By:  Capriglione H.B. No. 149

A BILL TO BE ENTITLED

AN ACT

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

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

(3)  "Council" means the Artificial Intelligence Council established under Chapter 553.

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

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

(6)  "Deployer" means a person doing business in this state that deploys an artificial intelligence system.

(7)  "Developer" means a person doing business in this state that develops an artificial intelligence system.

(8)  "Distributor" means a person, other than the Developer or Deployer, that makes an artificial intelligence system available in the market for a commercial purpose.

(9)  "Health care service or treatment" means a health care treatment, service, or procedure designed to maintain, treat, diagnose, prevent, alleviate, cure, or heal a patient's physical or mental condition, illness, injury, or disease, including preventative care.

(10)  "Interactive computer service" has the meaning assigned by Section 323.001, Business and Commerce Code.

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

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

(13)  "Political viewpoint discrimination" means the intentional limitation of a person's ability to express or receive the expression of another person based solely on the person's political beliefs, opinions, or affiliation.

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

Sec. 551.002.  APPLICABILITY OF CHAPTER. This chapter applies to a person that:

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

(2)  engages in the development, distribution, or deployment of an artificial intelligence system in this state; and

Sec. 551.003.  SANDBOX PROGRAM EXCEPTION. Excluding violations of Subchapter B, this chapter does not apply to the development of an artificial intelligence system that is used exclusively for research, training, testing, or other pre-deployment activities performed by active participants of the sandbox program in compliance with Chapter 552.

Sec. 551.004.  DISCLOSURE OF AN ARTIFICIAL INTELLIGENCE SYSTEM TO CONSUMERS. (a) A government agency that makes available an artificial intelligence system that is intended to interact with consumers shall disclose to each consumer, before or at the time of interaction:

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

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

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

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

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

(f)  Any disclosure in a Health care service or treatment may be prescribed to a consumer through entry waiver forms.

SUBCHAPTER B. PROHIBITED USES

Sec. 551.051.  MANIPULATION OF HUMAN BEHAVIOR TO INCITE HARM OR CRIMINALITY. An artificial intelligence system shall not be intentionally developed or deployed to incite or encourage a person to:

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

(2)  harm another person; or

(3)  engage in criminal activity.

Sec. 551.052.  MANIPULATION OF HUMAN BEHAVIOR TO CIRCUMVENT INFORMED DECISION-MAKING. An artificial intelligence system shall not intentionally use Deceptive Trade Practices, as defined by Chapter 17 of the Texas Business and Commerce Code

Sec.551.053.  SOCIAL SCORING. (a) The use by a government entity of AI systems for the evaluation or classification of natural persons or groups of persons over a certain period of time based on their social behavior or known, inferred or predicted personal or personality characteristics, with the social score leading to all of the following shall be prohibited:

(i)  detrimental or unfavorable treatment of certain natural persons or groups of persons in social contexts that are unrelated to the contexts in which the data was originally generated or collected;

(ii)  detrimental or unfavorable treatment of certain natural persons or groups of persons that is unjustified or disproportionate to their social behavior or its gravity; and

(iii)  infringement, constraining, or otherwise chilling of any right guaranteed under the United States Constitution, the Texas Constitution, federal law, or Texas law.

(b)  This section applies to government entities using artificial intelligence systems to constrain civil liberties, not any artificial intelligence system developed or deployed for commercial purposes.

Sec. 551.054.  CAPTURE OF BIOMETRIC IDENTIFIERS USING ARTIFICIAL INTELLIGENCE. (a) A government entity in this state shall not develop or deploy an artificial intelligence system developed with biometric identifiers of individuals and the targeted or untargeted gathering of images or other media from the internet or any other publicly available source shall not be deployed for the purpose of uniquely identifying a specific individual, if it would infringe, constrain, or otherwise chill any right guaranteed under the United States Constitution, the Texas Constitution, federal law, or Texas law.

(b)  An individual is not considered to be informed nor to have provided consent for such purpose pursuant to Section 503.001, Business and Commerce Code, based solely upon the existence on the internet, or other publicly available source, of an image or other media containing one or more biometric identifiers.

(c)  This section applies to systems designed for government entities to constrain civil liberties, not any artificial intelligence system developed or deployed for commercial purposes or any other government entity purpose.

Sec. 551.056.  POLITICAL VIEWPOINT DISCRIMINATION. (a) An artificial intelligence system shall not be developed or deployed in a manner that intentionally results in political viewpoint discrimination or otherwise intentionally infringes upon a person's freedom of association or ability to freely express the person's beliefs or opinions.

(b)  An interactive computer service may not, through the use of an artificial intelligence system:

(1)  block, ban, remove, de-platform, demonetize, debank, de-boost, restrict, or otherwise discriminate against a user based on the user's political speech; or

(2)  modify or manipulate a user's content or posting for the purpose of censoring the user's political speech.

(c)  The prohibitions in subsection (b) apply regardless of whether the actions of the interactive computer service are automated or conducted with human oversight.

(d)  This section does not apply to speech that:

(1)  is illegal under federal or state law;

(2)  constitutes a credible threat of violence or incitement to imminent lawless action;

(3)  contains obscene material as defined by Section 43.21, Penal Code;

(4)  Contains unlawful deep fake video or image in violation of Section 21.165, Penal Code; or

(5)  violates intellectual property rights under applicable law.

(e)  This section shall be construed to be consistent with applicable federal law, including 47 U.S.C. Section 230, and the United States Constitution.

Sec. 551.058.  UNLAWFUL DISCRIMINATION. An artificial intelligence system shall not be developed or deployed with the intent to unlawfully discriminate against a protected class in violation of the laws of this state or federal law. Disparate impact alone is not sufficient to show intent to discriminate.

Sec. 551.061.  CERTAIN SEXUALLY EXPLICIT VIDEOS, IMAGES, AND CHILD PORNOGRAPHY. An artificial intelligence system shall not be developed or deployed with the sole intent of producing, assisting or aiding in producing, or distributing unlawful visual material in violation of Section 43.26, Penal Code or an unlawful deep fake video or image in violation of Section 21.165, Penal Code. Factors to be considered in evaluating the primary purpose or function of an artificial intelligence system shall include marketing materials and terms of use associated with the system.

SUBCHAPTER C. ENFORCEMENT AND CONSUMER PROTECTIONS

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

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

(2)  to protect individuals and groups of individuals from known, and unknown but reasonably foreseeable, risks associated with artificial intelligence;

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

(4)  to provide reasonable notice regarding the use of artificial intelligence systems by state agencies.

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

Sec. 551.103.  INTERNET WEBSITE AND COMPLAINT MECHANISM. The attorney general shall post on the attorney general's Internet website an online mechanism through which a consumer may submit a complaint under this chapter to the attorney general.

Sec. 551.104.  INVESTIGATIVE AUTHORITY. (a) If the attorney general receives a complaint alleging a violation of this chapter through the online mechanism established under Section 551.103, the attorney general may issue a civil investigative demand. The attorney general shall issue such demands in accordance with and under the procedures established under Section 15.10.

(b)  The attorney general may request from the associated party, pursuant to a civil investigative demand issued under Subsection (a), any one of the following;

(1)  A High Level Statement disclosing the purpose, intended use cases, and deployment context of, and benefits afforded by, the artificial intelligence system;

(2)  a High Level description of the categories of data the artificial intelligence system processes as inputs and the outputs the artificial intelligence system produces;

(3)  any metrics used to evaluate the performance and known limitations of the artificial intelligence system;

(4)  a High Level description of the post-deployment monitoring and user safeguards provided concerning the artificial intelligence system, including the oversight, use, and learning process established by the deployer to address issues arising from the deployment of the artificial intelligence system;

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

(6)  Any other relevant documentation reasonably necessary for the attorney general to conduct an investigation and determine liability or fault of the offender.

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

Sec. 551.105.  NOTICE OF VIOLATION OF CHAPTER; OPPORTUNITY TO CURE. (a) Before bringing an action under Section 551.106, the attorney general shall notify a developer, distributor, or deployer in writing, not later than the 60th day before bringing the action, identifying the specific provisions of this chapter the attorney general alleges have been or are being violated. The attorney general may not bring an action against the developer or deployer if:

(1)  within the 60-day period, the developer or deployer cures the identified violation; and

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

(A)  cured the alleged violation;

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

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

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

(b)  In any action brought forward by the attorney general or any violation of this chapter, it shall be an affirmative defense that the developer, deployer, or other person:

(1)  discovers and cures an identified violation under Subchapter B through:

(A)  feedback that the developer, deployer, or other person encourages deployers or users to provide to such developer, deployer, or other person;

(B)  testing, such as adversarial testing or red-teaming;

(C)  an internal review process; and is otherwise in compliance with the latest version of the Artificial Intelligence Risk Management Framework published by the National Institute of Standards and Technology, ISO/IEC 42001, or another nationally or internationally recognized risk management framework for artificial intelligence systems; or

(D)  following guidelines set by state agencies as appropriate.

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

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

(c)  The attorney general may assess and collect an administrative fine against a developer or deployer who fails to timely cure a violation or who breaches a written statement provided to the attorney general, of not less than $10,000 and not more than $12,000 per uncured violation.

(d)  The attorney general may assess and collect an administrative fine against a developer or deployer who fails to timely cure a violation that is determined to be uncurable, of not less than $80,000 and not more than $200,000 per violation after conviction of such violation.

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

(f)  There is a rebuttable presumption that a developer, distributor, or deployer used reasonable care as required under this chapter if the developer, distributor, or deployer complied with their duties in preventing violations under Subchapter B.

(g)  A developer, distributor, or deployer may seek an expedited hearing or other process, including a request for declaratory judgment, if the developer, distributor, or deployer believes its actions have not violated this chapter.

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

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

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

(b)  a state agency may not sanction an individual that is licensed, registered, or certified by that agency for violations of Subchapter B until individuals or entities have been sentenced for violations of this chapter, and received recommendations from the attorney general for subsequent enforcement.

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

SUBCHAPTER D. CONSTRUCTION OF CHAPTER; LOCAL PREEMPTION

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

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

CHAPTER 552. ARTIFICIAL INTELLIGENCE REGULATORY SANDBOX PROGRAM

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 552.001.  DEFINITIONS. In this chapter:

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

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

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

(4)  "Department" means the Texas Department of Information Resources

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

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

SUBCHAPTER B. SANDBOX PROGRAM FRAMEWORK

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

(b)  The sandbox program is designed to:

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

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

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

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

(b)  The application must include:

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

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

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

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

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

SUBCHAPTER C. OVERSIGHT AND COMPLIANCE

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

(b)  The council or a relevant agency may recommend to the department that a participant's sandbox privileges be revoked if the artificial intelligence system:

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

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

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

(1)  system performance metrics;

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

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

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

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

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

(3)  recommendations for future legislative or regulatory reforms.

(c)  The council shall maintain the confidentiality of the intellectual property, trade secrets, and other sensitive information of the sandbox.

CHAPTER 553. TEXAS ARTIFICIAL INTELLIGENCE COUNCIL

SUBCHAPTER A. CREATION AND ORGANIZATION OF COUNCIL

Sec. 553.001.  CREATION OF COUNCIL. (a) The Artificial Intelligence Council is administratively attached to the Texas Department of Information Resources, and the office shall provide administrative support to the council as provided by this section.

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

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

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

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

(c)  The purpose of the council is to:

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

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

(3)  analyze opportunities to improve the efficiency and effectiveness of state government operations through the use of artificial intelligence systems and make recommendations to applicable state agencies regarding the use of artificial intelligence to improve the efficiency and effectiveness of agency operations;

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

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

(6)  offer guidance and recommendations to the state legislature on the ethical and legal use of artificial intelligence;

(7)  conduct and publish a study of the current artificial intelligence regulatory environment; and

(8)  in coordination with the Department of Information Resources, monitor the Artificial Intelligence Regulatory Sandbox Program established under Chapter 552 and make recommendations for improvements to the program.

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

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

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

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

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

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

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

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

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

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

(1)  artificial intelligence technologies;

(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)  expertise in improving the efficiency and effectiveness of government operations; or

(7)  expertise in anti-competitive practices and market fairness.

Sec. 553.004.  STAFF AND ADMINISTRATION. (a) The council may employ an executive director and other personnel as necessary to perform its duties.

(b)  The council, its administration, and its staff must not account for more than 4% of the budget of the department of information resources.

SUBCHAPTER B. POWERS AND DUTIES OF THE COUNCIL

Sec. 553.101.  ISSUANCE OF ADVISORY REPORTS. (a) The council may issue reports to the state legislature regarding the use of artificial intelligence systems in the state.

(b)  The council may issue reports on state use of artificial intelligence systems regarding:

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

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

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

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

Sec. 553.102.  TRAINING AND EDUCATIONAL OUTREACH. The council shall conduct training programs for state agencies and local governments on the use of artificial intelligence systems.

Sec. 553.103.  LIMITATION OF AUTHORITY. (a) The council may not:

(1)  Promulgate rules, regulations, binding guidance, or anything construed as regulations or guidance on any entity or agency; or

(2)  Interfere with or override state agency operations.

(b)  The council's duties are limited to providing evaluations,

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

(c-3)  This section does not apply to the training, processing, or storage of biometric identifiers involved in artificial intelligence systems, as defined by Section 551.001, unless performed for the purpose of uniquely identifying a specific individual. 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 this section's provisions for the possession and destruction of a biometric identifier and the associated penalties.

SECTION 4.  Sec.541.104(a), Business & Commerce Code is amended to read as follows:

Sec. 541.104.  DUTIES OF PROCESSOR. (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 the [~~requirement~~]requirements relating to the security of processing personal data, and if applicable, the data collected, stored, and processed by artificial intelligence systems and to the notification of a breach of security of the processor's system under Chapter 521, taking into account the nature of processing and the information available to the processor; and

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

SECTION 5.  Section 325.011, Government Code, is amended to read as follows:

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

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

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

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

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

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

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

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

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

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

(8)  an assessment of the agency's rulemaking process and the extent to which the agency has encouraged participation by the public in making its rules and decisions and the extent to which the public participation has resulted in rules that benefit the 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, using information available from the Department of Information Resources, the Attorney General, or any other appropriate state agency, of the agency's use of artificial intelligence systems in its operations and its oversight of the use of artificial intelligence systems by entities or persons under the agency's jurisdiction, and any related impact on the agency's ability to achieve its mission, goals, and objectives.

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

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

(1)  the agency's information security program;

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

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

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

(5)  an evaluation of the use, or considered use, of artificial intelligence systems by each state agency.

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

Sec. 2054.0965.  INFORMATION RESOURCES DEPLOYMENT REVIEW.

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

(1)  an inventory of the agency's major information systems, as defined by Section 2054.008, and other operational or 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, 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 online mechanism required by Section 551.041, Business & Commerce Code, as added by this Act.

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