

BILL ANALYSIS

C.S.H.B. 2818
By: Capriglione
Delivery of Government Efficiency
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The author has informed the committee that, traditionally, the Department of Information Resources (DIR) contracts for legacy modernization projects or other projects requested by state agencies through a procurement process, and the cost to complete these projects sometimes exceeds the amount of money an agency has budgeted due in part to the number of people needed to complete a project. C.S.H.B. 2818 seeks to assist state agencies in the modernization of legacy systems and the completion of other projects in a more efficient manner by establishing the Artificial Intelligence Division within DIR to oversee and support the use of generative artificial intelligence technologies in state projects.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Department of Information Resources in SECTION 1 of this bill.

ANALYSIS

C.S.H.B. 2818 amends the Government Code to require the Department of Information Resources (DIR) to establish an artificial intelligence division within DIR and to require DIR's executive director to direct the administration and oversight of the division, including the division's organization within DIR. The bill authorizes DIR to hire the personnel necessary to administer the division's duties, including hiring personnel through public institutions of higher education.

C.S.H.B. 2818 requires the division to assist state agencies and other entities that use DIR's services in the implementation of generative artificial intelligence (AI) technology for the following:

- projects to modernize or replace legacy systems as defined under the Information Resources Management Act; and
- other projects appropriate for the use of generative AI technology as determined by DIR.

C.S.H.B. 2818 authorizes the division to do the following in assisting agencies and entities with the applicable projects:

- use generative AI technology developed or procured by DIR to complete the project; or

- contract with a vendor to use generative AI technology to complete the project, in which case the vendor's generative AI technology must complete a majority of the work required to complete the contract.

C.S.H.B. 2818 requires the division to prepare a cost analysis report for each project completed under the bill's provisions that includes the following:

- a summary of the time, money, and resources saved by using a generative AI technology compared to the time, money, and resources that would have been required using traditional systems to perform equivalent tasks; and
- a concise overview focused on information demonstrating the cost and time efficiencies achieved by using generative AI technology for the project.

C.S.H.B. 2818 authorizes DIR to adopt the rules necessary to establish and administer the division and requires DIR to adopt the rules necessary to implement the bill's provisions as soon as practicable after the bill's effective date.

EFFECTIVE DATE

September 1, 2025.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 2818 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute lowers the threshold of the amount of work that the generative AI technology of a vendor with which the division contracts to assist agencies and entities with applicable projects is required to complete from at least 90 percent of the work required to complete the contract, as in the introduced, to a majority of such work.

The substitute revises the provision of the introduced requiring a project cost analysis report to contain a concise overview in the following ways:

- omits the specification that the overview information includes the amount of time and money saved in the procurement process, which was present in the introduced; and
- includes information demonstrating the cost and time efficiencies achieved by using generative AI technology for the project, which did not appear in the introduced.