A BILL TO BE ENTITLED

1   AN ACT

2 relating to the creation of the artificial intelligence advisory

3 council and the establishment of the artificial intelligence

4 learning laboratory.

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

6   SECTION 1. Chapter 2054, Government Code, is amended by

7 adding Subchapter S to read as follows:

8   SUBCHAPTER S. ARTIFICIAL INTELLIGENCE ADVISORY COUNCIL

9   Sec. 2054.621. DEFINITIONS. In this subchapter:

10   (1) "Algorithm" means a computerized procedure

11 consisting of a set of steps used to accomplish a determined task.

12   (2) "Artificial intelligence systems" means systems

13 capable of:

14   (A) perceiving an environment through data

15 acquisition and processing and interpreting the derived

16 information to take an action or actions or to imitate intelligent

17 behavior given a specific goal; and

18   (B) learning and adapting behavior by analyzing

19 how the environment is affected by prior actions.

20   (3) "Automated decision system" means an algorithm,

21 including an algorithm incorporating machine learning or other

22 artificial intelligence techniques, that uses data-based analytics

23 to make or support governmental decisions, judgments, or

24 conclusions.

1   (4) "Automated final decision system" means an

2 automated decision system that makes final decisions, judgments, or

3 conclusions without human intervention.

4   (5) "Automated support decision system" means an

5 automated decision system that provides information to inform the

6 final decision, judgment, or conclusion of a human decision maker.

7   (6) "Council" means the artificial intelligence

8 advisory council established under this subchapter.

9   Sec. 2054.622. ARTIFICIAL INTELLIGENCE ADVISORY COUNCIL.

10 (a) The council is composed of the following seven members:

11   (1) one member of the house of representatives

12 appointed by the speaker of the house of representatives;

13   (2) one member of the senate appointed by the

14 lieutenant governor;

15   (3) the executive director or the executive director's

16 designee; and

17   (4) the following four members appointed by the

18 governor:

19   (A) an expert on ethics;

20   (B) an expert on artificial intelligence

21 systems;

22   (C) an expert on law enforcement usage of

23 artificial intelligence systems; and

24   (D) an expert on constitutional and legal rights.

25   (b) The council members appointed under Subsections (a)(1)

26 and (2) shall serve as co-chairs of the council.

27   (c) A member of the council is not entitled to compensation

1 or reimbursement for expenses.

2 (d) The department shall provide administrative support for
3 the council.

4 (e) The council shall meet at the call of the co-chairs. The
5 council may meet in person or by telephone conference call,
6 videoconference, or another similar telecommunication method.
7 Notwithstanding Chapter 551 or any other law, a meeting held by
8 telephone conference call, videoconference, or another similar
9 telecommunication method is subject to the requirements of Sections
10 551.125(c), (d), (e), and (f).

11 (f) The council shall study and monitor artificial
12 intelligence systems developed, employed, or procured by state
13 agencies. In carrying out its duties under this section, the
14 council shall:

15 (1) assess the need for a state code of ethics for
16 artificial intelligence systems in state government;

17 (2) review automated decision systems inventory
18 reports submitted by state agencies under Section 2054.623,
19 including a review of:

20 (A) the effect of the automated decision systems
21 on the constitutional or legal rights, duties, or privileges of the
22 residents of this state; and

23 (B) the potential benefits, liabilities, or
24 risks that this state could incur as a result of implementing the
25 automated decision systems; and

26 (3) recommend administrative actions that state
27 agencies may take without further legislative authorization.

1   (g) Not later than December 1, 2026, the council shall

2 submit a report to the governor and the legislature that includes:

3   (1) a summary of the council's findings after

4 reviewing:

5   (A) the automated decision systems inventory

6 reports submitted under Section 2054.623; and

7   (B) the results of the artificial intelligence

8 learning laboratory under Section 2054.624;

9   (2) a summary of the recommendations of any relevant

10 national bodies on artificial intelligence systems in state

11 government;

12   (3) an assessment of the impact of using artificial

13 intelligence systems in state government on the liberty, finances,

14 livelihood, and privacy interests of the residents of this state;

15   (4) recommendations of the least stringent policies

16 necessary to:

17   (A) protect the privacy and interests of the

18 residents of this state from any diminution caused by employment of

19 artificial intelligence systems by state government;

20   (B) ensure that the residents of this state are

21 free from unfair discrimination caused or compounded by the

22 employment of artificial intelligence systems in state government;

23 and

24   (C) promote workforce knowledge of artificial

25 intelligence technology and the development of ethical artificial

26 intelligence systems in state government; and

27   (5) any other information that the council considers

1 relevant.

2   (h) Section 2110.008 does not apply to the council.

3   Sec. 2054.623. AUTOMATED DECISION SYSTEMS INVENTORY

4 REPORT. (a) Not later than July 1, 2026, each agency in the

5 executive and legislative branches of state government, using money

6 appropriated to the agency by this state, shall submit an inventory

7 report of all automated decision systems that are being developed,

8 employed, or procured by the agency. For each automated decision

9 system, the inventory report must include a description of:

10   (1) the name and vendor of the automated decision

11 system, if any;

12   (2) the automated decision system's general

13 capabilities, including:

14   (A) reasonably foreseeable capabilities outside

15 the scope of the agency's proposed use; and

16   (B) whether the automated decision system is used

17 or may be used for independent decision-making powers and the

18 impact of those decisions on the residents of this state;

19   (3) the types of data inputs that the technology uses;

20   (4) how the data described by Subdivision (3) is

21 generated, collected, and processed;

22   (5) the types of data the automated decision system is

23 reasonably likely to generate;

24   (6) whether the automated decision system has been

25 tested by an independent third party, has a known bias, or is

26 untested for bias;

27   (7) the purpose and proposed use of the automated

decision system, including:

(A)　the decisions the automated decision system will be used to make or support;

(B)　whether the automated decision system is an automated final decision system or an automated support decision system; and

(C)　the automated decision system's intended benefits, including any data or research relevant to the outcome of those results;

(8)　how automated decision system data is securely stored and processed and whether the agency intends to share access to the automated decision system or data from that automated decision system with any other entity, and why; and

(9)　the information technology fiscal impacts of the automated decision system, including:

(A)　initial acquisition costs and ongoing operating costs, such as maintenance, licensing, personnel, legal compliance, use auditing, data retention, and security costs;

(B)　any cost savings that would be achieved through the use of the technology; and

(C)　any current or potential sources of funding, including any subsidies or free products being offered by vendors or governmental entities.

(b)　Not later than March 1, 2026, the council, in consultation with the department, shall prescribe the form, contents, and manner of submission of the automated decision systems inventory report required under this section.

1 (c) Each agency shall submit the report required under this

2 section to the:

3   (1) department;

4   (2) council; and

5   (3) standing committees of the senate and house of

6 representatives with primary jurisdiction over state agency

7 information technology.

8   Sec. 2054.624. ARTIFICIAL INTELLIGENCE LEARNING

9 LABORATORY. (a) In this section:

10   (1) "Learning laboratory" means the artificial

11 intelligence learning laboratory established under this section.

12   (2) "Participant" means an entity selected by the

13 council to participate in the artificial intelligence learning

14 laboratory established under this section, including a state

15 agency, a business entity, a nonprofit organization, or an open

16 source project.

17   (3) "Regulatory mitigation agreement" means an

18 agreement between the council and a participant for the purpose of

19 permitting the participant to use and test artificial intelligence

20 systems with limited legal and regulatory boundaries.

21   (4) "State agency" means, notwithstanding Section

22 2054.003, an agency in the legislative or executive branch of state

23 government.

24   (b) The council shall, with assistance from the department,

25 establish the artificial intelligence learning laboratory. The

26 council shall operate the learning laboratory to:

27   (1) evaluate the benefits, risks, and impact of

1 regulations on artificial intelligence;

2   (2) encourage the development of artificial

3 intelligence in state agencies; and

4   (3) produce recommendations for the least stringent

5 legislation on or regulation of artificial intelligence.

6   (c) The council shall set, and update as necessary, a

7 learning agenda for the learning laboratory to establish specific

8 areas of artificial intelligence policy to study. The learning

9 agenda must outline the parameters for the type of artificial

10 intelligence systems to be tested by a participant. In setting the

11 learning agenda, the council may consult state agencies, industry

12 leaders, and other key stakeholders the council considers

13 appropriate.

14   (d) The council shall establish an application process and

15 criteria to select participants for the learning laboratory. The

16 council shall, in selecting participants, consider:

17   (1) the relevance and utility of the applicant's

18 artificial intelligence technology to the learning agenda;

19   (2) the applicant's expertise and knowledge specific

20 to the learning agenda;

21   (3) the applicant's plan to monitor and minimize use

22 when testing the artificial intelligence systems;

23   (4) whether the applicant is eligible for regulatory

24 mitigation as described by Section 2054.626; and

25   (5) any other factor the council determines relevant.

26   (e) In collaboration with each participant, the council

27 shall establish benchmarks and assess outcomes of participation in

1 the learning laboratory.

2 (f) An applicant approved for participation must enter into

3 a regulatory mitigation agreement under Section 2054.625.

4 (g) A participant of the learning laboratory shall conduct

5 experiments using artificial intelligence systems, automated

6 decision systems, automated final decision systems, or automated

7 support decision systems that fall within the scope of the learning

8 agenda.

9 (h) A participant shall retain all records and provide

10 requested information and findings to the council. A participant

11 shall submit a report to the council, including:

12 (1) a summary of the proposed artificial intelligence

13 systems;

14 (2) the results from operating the artificial

15 intelligence systems; and

16 (3) any other information the council determines as

17 necessary and relevant.

18 (i) The council shall submit to the legislature, the

19 standing committees of each house with jurisdiction over artificial

20 intelligence systems, and the governor a report containing the

21 results of the learning laboratory findings and suggestions of the

22 least stringent legal and regulatory policies in relation to the

23 artificial intelligence systems studied by the learning

24 laboratory.

25 (j) The department may adopt rules to implement this

26 section.

27 Sec. 2054.625. REGULATORY MITIGATION AGREEMENTS. (a) A

1 participant in the learning laboratory shall enter into an

2 agreement as provided by this section.

3   (b) The agreement must provide:

4   (1) limitations on the artificial intelligence

5 systems to be tested, including:

6   (A) the number and types of users;

7   (B) geographic limitations; and

8   (C) any other limitation the department

9 considers advisable;

10   (2) procedures to protect the health and safety of

11 this state during the testing period;

12   (3) that the participant does not have any expectation

13 of a property right or license to participate in the learning

14 laboratory;

15   (4) that committing certain violations of law or a

16 violation of the agreement, as determined by the department, is

17 grounds for removal from the learning laboratory;

18   (5) that participation in the learning laboratory does

19 not constitute an endorsement by the state and is not a factor in

20 any criminal or civil proceeding;

21   (6) that the state is not responsible for any claims,

22 liabilities, damages, losses, or expenses arising out of the

23 participant's involvement in the learning laboratory; and

24   (7) that the participant will:

25   (A) provide information to the department and any

26 other state agency the department considers necessary to

27 successfully test artificial intelligence systems under the

1 learning laboratory program; and

2   (B) report to the department under the terms

3 acceptable to the department.

4   (c) An agreement under this section may be entered into by a

5 participant, the department, and other state agencies the

6 department considers necessary for regulatory mitigation as

7 described by Subsection (d). The department shall consult with

8 other state agencies on appropriate terms of regulatory mitigation

9 to provide under Subsection (d).

10   (d) An agreement under this section may provide for the

11 following regulatory mitigation measures:

12   (1) circumstances under which a participant:

13   (A) is or is not required to provide restitution

14 to a user of the artificial intelligence system under testing;

15   (B) may have an opportunity to correct any

16 violations of law that occur from using the system described by this

17 section before penalties are imposed by the state; and

18   (C) may be entitled to reduced civil penalties

19 during the period in which the agreement is in effect; and

20   (2) any other measures to address risks that the

21 department considers advisable.

22   (e) An agreement under this section has a term of one year

23 and may be extended on request by the participant for an additional

24 year, if the request is submitted not later than 30 days before the

25 date that the agreement's term ends. The department shall approve

26 or deny the request before the date that the agreement's term ends.

27   Sec. 2054.626. ELIGIBILITY. An applicant for participation

1 in the learning laboratory is eligible for regulatory mitigation as

2 described by Section 2054.625 if:

3   (1) the applicant has the technical expertise and

4 capability to responsibly deploy and test the proposed artificial

5 intelligence systems;

6   (2) the applicant has sufficient financial resources

7 to meet obligations during the testing period;

8   (3) the proposed artificial intelligence systems

9 provide substantial consumer benefits that may outweigh identified

10 risks from permitting regulatory mitigation;

11   (4) the applicant has an effective plan to monitor and

12 minimize identified risks from testing; and

13   (5) the scale, scope, and duration of proposed testing

14 is appropriately limited based on risk assessments.

15   Sec. 2054.627. COUNCIL ABOLISHED; EXPIRATION OF

16 SUBCHAPTER. The council is abolished and this subchapter expires

17 September 1, 2029.

18   SECTION 2. (a) As soon as practicable after the effective

19 date of this Act but not later than October 1, 2025, the appropriate

20 appointing authorities shall appoint the members to the artificial

21 intelligence advisory council as required by Section 2054.622,

22 Government Code, as added by this Act.

23   (b) Not later than November 1, 2025, the advisory council

24 established under Subchapter S, Chapter 2054, Government Code, as

25 added by this Act, shall hold its initial meeting.

26   (c) Not later than December 1, 2025, the advisory council

27 established under Subchapter S, Chapter 2054, Government Code, as

1 added by this Act, shall establish the artificial intelligence
2 learning laboratory as required by Section 2054.624, Government
3 Code, as added by this Act.

4   SECTION 3.   This Act takes effect immediately if it receives
5 a vote of two-thirds of all the members elected to each house, as
6 provided by Section 39, Article III, Texas Constitution.   If this
7 Act does not receive the vote necessary for immediate effect, this
8 Act takes effect September 1, 2025.