 a developer or deployer to penalties or actions.

7 Sec. 551.103. INTERNET WEBSITE AND COMPLAINT MECHANISM. The
8 attorney general shall post on the attorney general's Internet
9 website:

10 (1) information relating to:

11 (A) the responsibilities of a developer,
12 distributor, and deployer under Subchapter A; and

13 (B) an online mechanism through which a consumer
14 may submit a complaint under this chapter to the attorney general.

15 Sec. 551.104. INVESTIGATIVE AUTHORITY. (a) If the attorney
16 general has reasonable cause to believe that a person has engaged
17 in or is engaging in a violation of this chapter, the attorney
18 general may issue a civil investigative demand. The attorney
19 general shall issue such demands in accordance with and under the
20 procedures established under Section 15.10.

21 (b) The attorney general may request, pursuant to a civil
22 investigative demand issued under Subsection (a), that a developer
23 or deployer of a high-risk artificial intelligence system disclose
24 their risk management policy and impact assessments required under
25 Subchapter A. The attorney general may evaluate the risk management
26 policy and impact assessments for compliance with the requirements
27 set forth in Subchapter A.

1 (c) The attorney general may not institute an action for a
2 civil penalty against a developer or deployer for artificial
3 intelligence systems that remain isolated from customer
4 interaction in a pre-deployment environment.

5 Sec. 551.105. NOTICE OF VIOLATION OF CHAPTER; OPPORTUNITY TO
6 CURE. Before bringing an action under Section 551.106, the attorney
7 general shall notify a developer, distributor, or deployer in
8 writing, not later than the 30th day before bringing the action,
9 identifying the specific provisions of this chapter the attorney
10 general alleges have been or are being violated. The attorney
11 general may not bring an action against the developer or deployer
12 if:

13 (1) within the 30-day period, the developer or deployer
14 cures the identified violation; and

15 (2) the developer or deployer provides the attorney
16 general a written statement that the developer or deployer:

17 (A) cured the alleged violation;

18 (B) notified the consumer, if technically feasible,
19 and the council that the developer or deployer's violation was
20 addressed, if the consumer's contact information has been made
21 available to the developer or deployer and the attorney general;

22 (C) provided supportive documentation to show how
23 the violation was cured; and

24 (D) made changes to internal policies, if
25 necessary, to reasonably ensure that no such further violations
26 are likely to occur.

1 Sec. 551.106. CIVIL PENALTY; INJUNCTION. (a) The attorney
2 general may bring an action in the name of this state to restrain
3 or enjoin the person from violating this chapter and seek
4 injunctive relief.

5 (b) The attorney general may recover reasonable attorney's
6 fees and other reasonable expenses incurred in investigating and
7 bringing an action under this section.

8 (c) The attorney general may assess and collect an
9 administrative fine against a developer or deployer who fails to
10 timely cure a violation or who breaches a written statement
11 provided to the attorney general, other than those for a prohibited
12 use, of not less than \$50,000 and not more than \$100,000 per
13 uncured violation.

14 (d) The attorney general may assess and collect an
15 administrative fine against a developer or deployer who fails to
16 timely cure a violation of a prohibited use, or whose violation is
17 determined to be incurable, of not less than \$80,000 and not more
18 than \$200,000 per violation.

19 (e) A developer or deployer who was found in violation of and
20 continues to operate with the provisions of this chapter shall be
21 assessed an administrative fine of not less than \$2,000 and not
22 more than \$40,000 per day.

23 (f) There is a rebuttable presumption that a developer,
24 distributor, or deployer used reasonable care as required under
25 this chapter if the developer, distributor, or deployer complied
26 with their duties under Subchapter A.

1 Sec. 551.107. ENFORCEMENT ACTIONS BY STATE AGENCIES. A state
2 agency may sanction an individual licensed, registered, or
3 certified by that agency for violations of Subchapter B, including:

4 (1) the suspension, probation, or revocation of a
5 license, registration, certificate, or other form of permission to
6 engage in an activity; and

7 (2) monetary penalties up to \$100,000.

8 Sec. 551.108. CONSUMER RIGHTS AND REMEDIES. A consumer may
9 appeal a consequential decision made by a high-risk artificial
10 intelligence system which has an adverse impact on their health,
11 safety, or fundamental rights, and shall have the right to obtain
12 from the deployer clear and meaningful explanations of the role of
13 the high-risk artificial intelligence system in the decision-
14 making procedure and the main elements of the decision taken.

15 SUBCHAPTER D. CONSTRUCTION OF CHAPTER; LOCAL PREEMPTION

16 Sec. 551.151. CONSTRUCTION OF CHAPTER. This chapter may not
17 be construed as imposing a requirement on a developer, a deployer,
18 or other person that adversely affects the rights or freedoms of
19 any person, including the right of free speech.

20 Sec. 551.152. LOCAL PREEMPTION. This chapter supersedes and
21 preempts any ordinance, resolution, rule, or other regulation
22 adopted by a political subdivision regarding the use of high-risk
23 artificial intelligence systems.

24 CHAPTER 552. ARTIFICIAL INTELLIGENCE REGULATORY SANDBOX
25 PROGRAM

26 SUBCHAPTER A. GENERAL PROVISIONS

27 Sec. 552.001. DEFINITIONS. In this chapter:

1 (1) "Applicable agency" means a state agency responsible
2 for regulating a specific sector impacted by an artificial
3 intelligence system.

4 (2) "Consumer" means a person who engages in
5 transactions involving an artificial intelligence system or is
6 directly affected by the use of such a system.

7 (3) "Council" means the Artificial Intelligence
8 Council established by Chapter 553.

9 (4) "Department" means the Texas Department of
10 Information Resources.

11 (5) "Program participant" means a person or business
12 entity approved to participate in the sandbox program.

13 (6) "Sandbox program" means the regulatory framework
14 established under this chapter that allows temporary testing of
15 artificial intelligence systems in a controlled, limited manner
16 without full regulatory compliance.

17 SUBCHAPTER B. SANDBOX PROGRAM FRAMEWORK

18 Sec. 552.051. ESTABLISHMENT OF SANDBOX PROGRAM. (a) The
19 department, in coordination with the council, shall administer the
20 Artificial Intelligence Regulatory Sandbox Program to facilitate
21 the development, testing, and deployment of innovative artificial
22 intelligence systems in Texas.

23 (b) The sandbox program is designed to:

24 (1) promote the safe and innovative use of artificial
25 intelligence across various sectors including healthcare, finance,
26 education, and public services;

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

4 (3) provide clear guidelines for artificial intelligence
5 developers to test systems while temporarily exempt from certain
6 regulatory requirements.

7 Sec. 552.052. APPLICATION PROCESS. (a) A person or business
8 entity seeking to participate in the sandbox program must submit
9 an application to the council.

10 (b) The application must include:

11 (1) a detailed description of the artificial
12 intelligence system and its intended use;

13 (2) a risk assessment that addresses potential impacts
14 on consumers, privacy, and public safety;

15 (3) a plan for mitigating any adverse consequences
16 during the testing phase; and

17 (4) proof of compliance with federal artificial
18 intelligence laws and regulations, where applicable.

19 Sec. 552.053. DURATION AND SCOPE OF PARTICIPATION. A
20 participant may test an artificial intelligence system under the
21 sandbox program for a period of up to 36 months, unless extended
22 by the department for good cause.

23 SUBCHAPTER C. OVERSIGHT AND COMPLIANCE

24 Sec. 552.101. AGENCY COORDINATION. (a) The department shall
25 coordinate with all relevant state regulatory agencies to oversee
26 the operations of the sandbox participants.

1 (b) A relevant agency may recommend to the department that a
2 participant's sandbox privileges be revoked if the artificial
3 intelligence system:

4 (1) poses undue risk to public safety or welfare;

5 (2) violates any federal or state laws that the sandbox
6 program cannot override.

7 Sec. 552.102. REPORTING REQUIREMENTS. (a) Each sandbox
8 participant must submit quarterly reports to the department, which
9 shall include:

10 (1) system performance metrics;

11 (2) updates on how the system mitigates any risks
12 associated with its operation; and

13 (3) feedback from consumers and affected stakeholders
14 that are using a product that has been deployed from this section.

15 (b) The department must submit an annual report to the
16 legislature detailing:

17 (1) the number of participants in the sandbox program;

18 (2) the overall performance and impact of artificial
19 intelligence systems tested within the program; and

20 (3) recommendations for future legislative or regulatory
21 reforms.

22 CHAPTER 553. TEXAS ARTIFICIAL INTELLIGENCE COUNCIL

23 SUBCHAPTER A. CREATION AND ORGANIZATION OF COUNCIL

24 Sec. 553.001. CREATION OF COUNCIL. (a) The Artificial
25 Intelligence Council is administratively attached to the office of
26 the governor, and the office of the governor shall provide
27 administrative support to the council as provided by this section.

1 (b) The office of the governor and the council shall enter
2 into a memorandum of understanding detailing:

3 (1) the administrative support the council requires from
4 the office of the governor to fulfill the purposes of this chapter;

5 (2) the reimbursement of administrative expenses to the
6 office of the governor; and

7 (3) any other provisions available by law to ensure the
8 efficient operation of the council as attached to the office of
9 the governor.

10 (c) The purpose of the council is to:

11 (1) ensure artificial intelligence systems are ethical
12 and in the public's best interest and do not harm public safety or
13 undermine individual freedoms by finding gaps in the Penal Code
14 and Chapter 82, Civil Practice and Remedies Code and making
15 recommendations to the Legislature.

16 (2) identify existing laws and regulations that impede
17 innovation in artificial intelligence development and recommend
18 appropriate reforms;

19 (3) analyze opportunities to improve the efficiency and
20 effectiveness of state government operations through the use of
21 artificial intelligence systems;

22 (4) investigate and evaluate potential instances of
23 regulatory capture, including undue influence by technology
24 companies or disproportionate burdens on smaller innovators;

1 (5) investigate and evaluate the influence of technology
2 companies on other companies and determine the existence or use of
3 tools or processes designed to censor competitors or users; and

4 (6) offer guidance and recommendations to state agencies
5 including advisory opinions on the ethical and legal use of
6 artificial intelligence;

7 Sec. 553.002. COUNCIL MEMBERSHIP. (a) The council is composed
8 of 10 members as follows:

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

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

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

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

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

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

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

23 (d) The council may establish an advisory board composed of
24 individuals from the public who possess expertise directly related
25 to the council's functions, including technical, ethical,
26 regulatory, and other relevant areas.

1 Sec. 553.003. QUALIFICATIONS. (a) Members of the council must
2 be Texas residents and have knowledge or expertise in one or more
3 of the following areas:

- 4 (1) artificial intelligence technologies;
5 (2) data privacy and security;
6 (3) ethics in technology or law;
7 (4) public policy and regulation; or
8 (5) risk management or safety related to artificial
9 intelligence systems.

10 (b) Members must not hold an office or profit under the state
11 or federal government at the time of appointment.

12 Sec. 553.004. STAFF AND ADMINISTRATION. The council may
13 employ an executive director and other personnel as necessary to
14 perform its duties.

15 SUBCHAPTER B. POWERS AND DUTIES OF THE COUNCIL

16 Sec. 553.101. ISSUANCE OF ADVISORY OPINIONS. (a) A state
17 agency may request a written advisory opinion from the council
18 regarding the use of artificial intelligence systems in the state.

19 (b) The council may issue advisory opinions on state use of
20 artificial intelligence systems regarding:

21 (1) the compliance of artificial intelligence systems
22 with Texas law;

23 (2) the ethical implications of artificial intelligence
24 deployments in the state;

25 (3) data privacy and security concerns related to
26 artificial intelligence systems; or

1 (4) potential liability or legal risks associated with the
2 use of AI.

3 Sec. 553.102. RULEMAKING AUTHORITY. (a) The council may adopt
4 rules necessary to administer its duties under this chapter,
5 including:

6 (1) procedures for requesting advisory opinions;

7 (2) standards for ethical artificial intelligence
8 development and deployment;

9 (3) guidelines for evaluating the safety, privacy, and
10 fairness of artificial intelligence systems.

11 (b) The council's rules shall align with state laws on
12 artificial intelligence, technology, data security, and consumer
13 protection.

14 Sec. 553.103. TRAINING AND EDUCATIONAL OUTREACH. The council
15 shall conduct training programs for state agencies and local
16 governments on the ethical use of artificial intelligence systems.

17 SECTION 3. Section 503.001, Business & Commerce Code is
18 amended by adding Subsection (c-3) to read as follows:

19 (c-3) This section does not apply to the training, processing,
20 or storage of biometric identifiers involved in machine learning
21 or artificial intelligence systems, unless performed for the
22 purpose of uniquely identifying a specific individual. If a
23 biometric identifier captured for the purpose of training an
24 artificial intelligence system is subsequently used for a
25 commercial purpose, the person possessing the biometric identifier
26 is subject to this section's provisions for the possession and

1 destruction of a biometric identifier and the associated
2 penalties.

3 SECTION 4. Sections 541.051(b), 541.101(a), 541.102(a), and
4 Sec.541.104(a), Business & Commerce Code, are amended to read as
5 follows:

6 Sec. 541.051. CONSUMER'S PERSONAL DATA RIGHTS; REQUEST TO
7 EXERCISE RIGHTS. (a) A consumer is entitled to exercise the
8 consumer rights authorized by this section at any time by
9 submitting a request to a controller specifying the consumer rights
10 the consumer wishes to exercise. With respect to the processing of
11 personal data belonging to a known child, a parent or legal
12 guardian of the child may exercise the consumer rights on behalf
13 of the child.

14 (b) A controller shall comply with an authenticated consumer
15 request to exercise the right to:

16 (1) confirm whether a controller is processing the
17 consumer's personal data and to access the personal data;

18 (2) correct inaccuracies in the consumer's personal
19 data, taking into account the nature of the personal data and the
20 purposes of the processing of the consumer's personal data;

21 (3) delete personal data provided by or obtained about
22 the consumer;

23 (4) if the data is available in a digital format, obtain
24 a copy of the consumer's personal data that the consumer previously
25 provided to the controller in a portable and, to the extent
26 technically feasible, readily usable format that allows the

1 consumer to transmit the data to another controller without
2 hindrance; ~~[or]~~

3 (5) know if the consumer's personal data is or will be
4 used in any artificial intelligence system and for what purposes;
5 or

6 (~~[5]~~6) opt out of the processing of the personal data
7 for purposes of:

8 (A) targeted advertising;

9 (B) the sale of personal data; ~~[or]~~

10 (C) the sale of personal data for use in artificial
11 intelligence systems prior to being collected; or

12 (~~[C]~~D) profiling in furtherance of a decision that
13 produces a legal or similarly significant effect concerning the
14 consumer.

15 Sec. 541.101. CONTROLLER DUTIES; TRANSPARENCY. (a) A
16 controller:

17 (1) shall limit the collection of personal data to what
18 is adequate, relevant, and reasonably necessary in relation to the
19 purposes for which that personal data is processed, as disclosed
20 to the consumer; ~~[and]~~

21 (2) for purposes of protecting the confidentiality,
22 integrity, and accessibility of personal data, shall establish,
23 implement, and maintain reasonable administrative, technical, and
24 physical data security practices that are appropriate to the volume
25 and nature of the personal data at issue; and

26 (3) for purposes of protecting the unauthorized access,
27 disclosure, alteration, or destruction of data collected, stored,

1 and processed by artificial intelligence systems, shall establish,
2 implement, and maintain, reasonable administrative, technical, and
3 physical data security practices that are appropriate to the volume
4 and nature of the data collected, stored, and processed by
5 artificial intelligence systems.

6 Sec.541.102. PRIVACY NOTICE. (a) A controller shall
7 provide consumers with a reasonably accessible and clear privacy
8 notice that includes:

9 (1) the categories of personal data processed by the
10 controller, including, if applicable, any sensitive data processed
11 by the controller;

12 (2) the purpose for processing personal data;

13 (3) how consumers may exercise their consumer rights
14 under Subchapter B, including the process by which a consumer may
15 appeal a controller's decision with regard to the consumer's
16 request;

17 (4) if applicable, the categories of personal data that
18 the controller shares with third parties;

19 (5) if applicable, the categories of third parties with
20 whom the controller shares personal data; ~~and~~

21 (6) if applicable, an acknowledgement of the collection,
22 use, and sharing of personal data for artificial intelligence
23 purposes; and

24 (~~6~~7) a description of the methods required under
25 Section 541.055 through which consumers can submit requests to
26 exercise their consumer rights under this chapter.

1 Sec. 541.104. DUTIES OF PROCESSOR. (a) A processor shall
2 adhere to the instructions of a controller and shall assist the
3 controller in meeting or complying with the controller's duties or
4 requirements under this chapter, including:

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

10 (2) assisting the controller with regard to complying
11 with the ~~[requirement]~~requirements relating to the security of
12 processing personal data, and if applicable, the data collected,
13 stored, and processed by artificial intelligence systems and to
14 the notification of a breach of security of the processor's system
15 under Chapter 521, taking into account the nature of processing
16 and the information available to the processor; and

17 (3) providing necessary information to enable the
18 controller to conduct and document data protection assessments
19 under Section 541.105.

20 SECTION 5. Subtitle E, Title 4, Labor Code, is amended by
21 adding Chapter 319 to read as follows:

22 CHAPTER 319. TEXAS ARTIFICIAL INTELLIGENCE WORKFORCE DEVELOPMENT

23 GRANT PROGRAM

24 SUBCHAPTER A. GENERAL PROVISIONS

25 Sec. 319.001. DEFINITIONS. In this chapter:

26 (1) "Artificial intelligence industry" means businesses,
27 research organizations, governmental entities, and educational

1 institutions engaged in the development, deployment, or use of
2 artificial intelligence technologies in Texas.

3 (2) "Commission" means the Texas Workforce Commission.

4 (3) "Eligible entity" means Texas-based businesses in
5 the artificial intelligence industry, public school districts,
6 community colleges, public technical institutes, and workforce
7 development organizations.

8 (4) "Program" means the Texas Artificial Intelligence
9 Workforce Development Grant Program established under this
10 chapter.

11 SUBCHAPTER B. ARTIFICIAL INTELLIGENCE WORKFORCE DEVELOPMENT

12 GRANT PROGRAM

13 Sec. 319.051. ESTABLISHMENT OF GRANT PROGRAM. (a) The
14 commission shall establish the Texas Artificial Intelligence
15 Workforce Development Grant Program to:

16 (1) support and assist Texas-based artificial
17 intelligence companies in developing a skilled workforce;

18 (2) provide grants to local community colleges and
19 public high schools to implement or expand career and technical
20 education programs focused on artificial intelligence readiness
21 and skill development; and

22 (3) offer opportunities to retrain and reskill workers
23 through partnerships with the artificial intelligence industry and
24 workforce development programs.

25 (b) The program is intended to:

26 (1) prepare Texas workers and students for employment in
27 the rapidly growing artificial intelligence industry;

1 (2) support the creation of postsecondary programs and
2 certifications relevant to current artificial intelligence
3 opportunities;

4 (3) ensure that Texas maintains a competitive edge in
5 artificial intelligence innovation and workforce development; and

6 (4) address workforce gaps in artificial intelligence-
7 related fields, including data science, cybersecurity, machine
8 learning, robotics, and automation.

9 (c) The commission shall adopt rules necessary to implement
10 this subchapter.

11 Sec. 319.052. FEDERAL FUNDS AND GIFTS, GRANTS, AND DONATIONS.

12 In addition to other money appropriated by the legislature,
13 for the purpose of providing artificial intelligence workforce
14 opportunities under the program established under this subchapter
15 the commission may:

16 (1) seek and apply for any available federal funds; and

17 (2) solicit and accept gifts, grants, and donations from
18 any other source, public or private, as necessary to ensure
19 effective implementation of the program.

20 Sec. 319.053. ELIGIBILITY FOR GRANTS. (a) The following
21 entities are eligible to apply for grants under this program:

22 (1) Texas-based businesses engaged in the development or
23 deployment of artificial intelligence technologies;

24 (2) public school districts and charter schools offering
25 or seeking to offer career and technical education programs in
26 artificial intelligence-related fields or to update existing
27 curricula to address these fields;

1 (3) public community colleges and technical institutes
2 that develop artificial intelligence-related curricula or training
3 programs or update existing curricula or training programs to
4 incorporate artificial intelligence training; and

5 (4) workforce development organizations in partnership
6 with artificial intelligence companies to reskill and retrain
7 workers in artificial intelligence competencies.

8 (b) To be eligible, the entity must:

9 (1) submit an application to the commission in the form
10 and manner prescribed by the commission; and

11 (2) demonstrate the capacity to develop and implement
12 training, educational, or workforce development programs that
13 align with the needs of the artificial intelligence industry in
14 Texas and lead to knowledge, skills, and work-based experiences
15 that are transferable to similar employment opportunities in the
16 artificial intelligence industry.

17 Sec. 319.054. USE OF GRANTS. (a) Grants awarded under the
18 program may be used for:

19 (1) developing or expanding workforce training programs
20 for artificial intelligence-related skills, including but not
21 limited to machine learning, data analysis, software development,
22 and robotics;

23 (2) creating or enhancing career and technical education
24 programs in artificial intelligence for high school students, with
25 a focus on preparing them for careers in artificial intelligence
26 or related fields;

1 (3) providing financial support for instructors,
2 equipment, and technology necessary for artificial intelligence-
3 related workforce training;

4 (4) partnering with local businesses to develop
5 internship programs, on-the-job training opportunities, instructor
6 externships, and apprenticeships in the artificial intelligence
7 industry;

8 (5) funding scholarships or stipends for students,
9 instructors, and workers participating in artificial intelligence
10 training programs, particularly for individuals from underserved
11 or underrepresented communities; or

12 (6) reskilling and retraining workers displaced by
13 technological changes or job automation, with an emphasis on
14 artificial intelligence-related job roles.

15 (b) The commission shall prioritize funding for:

16 (1) initiatives that partner with rural and underserved
17 communities to promote artificial intelligence education and
18 career pathways;

19 (2) programs that lead to credentials of value in
20 artificial intelligence or related fields; and

21 (3) proposals that include partnerships between the
22 artificial intelligence industry, a public or private institution
23 of higher education in this state, and workforce development
24 organizations.

25 SECTION 6. Section 325.011, Government Code, is amended to
26 read as follows:

1 Sec. 325.011. CRITERIA FOR REVIEW. The commission and its
2 staff shall consider the following criteria in determining whether
3 a public need exists for the continuation of a state agency or its
4 advisory committees or for the performance of the functions of the
5 agency or its advisory committees:

6 (1) the efficiency and effectiveness with which the
7 agency or the advisory committee operates;

8 (2) (A) an identification of the mission, goals, and
9 objectives intended for the agency or advisory committee and of
10 the problem or need that the agency or advisory committee was
11 intended to address; and

12 (B) the extent to which the mission, goals, and
13 objectives have been achieved and the problem or need has been
14 addressed;

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

18 (B) the extent to which those activities are
19 needed;

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

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

25 (6) the extent to which the jurisdiction of the agency
26 and the programs administered by the agency overlap or duplicate
27 those of other agencies, the extent to which the agency coordinates

1 with those agencies, and the extent to which the programs
2 administered by the agency can be consolidated with the programs
3 of other state agencies;

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

8 (8) an assessment of the agency's rulemaking process and
9 the extent to which the agency has encouraged participation by the
10 public in making its rules and decisions and the extent to which
11 the public participation has resulted in rules that benefit the
12 public;

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

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

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

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

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

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

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

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

8 (15) an assessment, using information available from the
9 Department of Information Resources, the Attorney General, or any
10 other appropriate state agency, of the agency's use of artificial
11 intelligence systems, high-risk artificial intelligence systems,
12 in its operations and its oversight of the use of artificial
13 intelligence systems by entities or persons under the agency's
14 jurisdiction, and any related impact on the agency's ability to
15 achieve its mission, goals, and objectives.

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

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

21 (1) the agency's information security program;

22 (2) an inventory of the agency's servers, mainframes,
23 cloud services, and other information technology equipment;

24 (3) identification of vendors that operate and manage
25 the agency's information technology infrastructure; ~~and~~

26 (4) any additional related information requested by the
27 department; and

1 (5) an evaluation of the use, or considered use, of
2 artificial intelligence systems and high-risk artificial
3 intelligence systems by each state agency.

4 SECTION 8. Section 2054.0965(b), Government Code, is amended
5 to read as follows:

6 Sec. 2054.0965. INFORMATION RESOURCES DEPLOYMENT REVIEW.

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

9 (1) an inventory of the agency's major information
10 systems, as defined by Section 2054.008, and other operational or
11 logistical components related to deployment of information
12 resources as prescribed by the department;

13 (2) an inventory of the agency's major databases,
14 artificial intelligence systems, and applications;

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

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

20 (A) applicable achievement goals established under
21 Section 2056.006 and the state strategic plan adopted under Section
22 2056.009;

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

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

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

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

5 SECTION 9. Not later than September 1, 2025, the attorney
6 general shall post on the attorney general's Internet website the
7 information and online mechanism required by Section 551.041,
8 Business & Commerce Code, as added by this Act.

9 SECTION 10. This Act takes effect September 1, 2025.