

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.

1 The term does not include an individual acting in a commercial or  
2 employment context.

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

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

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

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

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

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

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

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

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

27 (14) "Sensitive personal attribute" means race,

1 political opinions, religious or philosophical beliefs, ethnic  
2 orientation, mental health diagnosis, or sex. The term does not  
3 include conduct that would be classified as an offense under  
4 Chapter 21, Penal Code.

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

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

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

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

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

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

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

1 intelligence system.

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

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

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

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

11 SUBCHAPTER B. PROHIBITED USES

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

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

17 (2) harm another person; or

18 (3) engage in criminal activity.

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

23 Sec.551.053. SOCIAL SCORING. (a) The use by a government  
24 entity of AI systems for the evaluation or classification of  
25 natural persons or groups of persons over a certain period of time  
26 based on their social behavior or known, inferred or predicted  
27 personal or personality characteristics, with the social score

1 leading to all of the following shall be prohibited:

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

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

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

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

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

26 (b) An individual is not considered to be informed nor to  
27 have provided consent for such purpose pursuant to Section [503.001](#),

1 Business and Commerce Code, based solely upon the existence on the  
2 internet, or other publicly available source, of an image or other  
3 media containing one or more biometric identifiers.

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

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

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

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

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

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

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

25 (1) is illegal under federal or state law;

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

1           (3) contains obscene material as defined by Section  
2 43.21, Penal Code;

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

5           (5) violates intellectual property rights under  
6 applicable law.

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

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

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

24           SUBCHAPTER C. ENFORCEMENT AND CONSUMER PROTECTIONS

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

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

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

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

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

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

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

21           Sec. 551.104. INVESTIGATIVE AUTHORITY. (a) If the  
22 attorney general receives a complaint alleging a violation of this  
23 chapter through the online mechanism established under Section  
24 551.103, the attorney general may issue a civil investigative  
25 demand. The attorney general shall issue such demands in  
26 accordance with and under the procedures established under Section  
27 [15.10](#).



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

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

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

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

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

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

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

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

26       Sec. 551.105. NOTICE OF VIOLATION OF CHAPTER; OPPORTUNITY  
27 TO CURE. (a) Before bringing an action under Section 551.106, the

1 attorney general shall notify a developer, distributor, or deployer  
2 in writing, not later than the 60th day before bringing the action,  
3 identifying the specific provisions of this chapter the attorney  
4 general alleges have been or are being violated. The attorney  
5 general may not bring an action against the developer or deployer  
6 if:

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

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

11 (A) cured the alleged violation;

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

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

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

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

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

27 (A) feedback that the developer, deployer, or

1 other person encourages deployers or users to provide to such  
2 developer, deployer, or other person;

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

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

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

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

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

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

25 (d) The attorney general may assess and collect an  
26 administrative fine against a developer or deployer who fails to  
27 timely cure a violation that is determined to be uncurable, of not

1 less than \$80,000 and not more than \$200,000 per violation after  
2 conviction of such violation.

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

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

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

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

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

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

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

27 Sec. 551.108. CONSUMER RIGHTS AND REMEDIES. A consumer may

1 appeal decision made by an artificial intelligence system which has  
2 an adverse impact on their health, welfare, safety, or fundamental  
3 rights, and shall have the right to obtain from the deployer clear  
4 and meaningful explanations of the role of the artificial  
5 intelligence system in the decision-making procedure and the main  
6 elements of the decision taken.

7 SUBCHAPTER D. CONSTRUCTION OF CHAPTER; LOCAL PREEMPTION

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

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

16 CHAPTER 552. ARTIFICIAL INTELLIGENCE REGULATORY SANDBOX PROGRAM

17 SUBCHAPTER A. GENERAL PROVISIONS

18 Sec. 552.001. DEFINITIONS. In this chapter:

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

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

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

27 (4) "Department" means the Texas Department of

1 Information Resources

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

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

8 SUBCHAPTER B. SANDBOX PROGRAM FRAMEWORK

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

14 (b) The sandbox program is designed to:

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

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

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

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

27 (b) The application must include:

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

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

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

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

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

13           SUBCHAPTER C. OVERSIGHT AND COMPLIANCE

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

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

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

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

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

26           (1) system performance metrics;

27           (2) updates on how the system mitigates any risks

1 associated with its operation; and

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

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

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

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

9 (3) recommendations for future legislative or  
10 regulatory reforms.

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

14 CHAPTER 553. TEXAS ARTIFICIAL INTELLIGENCE COUNCIL

15 SUBCHAPTER A. CREATION AND ORGANIZATION OF COUNCIL

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

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

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

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

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



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

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

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

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

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

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

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

27           (7) conduct and publish a study of the current

1 artificial intelligence regulatory environment; and

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

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

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

10 (2) two members of the public appointed by the  
11 lieutenant 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  
15 as a nonvoting member; and

16 (5) one member of the house of representatives  
17 appointed by the speaker of the house of representatives as a  
18 nonvoting 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  
22 members, and the council shall elect a vice chair from its  
23 membership.

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

1       Sec. 553.003. QUALIFICATIONS. (a) Members of the council  
2 must be Texas residents and have knowledge or expertise in one or  
3 more 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;  
8           (5) risk management related to artificial  
9 intelligence systems;  
10          (6) expertise in improving the efficiency and  
11 effectiveness of government operations; or  
12          (7) expertise in anti-competitive practices and  
13 market fairness.

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

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

20           SUBCHAPTER B. POWERS AND DUTIES OF THE COUNCIL

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

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

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

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

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

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

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

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

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

15           (2) Interfere with or override state agency operations.

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

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,  
20 processing, or storage of biometric identifiers involved in  
21 artificial intelligence systems, as defined by Section 551.001,  
22 unless performed for the purpose of uniquely identifying a specific  
23 individual. If a biometric identifier captured for the purpose of  
24 training an artificial intelligence system is subsequently used for  
25 a commercial purpose, the person possessing the biometric  
26 identifier is subject to this section's provisions for the  
27 possession and destruction of a biometric identifier and the

1 associated penalties.

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

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

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

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

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

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

25 Sec. 325.011. CRITERIA FOR REVIEW. The commission and its  
26 staff shall consider the following criteria in determining whether  
27 a public need exists for the continuation of a state agency or its

1 advisory committees or for the performance of the functions of the  
2 agency or its advisory committees:

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

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

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

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

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

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

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

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

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

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

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

11               (A) federal and state laws and applicable rules  
12 regarding equality of employment opportunity and the rights and  
13 privacy of individuals; and

14               (B) state law and applicable rules of any state  
15 agency regarding purchasing guidelines and programs for  
16 historically underutilized businesses;

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

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

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

26          (13) the extent to which the purpose and effectiveness  
27 of reporting requirements imposed on the agency justifies the

1 continuation of the requirement; ~~and~~

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

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

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

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

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

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

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

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

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

27 SECTION 7. Section 2054.0965(b), Government Code, is



1 amended to read as follows:

2           Sec. 2054.0965. INFORMATION RESOURCES DEPLOYMENT REVIEW.

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

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

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

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

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

16                         (A) applicable achievement goals established  
17 under Section 2056.006 and the state strategic plan adopted under  
18 Section 2056.009;

19                         (B) the state strategic plan for information  
20 resources; and

21                         (C) the agency's business objectives, mission,  
22 and goals;

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

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

1           SECTION 8. Not later than September 1, 2026, the attorney  
2 general shall post on the attorney general's Internet website the  
3 online mechanism required by Section 551.041, Business & Commerce  
4 Code, as added by this Act.

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