

BILL ANALYSIS

Senate Research Center
89R3016 MLH-D

S.B. 668
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Business & Commerce
4/1/2025
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

S.B. 668 aims to establish transparency and accountability in the use of artificial intelligence (AI) by large corporations operating in Texas. The bill introduces disclosure requirements for companies that generate over \$100 billion in revenue and use AI for various services, including answering questions, summarizing information, generating content, or making decisions related to lending, risk assessment, investing, and hiring.

The disclosure requirement includes: the name of the AI model used, what purpose the model serves in the company's product, names and descriptions of third parties who have influenced the model, and any changes made to the model. The Office of the Attorney General is tasked with enforcing the bill and must be granted access to relevant records for ensuring compliance. Violations of the bill would be considered deceptive trade practices, as defined by Texas law, making the companies subject to legal action.

In addition, the bill provides protections from legal retaliation for individuals reporting violations to the attorney general.

As proposed, S.B. 668 amends current law relating to the disclosure of information with regard to artificial intelligence.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Title 99, Business and Commerce Code, by adding Chapter 2003, as follows:

CHAPTER 2003. DISCLOSURES RELATED TO ARTIFICIAL INTELLIGENCE

Sec. 2003.001. DEFINITION. Defines "artificial intelligence."

Sec. 2003.002. APPLICABILITY OF CHAPTER. (a) Provides that this chapter applies only to a person who:

(1) uses artificial intelligence to provide services to an individual in this state, including answering questions, gathering information, summarizing information, generating textual, audio, or visual material, or providing information in connection with a lending, underwriting, risk assessment, investing, or hiring decision; and

(2) generated, or is more than 25 percent owned by a person who generated, at least \$100 billion in total revenue, including revenue generated by subsidiaries, according to generally accepted accounting principles.

(b) Provides that artificial intelligence is considered to be used to provide a service to an individual under Subsection (a)(1) regardless of whether the individual can directly access the artificial intelligence.

Sec. 2003.003. DUTY TO DISCLOSE ARTIFICIAL INTELLIGENCE INFORMATION. (a) Requires a person regulated by this chapter to disclose, on the person's Internet website or in another location electronically accessible by an individual in this state:

(1) the name of each artificial intelligence model used by the person;

(2) a brief description of the functions and purposes of each model disclosed under Subdivision (1);

(3) to the best of the person's knowledge and belief, the name of each public or private third party that has provided input on an artificial intelligence model that the person has implemented;

(4) a description of the specific input provided by each third party disclosed under Subdivision (3); and

(5) any changes made to an artificial intelligence model based on input provided by a third party disclosed under Subdivision (3).

(b) Provides that a person who uses a service described by Section 2003.002(a)(1) who provides input on an artificial intelligence model is not considered a third party for purposes of this section if the individual's input was provided in the individual's personal capacity and based on the individual's own experience as a user of that service.

Sec. 2003.004. DISCRIMINATION AND RETALIATION PROHIBITED. Prohibits a person from disciplining, retaliating against, or otherwise discriminating against an individual who in good faith reports a suspected violation of this chapter to the attorney general or any other appropriate authority.

Sec. 2003.005. COOPERATION WITH ATTORNEY GENERAL. Requires a person to allow the attorney general to access the records of the person to the extent necessary to ensure the person is in substantial compliance with this chapter.

Sec. 2003.006. ENFORCEMENT. (a) Provides that a violation of this chapter is a deceptive trade practice under Subchapter E (Deceptive Trade Practices and Consumer Protection), Chapter 17 (Deceptive Trade Practices), and is actionable under that subchapter.

(b) Authorizes the attorney general to issue reports to the governor, the legislature, or any other federal, state, or local government official regarding any information obtained investigating a person under this chapter or enforcing a provision of this chapter.

(c) Authorizes a report under Subsection (b) to be public or confidential.

(d) Provides that the remedies under this section are cumulative of other remedies provided by law.

SECTION 2. Effective date: September 1, 2025.