

By: Capriglione

H.B. No. 1709

A BILL TO BE ENTITLED

AN ACT

relating to the regulation and reporting on the use of artificial intelligence systems by certain business entities and state agencies; 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) "Algorithmic discrimination" means any condition in which an artificial intelligence system when deployed creates an unlawful discrimination of a protected classification in violation of the laws of this state or federal law.

(A) "Algorithmic discrimination" does not include the offer, license, or use of a high-risk artificial intelligence system by a developer or deployer for the sole purpose of the developer's or deployer's self-testing, for a non-deployed purpose, to identify, mitigate, or prevent discrimination or otherwise ensure compliance with state and federal law.

(2) "Artificial intelligence system" means the use of

1 machine learning and related technologies that use data to train
2 statistical models for the purpose of enabling computer systems to
3 perform tasks normally associated with human intelligence or
4 perception, such as computer vision, speech or natural language
5 processing, and content generation.

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

8 (4) "Council" means the Artificial Intelligence
9 Council established under Chapter 553.

10 (5) "Consequential decision" means any decision that
11 has a material, legal, or similarly significant, effect on a
12 consumer's access to, cost of, or terms or conditions of:

13 (A) a criminal case assessment, a sentencing or
14 plea agreement analysis, or a pardon, parole, probation, or release
15 decision;

16 (B) education enrollment or an education
17 opportunity;

18 (C) employment or an employment opportunity;

19 (D) a financial service;

20 (E) an essential government service;

21 (F) residential utility services;

22 (G) a health-care service or treatment;

23 (H) housing;

24 (I) insurance;

25 (J) a legal service;

26 (K) a transportation service;

27 (L) constitutionally protected services or

1 products; or

2 (M) elections or voting process.

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

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

9 (8) "Deployer" means a person doing business in this
10 state that deploys a high-risk artificial intelligence system.

11 (9) "Developer" means a person doing business in this
12 state that develops a high-risk artificial intelligence system or
13 substantially or intentionally modifies an artificial intelligence
14 system.

15 (10) "Digital service" means a website, an
16 application, a program, or software that collects or processes
17 personal identifying information with Internet connectivity.

18 (11) "Digital service provider" means a person who:

19 (A) owns or operates a digital service;

20 (B) determines the purpose of collecting and
21 processing the personal identifying information of users of the
22 digital service; and

23 (C) determines the means used to collect and
24 process the personal identifying information of users of the
25 digital service.

26 (12) "Distributor" means a person, other than the
27 Developer, that makes an artificial intelligence system available

1 in the market for a commercial purpose.

2 (13) "Generative artificial intelligence" means
3 artificial intelligence models that can emulate the structure and
4 characteristics of input data in order to generate derived
5 synthetic content. This can include images, videos, audio, text,
6 and other digital content.

7 (14) "High-risk artificial intelligence system" means
8 any artificial intelligence system that is a substantial factor to
9 a consequential decision. The term does not include:

10 (A) an artificial intelligence system if the
11 artificial intelligence system is intended to detect
12 decision-making patterns or deviations from prior decision-making
13 patterns and is not intended to replace or influence a previously
14 completed human assessment without sufficient human review;

15 (B) an artificial intelligence system that
16 violates a provision of Subchapter B; or

17 (C) the following technologies, unless the
18 technologies, when deployed, make, or are a substantial factor in
19 making, a consequential decision:

20 (i) anti-malware;

21 (ii) anti-virus;

22 (iii) calculators;

23 (iv) cybersecurity;

24 (v) databases;

25 (vi) data storage;

26 (vii) firewall;

27 (viii) fraud detection systems;

- 1 (ix) internet domain registration;
- 2 (x) internet website loading;
- 3 (xi) networking;
- 4 (xii) operational technology;
- 5 (xiii) spam- and robocall-filtering;
- 6 (xiv) spell-checking;
- 7 (xv) spreadsheets;
- 8 (xvi) web caching;
- 9 (xvii) web scraping;
- 10 (xviii) web hosting or any similar
- 11 technology; or
- 12 (xviv) any technology that solely
- 13 communicates in natural language for the sole purpose of providing
- 14 users with information, making referrals or recommendations
- 15 relating to customer service, and answering questions and is
- 16 subject to an acceptable use policy that prohibits generating
- 17 content that is discriminatory or harmful, as long as the system
- 18 does not violate any provision listed in Subchapter B.

19 (15) "Open source artificial intelligence system"
20 means an artificial intelligence system that:

21 (A) can be used or modified for any purpose
22 without securing permission from the owner or creator of such an
23 artificial intelligence system;

24 (B) can be shared for any use with or without
25 modifications; and

26 (C) includes information about the data used to
27 train such system that is sufficiently detailed such that a person

1 skilled in artificial intelligence could create a substantially
2 equivalent system when the following are made available freely or
3 through a non-restrictive license:

4 (i) the same or similar data;

5 (ii) the source code used to train and run
6 such system; and

7 (iii) the model weights and parameters of
8 such system.

9 (16) "Operational technology" means hardware and
10 software that detects or causes a change through the direct
11 monitoring or control of physical devices, processes, and events in
12 the enterprise.

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

15 (18) "Risk" means the composite measure of an event's
16 probability of occurring and the magnitude or degree of the
17 consequences of the corresponding event.

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

23 (20) "Social media platform" has the meaning assigned
24 by Section 120.001, Business and Commerce Code.

25 (21) "Substantial factor" means a factor that is:

26 (A) considered when making a consequential
27 decision;

1 (B) likely to alter the outcome of a
2 consequential decision; and

3 (C) weighed more heavily than any other factor
4 contributing to the consequential decision.

5 (22) "Intentional and substantial modification" or
6 "Substantial modification" means a deliberate change made to an
7 artificial intelligence system that reasonably increases the risk
8 of algorithmic discrimination.

9 Sec. 551.002. APPLICABILITY OF CHAPTER. This chapter
10 applies only to a person that is not a small business as defined by
11 the United States Small Business Administration, and:

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

15 (2) engages in the development, distribution, or
16 deployment of a high-risk artificial intelligence system in this
17 state.

18 Sec. 551.003. DEVELOPER DUTIES. (a) A developer of a
19 high-risk artificial intelligence system shall use reasonable care
20 to protect consumers from any known or reasonably foreseeable risks
21 of algorithmic discrimination arising from the intended and
22 contracted uses of the high-risk artificial intelligence system.

23 (b) Prior to providing a high-risk artificial intelligence
24 system to a deployer, a developer shall provide to the deployer, in
25 writing, a High-Risk Report that consists of:

26 (1) a statement describing how the high-risk
27 artificial intelligence system should be used or not be used;

1 (2) any known limitations of the system that could
2 lead to algorithmic discrimination, the metrics used to measure the
3 system's performance, which shall include at a minimum, metrics
4 related to accuracy, explainability, transparency, reliability,
5 and security set forth in the most recent version of the "Artificial
6 Intelligence Risk Management Framework: Generative Artificial
7 Intelligence Profile" published by the National Institute of
8 Standards and Technology, and how the system performs under those
9 metrics in its intended use contexts;

10 (3) any known or reasonably foreseeable risks of
11 algorithmic discrimination, arising from its intended or likely
12 use;

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

15 (5) the data governance measures used to cover the
16 training datasets and their collection, and the measures used to
17 examine the suitability of data sources and prevent unlawful
18 discriminatory biases; and

19 (6) appropriate principles, processes, and personnel
20 for the deployers' risk management policy.

21 (c) If a high-risk artificial intelligence system is
22 intentionally or substantially modified after a developer provides
23 it to a deployer, a developer shall make necessary information in
24 subsection (b) available to deployers within 30 days of the
25 modification.

26 (d) If a developer believes or has reason to believe, that
27 it deployed a high-risk artificial intelligence system that does

1 not comply with a requirement of this chapter, the developer shall
2 immediately take the necessary corrective actions to bring that
3 system into compliance, including by withdrawing it, disabling it,
4 and recalling it, as appropriate. Where applicable, the developer
5 shall inform the distributors or deployers of the high-risk
6 artificial intelligence system concerned.

7 (e) Where the high-risk artificial intelligence system
8 presents risks of algorithmic discrimination, unlawful use or
9 disclosure of personal data, or deceptive manipulation or coercion
10 of human behavior and the developer knows or should reasonably know
11 of that risk, it shall immediately investigate the causes, in
12 collaboration with the deployer, where applicable, and inform the
13 attorney general in writing of the nature of the non-compliance and
14 of any relevant corrective action taken.

15 (f) Developers shall keep detailed records of any
16 generative artificial intelligence training data used to develop a
17 generative artificial intelligence system or service, consistent
18 with the suggested actions under GV-1.2-007 of the "Artificial
19 Intelligence Risk Management Framework: Generative Artificial
20 Intelligence Profile" by the National Institute of Standards and
21 Technology, or any subsequent versions thereof.

22 Sec. 551.004. DISTRIBUTOR DUTIES. A distributor of a
23 high-risk artificial intelligence system shall use reasonable care
24 to protect consumers from any known or reasonably foreseeable risks
25 of algorithmic discrimination. If a distributor of a high-risk
26 artificial intelligence system knows or has reason to know that a
27 high-risk artificial intelligence system is not in compliance with

1 any requirement in this chapter, it shall immediately withdraw,
2 disable, or recall as appropriate, the high-risk artificial
3 intelligence system from the market until the system has been
4 brought into compliance with the requirements of this chapter. The
5 distributor shall inform the developers of the high-risk artificial
6 intelligence system concerned and, where applicable, the
7 deployers.

8 Sec. 551.005. DEPLOYER DUTIES. A deployer of a high-risk
9 artificial intelligence system shall use reasonable care to protect
10 consumers from any known or reasonably foreseeable risks of
11 algorithmic discrimination. If a deployer of a high-risk
12 artificial intelligence system knows or has reason to know that a
13 high-risk artificial intelligence system is not in compliance with
14 any requirement in this chapter, it shall immediately suspend the
15 use of the high-risk artificial intelligence system from the market
16 until the system has been brought into compliance with the
17 requirements of this chapter. The deployer shall inform the
18 developers of the high-risk artificial intelligence system
19 concerned and, where applicable, the distributors.

20 Sec. 551.006. IMPACT ASSESSMENTS. (a) A deployer that
21 deploys a high-risk artificial intelligence system shall complete
22 an impact assessment for the high-risk artificial intelligence
23 system. A deployer, or a third-party contracted by the deployer for
24 such purposes, shall complete an impact assessment annually and
25 within ninety days after any intentional and substantial
26 modification to the high-risk artificial intelligence system is
27 made available. An impact assessment must include, at a minimum,

1 and to the extent reasonably known by or available to the deployer:

2 (1) a statement by the deployer disclosing the
3 purpose, intended use cases, and deployment context of, and
4 benefits afforded by, the high-risk artificial intelligence
5 system;

6 (2) an analysis of whether the deployment of the
7 high-risk artificial intelligence system poses any known or
8 reasonably foreseeable risks of algorithmic discrimination and, if
9 so, the nature of the algorithmic discrimination and the steps that
10 have been taken to mitigate the risks;

11 (3) a description of the categories of data the
12 high-risk artificial intelligence system processes as inputs and
13 the outputs the high-risk artificial intelligence system produces;

14 (4) if the deployer used data to customize the
15 high-risk artificial intelligence system, an overview of the
16 categories of data the deployer used to customize the high-risk
17 artificial intelligence system;

18 (5) any metrics used to evaluate the performance and
19 known limitations of the high-risk artificial intelligence system;

20 (6) a description of any transparency measures taken
21 concerning the high-risk artificial intelligence system, including
22 any measures taken to disclose to a consumer that the high-risk
23 artificial intelligence system will be used;

24 (7) a description of the post-deployment monitoring
25 and user safeguards provided concerning the high-risk artificial
26 intelligence system, including the oversight, use, and learning
27 process established by the deployer to address issues arising from

1 the deployment of the high-risk artificial intelligence system; and

2 (8) a description of cybersecurity measures and threat
3 modeling conducted on the system.

4 (b) Following an intentional and substantial modification
5 to a high-risk artificial intelligence system, a deployer must
6 disclose the extent to which the high-risk artificial intelligence
7 system was used in a manner that was consistent with, or varied
8 from, the developer's intended uses of the high-risk artificial
9 intelligence system.

10 (c) A single impact assessment may address a comparable set
11 of high-risk artificial intelligence systems deployed by a
12 deployer.

13 (d) A deployer shall maintain the most recently completed
14 impact assessment for a high-risk artificial intelligence system,
15 all records concerning each impact assessment, and all prior impact
16 assessments, if any, for at least three years following the final
17 deployment of the high-risk artificial intelligence system.

18 (e) If a deployer, or a third party contracted by the
19 deployer, completes an impact assessment for the purpose of
20 complying with another applicable law or regulation, such impact
21 assessment shall be deemed to satisfy the requirements established
22 in this subsection if such impact assessment is reasonably similar
23 in scope and effect to the impact assessment that would otherwise be
24 completed pursuant to this subsection.

25 (f) A deployer may redact any trade secrets as defined by
26 Section 541.001(33), Business & Commerce Code or information
27 protected from disclosure by state or federal law.

1 (g) Except as provided in subsection (e) of this section, a
2 developer that makes a high-risk artificial intelligence system
3 available to a deployer shall make available to the deployer the
4 documentation and information necessary for a deployer to complete
5 an impact assessment pursuant to this section.

6 (h) A developer that also serves as a deployer for a
7 high-risk artificial intelligence system is not required to
8 generate and store an impact assessment unless the high-risk
9 artificial intelligence system is provided to an unaffiliated
10 deployer.

11 Sec. 551.007. DISCLOSURE OF A HIGH-RISK ARTIFICIAL
12 INTELLIGENCE SYSTEM TO CONSUMERS. (a) A deployer or developer that
13 deploys, offers, sells, leases, licenses, gives, or otherwise makes
14 available a high-risk artificial intelligence system that is
15 intended to interact with consumers shall disclose to each
16 consumer, before or at the time of interaction:

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

19 (2) the purpose of the system;

20 (3) that the system may or will make a consequential
21 decision affecting the consumer;

22 (4) the nature of any consequential decision in which
23 the system is or may be a substantial factor;

24 (5) the factors to be used in making any consequential
25 decisions;

26 (6) contact information of the deployer;

27 (7) a description of:

1 (A) any human components of the system;
2 (B) any automated components of the system; and
3 (C) how human and automated components are used
4 to inform a consequential decision; and

5 (8) a declaration of the consumer's rights under
6 Section 551.108.

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

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

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

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

18 Sec. 551.008. RISK IDENTIFICATION AND MANAGEMENT POLICY.

19 (a) A developer or deployer of a high-risk artificial intelligence
20 system shall, prior to deployment, assess potential risks of
21 algorithmic discrimination and implement a risk management policy
22 to govern the development or deployment of the high-risk artificial
23 intelligence system. The risk management policy shall:

24 (1) specify and incorporate the principles and
25 processes that the developer or deployer uses to identify,
26 document, and mitigate, in the development or deployment of a
27 high-risk artificial intelligence system:

1 (A) known or reasonably foreseeable risks of
2 algorithmic discrimination; and

3 (B) prohibited uses and unacceptable risks under
4 Subchapter B; and

5 (2) be reasonable in size, scope, and breadth,
6 considering:

7 (A) guidance and standards set forth in the most
8 recent version of the "Artificial Intelligence Risk Management
9 Framework: Generative Artificial Intelligence Profile" published
10 by the National Institute of Standards and Technology;

11 (B) any existing risk management guidance,
12 standards or framework applicable to artificial intelligence
13 systems designated by the Banking Commissioner or Insurance
14 Commissioner, if the developer or deployer is regulated by the
15 Department of Banking or Department of Insurance;

16 (C) the size and complexity of the developer or
17 deployer;

18 (D) the nature, scope, and intended use of the
19 high-risk artificial intelligence systems developed or deployed;
20 and

21 (E) the sensitivity and volume of personal data
22 processed in connection with the high-risk artificial intelligence
23 systems.

24 (b) A risk management policy implemented pursuant to this
25 section may apply to more than one high-risk artificial
26 intelligence system developed or deployed, so long as the developer
27 or deployer complies with all of the forgoing requirements and

1 considerations in adopting and implementing the risk management
2 policy with respect to each high-risk artificial intelligence
3 system covered by the policy.

4 (c) A developer or deployer may redact or omit any trade
5 secrets as defined by Section 541.001(33), Business & Commerce Code
6 or information protected from disclosure by state or federal law.

7 Sec. 551.009. RELATIONSHIPS BETWEEN ARTIFICIAL
8 INTELLIGENCE PARTIES. Any distributor or deployer, shall be
9 considered to be a developer of a high-risk artificial intelligence
10 system for the purposes of this chapter and shall be subject to the
11 obligations and duties of a developer under this chapter in any of
12 the following circumstances:

13 (1) they put their name or trademark on a high-risk
14 artificial intelligence system already placed in the market or put
15 into service;

16 (2) they intentionally and substantially modify a
17 high-risk artificial intelligence system that has already been
18 placed in the market or has already been put into service in such a
19 way that it remains a high-risk artificial intelligence system
20 under this chapter; or

21 (3) they modify the intended purpose of an artificial
22 intelligence system which has not previously been classified as
23 high-risk and has already been placed in the market or put into
24 service in such a way that the artificial intelligence system
25 concerned becomes a high-risk artificial intelligence system in
26 accordance with this chapter of a high-risk artificial intelligence
27 system.

1 Sec. 551.010. DIGITAL SERVICE PROVIDER AND SOCIAL MEDIA
2 PLATFORM DUTIES REGARDING ARTIFICIAL INTELLIGENCE SYSTEMS. A
3 digital service provider as defined by Section 509.001(2), Business
4 & Commerce Code or a social media platform as defined by Section
5 120.001(1), Business & Commerce Code, shall require advertisers on
6 the service or platform to agree to terms preventing the deployment
7 of a high-risk artificial intelligence system on the service or
8 platform that could expose the users of the service or platform to
9 algorithmic discrimination or prohibited uses under Subchapter B.

10 Sec. 551.011. REPORTING REQUIREMENTS. (a) A deployer must
11 notify, in writing, the council, the attorney general, or the
12 director of the appropriate state agency that regulates the
13 deployer's industry, and affected consumers as soon as practicable
14 after the date on which the deployer discovers or is made aware that
15 a deployed high-risk artificial intelligence system has caused
16 algorithmic discrimination of an individual or group of
17 individuals.

18 (b) If a developer discovers or is made aware that a
19 deployed high-risk artificial intelligence system is using inputs
20 or providing outputs that constitute a violation of Subchapter B,
21 the deployer must cease operation of the offending system as soon as
22 technically feasible and provide notice to the council and the
23 attorney general as soon as practicable and not later than the 10th
24 day after the date on which the developer discovers or is made aware
25 of the unacceptable risk.

26 Sec. 551.012. SANDBOX PROGRAM EXCEPTION. (a) Excluding
27 violations of Subchapter B, this chapter does not apply to the

1 development of an artificial intelligence system that is used
2 exclusively for research, training, testing, or other
3 pre-deployment activities performed by active participants of the
4 sandbox program in compliance with Chapter 552.

5 SUBCHAPTER B. PROHIBITED USES AND UNACCEPTABLE RISK

6 Sec. 551.051. MANIPULATION OF HUMAN BEHAVIOR TO CIRCUMVENT
7 INFORMED DECISION-MAKING. An artificial intelligence system shall
8 not be developed or deployed that uses subliminal techniques beyond
9 a person's consciousness, or purposefully manipulative or
10 deceptive techniques, with the objective or the effect of
11 materially distorting the behavior of a person or a group of persons
12 by appreciably impairing their ability to make an informed
13 decision, thereby causing a person to make a decision that the
14 person would not have otherwise made, in a manner that causes or is
15 likely to cause significant harm to that person or another person or
16 group of persons.

17 Sec. 551.052. SOCIAL SCORING. An artificial intelligence
18 system shall not be developed or deployed for the evaluation or
19 classification of natural persons or groups of natural persons
20 based on their social behavior or known, inferred, or predicted
21 personal characteristics with the intent to determine a social
22 score or similar categorical estimation or valuation of a person or
23 groups of persons.

24 Sec. 551.053. CAPTURE OF BIOMETRIC IDENTIFIERS USING
25 ARTIFICIAL INTELLIGENCE. An artificial intelligence system
26 developed with biometric identifiers of individuals and the
27 targeted or untargeted gathering of images or other media from the

1 internet or any other publicly available source shall not be
2 deployed for the purpose of uniquely identifying a specific
3 individual. An individual is not considered to be informed nor to
4 have provided consent for such purpose pursuant to Section 503.001,
5 Business and Commerce Code, based solely upon the existence on the
6 internet, or other publicly available source, of an image or other
7 media containing one or more biometric identifiers.

8 Sec. 551.054. CATEGORIZATION BASED ON SENSITIVE
9 ATTRIBUTES. An artificial intelligence system shall not be
10 developed or deployed with the specific purpose of inferring or
11 interpreting, sensitive personal attributes of a person or group of
12 persons using biometric identifiers, except for the labeling or
13 filtering of lawfully acquired biometric identifier data.

14 Sec. 551.055. UTILIZATION OF PERSONAL ATTRIBUTES FOR HARM.
15 An artificial intelligence system shall not utilize
16 characteristics of a person or a specific group of persons based on
17 their race, color, disability, religion, sex, national origin, age,
18 or a specific social or economic situation, with the objective, or
19 the effect, of materially distorting the behavior of that person or
20 a person belonging to that group in a manner that causes or is
21 reasonably likely to cause that person or another person harm.

22 Sec. 551.056. CERTAIN SEXUALLY EXPLICIT VIDEOS, IMAGES, AND
23 CHILD PORNOGRAPHY. An artificial intelligence system shall not be
24 developed or deployed that produces, assists, or aids in producing,
25 or is capable of producing unlawful visual material in violation of
26 Section 43.26, Penal Code or an unlawful deep fake video or image in
27 violation of Section 21.165, Penal Code.

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, including unlawful algorithmic discrimination;

(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 or considered use of artificial intelligence systems by state agencies.

(b) this chapter does not apply to the developer of an open source artificial intelligence system, provided that:

(1) the system is not deployed as a high-risk artificial intelligence system and the developer has taken reasonable steps to ensure that the system cannot be used as a high-risk artificial intelligence system without substantial modifications; and

(2) the weights and technical architecture of the system are made publicly available.

Sec. 551.102. ENFORCEMENT AUTHORITY. The attorney general has authority to enforce this chapter. Excluding violations of Subchapter B, researching, training, testing, or the conducting of

1 other pre-deployment activities by active participants of the
2 sandbox program, in compliance with Chapter 552, does not subject a
3 developer or deployer to penalties or actions.

4 Sec. 551.103. INTERNET WEBSITE AND COMPLAINT MECHANISM.

5 The attorney general shall post on the attorney general's Internet
6 website:

7 (1) information relating to:

8 (A) the responsibilities of a developer,
9 distributor, and deployer under Subchapter A; and

10 (B) an online mechanism through which a consumer
11 may submit a complaint under this chapter to the attorney general.

12 Sec. 551.104. INVESTIGATIVE AUTHORITY. (a) If the
13 attorney general has reasonable cause to believe that a person has
14 engaged in or is engaging in a violation of this chapter, the
15 attorney general may issue a civil investigative demand. The
16 attorney general shall issue such demands in accordance with and
17 under the procedures established under Section 15.10.

18 (b) The attorney general may request, pursuant to a civil
19 investigative demand issued under Subsection (a), that a developer
20 or deployer of a high-risk artificial intelligence system disclose
21 their risk management policy and impact assessments required under
22 Subchapter A. The attorney general may evaluate the risk
23 management policy and impact assessments for compliance with the
24 requirements set forth in Subchapter A.

25 (c) The attorney general may not institute an action for a
26 civil penalty against a developer or deployer for artificial
27 intelligence systems that remain isolated from customer

1 interaction in a pre-deployment environment.

2 Sec. 551.105. NOTICE OF VIOLATION OF CHAPTER; OPPORTUNITY
3 TO CURE. Before bringing an action under Section 551.106, the
4 attorney general shall notify a developer, distributor, or deployer
5 in writing, not later than the 30th day before bringing the action,
6 identifying the specific provisions of this chapter the attorney
7 general alleges have been or are being violated. The attorney
8 general may not bring an action against the developer or deployer
9 if:

10 (1) within the 30-day period, the developer or
11 deployer cures the identified violation; and

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

14 (A) cured the alleged violation;

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

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

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

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

1 relief.

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

5 (c) The attorney general may assess and collect an
6 administrative fine against a developer or deployer who fails to
7 timely cure a violation or who breaches a written statement
8 provided to the attorney general, other than those for a prohibited
9 use, of not less than \$50,000 and not more than \$100,000 per uncured
10 violation.

11 (d) The attorney general may assess and collect an
12 administrative fine against a developer or deployer who fails to
13 timely cure a violation of a prohibited use, or whose violation is
14 determined to be incurable, of not less than \$80,000 and not more
15 than \$200,000 per violation.

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

20 (f) There is a rebuttable presumption that a developer,
21 distributor, or deployer used reasonable care as required under
22 this chapter if the developer, distributor, or deployer complied
23 with their duties under Subchapter A.

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

27 (1) the suspension, probation, or revocation of a

1 license, registration, certificate, or other form of permission to
2 engage in an activity; and

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

4 Sec. 551.108. CONSUMER RIGHTS AND REMEDIES. A consumer may
5 appeal a consequential decision made by a high-risk artificial
6 intelligence system which has an adverse impact on their health,
7 safety, or fundamental rights, and shall have the right to obtain
8 from the deployer clear and meaningful explanations of the role of
9 the high-risk artificial intelligence system in the
10 decision-making procedure and the main elements of the decision
11 taken.

12 SUBCHAPTER D. CONSTRUCTION OF CHAPTER; LOCAL PREEMPTION

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

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

21 CHAPTER 552. ARTIFICIAL INTELLIGENCE REGULATORY SANDBOX PROGRAM

22 SUBCHAPTER A. GENERAL PROVISIONS

23 Sec. 552.001. DEFINITIONS. In this chapter:

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

27 (2) "Consumer" means a person who engages in

1 transactions involving an artificial intelligence system or is
2 directly affected by the use of such a system.

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

5 (4) "Department" means the Texas Department of
6 Information Resources.

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

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

13 SUBCHAPTER B. SANDBOX PROGRAM FRAMEWORK

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

19 (b) The sandbox program is designed to:

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

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

26 (3) provide clear guidelines for artificial
27 intelligence developers to test systems while temporarily exempt

1 from certain regulatory requirements.

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

5 (b) The application must include:

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

8 (2) a risk assessment that addresses potential impacts
9 on consumers, privacy, and public safety;

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

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

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

18 SUBCHAPTER C. OVERSIGHT AND COMPLIANCE

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

22 (b) A relevant agency may recommend to the department that a
23 participant's sandbox privileges be revoked if the artificial
24 intelligence system:

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

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

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

- 4 (1) system performance metrics;
5 (2) updates on how the system mitigates any risks
6 associated with its operation; and
7 (3) feedback from consumers and affected stakeholders
8 that are using a product that has been deployed from this section.

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

- 11 (1) the number of participants in the sandbox program;
12 (2) the overall performance and impact of artificial
13 intelligence systems tested within the program; and
14 (3) recommendations for future legislative or
15 regulatory reforms.

16 CHAPTER 553. TEXAS ARTIFICIAL INTELLIGENCE COUNCIL

17 SUBCHAPTER A. CREATION AND ORGANIZATION OF COUNCIL

18 Sec. 553.001. CREATION OF COUNCIL. (a) The Artificial
19 Intelligence Council is administratively attached to the office of
20 the governor, and the office of the governor shall provide
21 administrative support to the council as provided by this section.

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

- 24 (1) the administrative support the council requires
25 from the office of the governor to fulfill the purposes of this
26 chapter;
27 (2) the reimbursement of administrative expenses to

1 the office of the governor; and

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

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

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

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

14 (3) analyze opportunities to improve the efficiency
15 and effectiveness of state government operations through the use of
16 artificial intelligence systems;

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

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
23 users; and

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

27 Sec. 553.002. COUNCIL MEMBERSHIP. (a) The council is

1 composed of 10 members as follows:

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

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

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

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

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

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

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

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

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

25 (1) artificial intelligence technologies;

26 (2) data privacy and security;

27 (3) ethics in technology or law;

1 (4) public policy and regulation; or

2 (5) risk management or safety related to artificial
3 intelligence systems.

4 (b) Members must not hold an office or profit under the
5 state or federal government at the time of appointment.

6 Sec. 553.004. STAFF AND ADMINISTRATION. The council may
7 employ an executive director and other personnel as necessary to
8 perform its duties.

9 SUBCHAPTER B. POWERS AND DUTIES OF THE COUNCIL

10 Sec. 553.101. ISSUANCE OF ADVISORY OPINIONS. (a) A state
11 agency may request a written advisory opinion from the council
12 regarding the use of artificial intelligence systems in the state.

13 (b) The council may issue advisory opinions on state use of
14 artificial intelligence systems regarding:

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

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

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

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

23 Sec. 553.102. RULEMAKING AUTHORITY. (a) The council may
24 adopt rules necessary to administer its duties under this chapter,
25 including:

26 (1) procedures for requesting advisory opinions;

27 (2) standards for ethical artificial intelligence

1 development and deployment;

2 (3) guidelines for evaluating the safety, privacy, and
3 fairness of artificial intelligence systems.

4 (b) The council's rules shall align with state laws on
5 artificial intelligence, technology, data security, and consumer
6 protection.

7 Sec. 553.103. TRAINING AND EDUCATIONAL OUTREACH. The
8 council shall conduct training programs for state agencies and
9 local governments on the ethical use of artificial intelligence
10 systems.

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

13 (c-3) This section does not apply to the training,
14 processing, or storage of biometric identifiers involved in machine
15 learning or artificial intelligence systems, unless performed for
16 the purpose of uniquely identifying a specific individual. If a
17 biometric identifier captured for the purpose of training an
18 artificial intelligence system is subsequently used for a
19 commercial purpose, the person possessing the biometric identifier
20 is subject to this section's provisions for the possession and
21 destruction of a biometric identifier and the associated penalties.

22 SECTION 4. Sections 541.051(b), 541.101(a), 541.102(a),
23 and Sec.541.104(a), Business & Commerce Code, are amended to read
24 as follows:

25 Sec. 541.051. CONSUMER'S PERSONAL DATA RIGHTS; REQUEST TO
26 EXERCISE RIGHTS. (a) A consumer is entitled to exercise the
27 consumer rights authorized by this section at any time by

1 submitting a request to a controller specifying the consumer rights
2 the consumer wishes to exercise. With respect to the processing of
3 personal data belonging to a known child, a parent or legal guardian
4 of the child may exercise the consumer rights on behalf of the
5 child.

6 (b) A controller shall comply with an authenticated
7 consumer request to exercise the right to:

8 (1) confirm whether a controller is processing the
9 consumer's personal data and to access the personal data;

10 (2) correct inaccuracies in the consumer's personal
11 data, taking into account the nature of the personal data and the
12 purposes of the processing of the consumer's personal data;

13 (3) delete personal data provided by or obtained about
14 the consumer;

15 (4) if the data is available in a digital format,
16 obtain a copy of the consumer's personal data that the consumer
17 previously provided to the controller in a portable and, to the
18 extent technically feasible, readily usable format that allows the
19 consumer to transmit the data to another controller without
20 hindrance; ~~or~~

21 (5) know if the consumer's personal data is or will be
22 used in any artificial intelligence system and for what purposes;
23 or

24 (~~5~~6) opt out of the processing of the personal data
25 for purposes of:

26 (A) targeted advertising;

27 (B) the sale of personal data; ~~or~~

1 (C) the sale of personal data for use in
2 artificial intelligence systems prior to being collected; or

3 (~~E~~D) profiling in furtherance of a decision
4 that produces a legal or similarly significant effect concerning
5 the consumer.

6 Sec. 541.101. CONTROLLER DUTIES; TRANSPARENCY. (a) A
7 controller:

8 (1) shall limit the collection of personal data to
9 what is adequate, relevant, and reasonably necessary in relation to
10 the purposes for which that personal data is processed, as
11 disclosed to the consumer; ~~and~~

12 (2) for purposes of protecting the confidentiality,
13 integrity, and accessibility of personal data, shall establish,
14 implement, and maintain reasonable administrative, technical, and
15 physical data security practices that are appropriate to the volume
16 and nature of the personal data at issue; and

17 (3) for purposes of protecting the unauthorized
18 access, disclosure, alteration, or destruction of data collected,
19 stored, and processed by artificial intelligence systems, shall
20 establish, implement, and maintain, reasonable administrative,
21 technical, and physical data security practices that are
22 appropriate to the volume and nature of the data collected, stored,
23 and processed by artificial intelligence systems.

24 Sec. 541.102. PRIVACY NOTICE. (a) A controller shall
25 provide consumers with a reasonably accessible and clear privacy
26 notice that includes:

27 (1) the categories of personal data processed by the

1 controller, including, if applicable, any sensitive data processed
2 by the controller;

3 (2) the purpose for processing personal data;

4 (3) how consumers may exercise their consumer rights
5 under Subchapter B, including the process by which a consumer may
6 appeal a controller's decision with regard to the consumer's
7 request;

8 (4) if applicable, the categories of personal data
9 that the controller shares with third parties;

10 (5) if applicable, the categories of third parties
11 with whom the controller shares personal data; ~~and~~

12 (6) if applicable, an acknowledgement of the
13 collection, use, and sharing of personal data for artificial
14 intelligence purposes; and

15 ~~(6)~~7) a description of the methods required under
16 Section 541.055 through which consumers can submit requests to
17 exercise their consumer rights under this chapter.

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

22 (1) assisting the controller in responding to consumer
23 rights requests submitted under Section 541.051 by using
24 appropriate technical and organizational measures, as reasonably
25 practicable, taking into account the nature of processing and the
26 information available to the processor;

27 (2) assisting the controller with regard to complying

1 with the [~~requirement~~]requirements relating to the security of
2 processing personal data, and if applicable, the data collected,
3 stored, and processed by artificial intelligence systems and to the
4 notification of a breach of security of the processor's system
5 under Chapter 521, taking into account the nature of processing and
6 the information available to the processor; and

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

10 SECTION 5. Subtitle E, Title 4, Labor Code, is amended by
11 adding Chapter 319 to read as follows:

12 CHAPTER 319. TEXAS ARTIFICIAL INTELLIGENCE WORKFORCE DEVELOPMENT

13 GRANT PROGRAM

14 SUBCHAPTER A. GENERAL PROVISIONS

15 Sec. 319.001. DEFINITIONS. In this chapter:

16 (1) "Artificial intelligence industry" means
17 businesses, research organizations, governmental entities, and
18 educational institutions engaged in the development, deployment,
19 or use of artificial intelligence technologies in Texas.

20 (2) "Commission" means the Texas Workforce
21 Commission.

22 (3) "Eligible entity" means Texas-based businesses in
23 the artificial intelligence industry, public school districts,
24 community colleges, public technical institutes, and workforce
25 development organizations.

26 (4) "Program" means the Texas Artificial Intelligence
27 Workforce Development Grant Program established under this

1 chapter.

2 SUBCHAPTER B. ARTIFICIAL INTELLIGENCE WORKFORCE DEVELOPMENT GRANT
3 PROGRAM

4 Sec. 319.051. ESTABLISHMENT OF GRANT PROGRAM. (a) The
5 commission shall establish the Texas Artificial Intelligence
6 Workforce Development Grant Program to:

7 (1) support and assist Texas-based artificial
8 intelligence companies in developing a skilled workforce;

9 (2) provide grants to local community colleges and
10 public high schools to implement or expand career and technical
11 education programs focused on artificial intelligence readiness
12 and skill development; and

13 (3) offer opportunities to retrain and reskill workers
14 through partnerships with the artificial intelligence industry and
15 workforce development programs.

16 (b) The program is intended to:

17 (1) prepare Texas workers and students for employment
18 in the rapidly growing artificial intelligence industry;

19 (2) support the creation of postsecondary programs and
20 certifications relevant to current artificial intelligence
21 opportunities;

22 (3) ensure that Texas maintains a competitive edge in
23 artificial intelligence innovation and workforce development; and

24 (4) address workforce gaps in artificial
25 intelligence-related fields, including data science,
26 cybersecurity, machine learning, robotics, and automation.

27 (c) The commission shall adopt rules necessary to implement

1 this subchapter.

2 Sec. 319.052. FEDERAL FUNDS AND GIFTS, GRANTS, AND
3 DONATIONS.

4 In addition to other money appropriated by the legislature,
5 for the purpose of providing artificial intelligence workforce
6 opportunities under the program established under this subchapter
7 the commission may:

8 (1) seek and apply for any available federal funds;
9 and

10 (2) solicit and accept gifts, grants, and donations
11 from any other source, public or private, as necessary to ensure
12 effective implementation of the program.

13 Sec. 319.053. ELIGIBILITY FOR GRANTS. (a) The following
14 entities are eligible to apply for grants under this program:

15 (1) Texas-based businesses engaged in the development
16 or deployment of artificial intelligence technologies;

17 (2) public school districts and charter schools
18 offering or seeking to offer career and technical education
19 programs in artificial intelligence-related fields or to update
20 existing curricula to address these fields;

21 (3) public community colleges and technical
22 institutes that develop artificial intelligence-related curricula
23 or training programs or update existing curricula or training
24 programs to incorporate artificial intelligence training; and

25 (4) workforce development organizations in
26 partnership with artificial intelligence companies to reskill and
27 retrain workers in artificial intelligence competencies.

1 (b) To be eligible, the entity must:

2 (1) submit an application to the commission in the
3 form and manner prescribed by the commission; and

4 (2) demonstrate the capacity to develop and implement
5 training, educational, or workforce development programs that
6 align with the needs of the artificial intelligence industry in
7 Texas and lead to knowledge, skills, and work-based experiences
8 that are transferable to similar employment opportunities in the
9 artificial intelligence industry.

10 Sec. 319.054. USE OF GRANTS. (a) Grants awarded under the
11 program may be used for:

12 (1) developing or expanding workforce training
13 programs for artificial intelligence-related skills, including but
14 not limited to machine learning, data analysis, software
15 development, and robotics;

16 (2) creating or enhancing career and technical
17 education programs in artificial intelligence for high school
18 students, with a focus on preparing them for careers in artificial
19 intelligence or related fields;

20 (3) providing financial support for instructors,
21 equipment, and technology necessary for artificial
22 intelligence-related workforce training;

23 (4) partnering with local businesses to develop
24 internship programs, on-the-job training opportunities, instructor
25 externships, and apprenticeships in the artificial intelligence
26 industry;

27 (5) funding scholarships or stipends for students,

1 instructors, and workers participating in artificial intelligence
2 training programs, particularly for individuals from underserved
3 or underrepresented communities; or

4 (6) reskilling and retraining workers displaced by
5 technological changes or job automation, with an emphasis on
6 artificial intelligence-related job roles.

7 (b) The commission shall prioritize funding for:

8 (1) initiatives that partner with rural and
9 underserved communities to promote artificial intelligence
10 education and career pathways;

11 (2) programs that lead to credentials of value in
12 artificial intelligence or related fields; and

13 (3) proposals that include partnerships between the
14 artificial intelligence industry, a public or private institution
15 of higher education in this state, and workforce development
16 organizations.

17 SECTION 6. Section [325.011](#), Government Code, is amended to
18 read as follows:

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

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

26 (2)(A) an identification of the mission, goals, and
27 objectives intended for the agency or advisory committee and of the

1 problem or need that the agency or advisory committee was intended
2 to address; and

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

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

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

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

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

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

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

26 (8) an assessment of the agency's rulemaking process
27 and the extent to which the agency has encouraged participation by

1 the public in making its rules and decisions and the extent to which
2 the public participation has resulted in rules that benefit the
3 public;

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

5 (A) federal and state laws and applicable rules
6 regarding equality of employment opportunity and the rights and
7 privacy of individuals; and

8 (B) state law and applicable rules of any state
9 agency regarding purchasing guidelines and programs for
10 historically underutilized businesses;

11 (10) the extent to which the agency issues and
12 enforces rules relating to potential conflicts of interest of its
13 employees;

14 (11) the extent to which the agency complies with
15 Chapters 551 and 552 and follows records management practices that
16 enable the agency to respond efficiently to requests for public
17 information;

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

20 (13) the extent to which the purpose and effectiveness
21 of reporting requirements imposed on the agency justifies the
22 continuation of the requirement; ~~and~~

23 (14) an assessment of the agency's cybersecurity
24 practices using confidential information available from the
25 Department of Information Resources or any other appropriate state
26 agency; and

27 (15) an assessment, using information available from

1 the Department of Information Resources, the Attorney General, or
2 any other appropriate state agency, of the agency's use of
3 artificial intelligence systems, high-risk artificial intelligence
4 systems, in its operations and its oversight of the use of
5 artificial intelligence systems by entities or persons under the
6 agency's jurisdiction, and any related impact on the agency's
7 ability to achieve its mission, goals, and objectives.

8 SECTION 7. Section 2054.068(b), Government Code, is amended
9 to read as follows:

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

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

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

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

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

20 (5) an evaluation of the use, or considered use, of
21 artificial intelligence systems and high-risk artificial
22 intelligence systems by each state agency.

23 SECTION 8. Section 2054.0965(b), Government Code, is
24 amended to read as follows:

25 Sec. 2054.0965. INFORMATION RESOURCES DEPLOYMENT REVIEW.

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

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

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

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

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

12 (A) applicable achievement goals established
13 under Section 2056.006 and the state strategic plan adopted under
14 Section 2056.009;

15 (B) the state strategic plan for information
16 resources; and

17 (C) the agency's business objectives, mission,
18 and goals;

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

21 (6) confirmation by the agency of compliance with
22 state statutes, rules, and standards relating to information
23 resources.

24 SECTION 9. Not later than September 1, 2025, the attorney
25 general shall post on the attorney general's Internet website the
26 information and online mechanism required by Section 551.041,
27 Business & Commerce Code, as added by this Act.

1 SECTION 10. This Act takes effect September 1, 2025.