

5-14-24



GIOVANNI CAPRIGLIONE

TEXAS HOUSE OF REPRESENTATIVES

DISTRICT 98

AI Stakeholder Meeting

◆ Please Sign In at the Table. We Will Begin at 1:05 PM.

WELCOME

INTRODUCTION

RFI OVERVIEW

FRAMEWORK

NEXT STEPS

- Please sign in to receive meeting materials
- Contact Information
 - Rep. Capriglione
 - giovanni.capriglione@house.texas.gov
 - Spencer Schumacher, Executive Director of the IT Caucus
 - spencer@itcaucus.com
- There will be allotted time for Q&A

Introduction

- AI Stakeholder Group
- AI Advisory Council (State Uses of AI)
- House Select Committee on AI/ET
- Senate Business & Commerce Committee Interim Charges
- Innovation & Technology Caucus (IT Caucus)

What are the benefits of AI?

- Efficiencies
- Technological Advancements
- Data Analysis
- Economic growth
- National Security
- Disaster Response
- Accessibility
- Energy Management
- Scientific Research
- Supply Chain Optimization
- Educational Tools
- FinTech
- Drug Discovery
- Predictive Maintenance
- E-commerce Logistics
- Fraud Detection
- Legal Document Analysis
- Job Matching
- Voice Assistants
- Virtual Reality and Augmented Reality
- Autonomous Vehicles
- Cybersecurity
- Robot-Assisted Surgery
- Optimized Manufacturing
- Smart Grid Technology
- Telecommunications
- Market Analysis and Prediction
- Wildlife Conservation
- Inventory Management
- Translation
- Smart Appliances
- Crowd Management
- School Safety
- Historical Preservation
- Content Moderation
- Automated Video Editing
- Wearable Technology
- Energy Storage
- Soil Sampling
- Veterinary Care
- Shipping Routes
- 3D Models
- Contract Analysis
- Gene Editing
- Art Creation
- Automated Aviation
- Water Preservation
- Chatbots
- Etcetera

Why do we want Texas to be the global center of AI?

- Job Creation
 - Semiconductors
 - Start-Ups and Venture
 - BioTech and medicine
 - Cyber security
- Educational Opportunities
- Regulatory Influence
- Improved Quality of Life

What are the threats of AI?

- Erosion of human autonomy
- Bias and discrimination
- Privacy breaches
- The loss of truth
- Economic disruption
- National security

Why do we need a regulatory framework for AI?

- Regulatory certainty brings investment & order
- Protection of Privacy and Individual Rights
- AI threats are too serious to piecemeal a solution
 - We waited 30 years for comprehensive privacy legislation and regretted it
- We must meet the threat our adversaries are posing

Why must Texas act?

- We know the federal government cannot and will not act
- The world needs a responsible pro-innovation framework, and Texas can lead
- Without a comprehensive bill, smaller bills and local legislation will fill the void with patchwork regulations
- Opportunity to create a bill that accelerates responsible AI

State of Play

- NIST AI RMF is active, but generally optional
- OECD AI Policy Principles adopted in 2019, amended in February 2024
- EU AI Act takes effect July 2026
- CO SB 205 takes effect February 2026 (unless vetoed)
- CA AB 2930 and SB 1047 are still active

**WORKING EARLY WITH OUR
STAKEHOLDERS:
THE REQUEST FOR INFORMATION**

FOR DISCUSSION PURPOSES ONLY

Request for Information (RFI)

- Released January 22nd, 2024 and due March 15th, 2024
- 47 Responses
- Mix of businesses, trade associations, consumer groups, non-profits, and academics

Risk-Based Regulatory Frameworks

Agreement

- Limit regulatory frameworks to high-risk applications that could affect individuals' rights or safety
- The most common classifications were automated decision-making systems and foundational models

Disagreement

- What contexts of deployment count as high-risk

Opposition to Overly Restrictive Regulations

Agreement

- Opposition to private rights of action
- Single enforcement agency
- No licensing mechanism

Disagreement

- Internal vs third-party validation
- How the enforcement mechanism changes with new tech
- The expertise the enforcement agency should have with AI

WORKING EARLY WITH OUR STAKEHOLDERS: RFI

Limiting Patchwork Development

Agreement

- No rulemaking
- Align to NIST RMF and OECD
- Leveraging existing laws and frameworks where possible

Disagreement

- Opinions on existing legislation (EU AI Act, CO SB 205, etc.)

Differentiation of Roles within the AI Ecosystem

Agreement

- Different obligations for developers and deployers
- Responsibility to downstream deployers

Disagreement

- Which parties should bear the burden of compliance

Any questions on the RFI process or results?

WORKING EARLY WITH OUR STAKEHOLDERS: RFI

**FRAMEWORK FOR THE
89TH LEGISLATURE**

FOR DISCUSSION ONLY PURPOSES ONLY

Before we start

- This presentation and meeting are a starting point
- This framework will adapt as:
 - Technology changes
 - Other laws are passed around the world
 - We receive feedback from stakeholders
- This framework does not apply to government actors
 - That framework will come from the AI Advisory Council

Some things should never be allowed

- Unacceptable Risks (already defined)
 - Manipulation of Human Behavior to Circumvent Free Will
 - Exploiting Vulnerabilities
 - Social Scoring
 - Untargeted Facial Recognition
 - Workplace or Educational Emotional Recognition
 - Biometric Categorization
 - Child Sexual Abuse Material
- These risks are not acceptable for any AI System

Some things need more oversight

- High-Risk Automated Decision-Making System (HR ADMS)
 - Any AI system that makes or is a controlling factor in making a consequential decision
- Consequential decision means any decision that produces a legal or similarly significant effect concerning an individual's access to, or availability, cost, or terms of:
 - financial and lending services
 - housing, insurance, or health care services
 - education enrollment
 - employment opportunities
 - criminal justice
 - access to basic necessities, such as food and water
 - *Note this is the same list as exists in the Texas Data Privacy and Security Act*

Risks To Address with HR ADMS

- Performance and Accuracy
- Algorithmic Discrimination
- Disclosure of Personal Data
- Deceptive Manipulation of Human Behavior

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Requirements for Deployers of HR ADMS

- Risk Management Policy and Program
 - Aligned to NIST AI Risk Management Framework (RMF)
- Impact Assessment
 - Similar to a Data Protection Assessment under TDPSA
- Consumer Notice
 - Must include an explanation of the decision or human appeal
- Reporting any harm discovered

Requirements for Developers of HR ADMS

- Statement of Intended Uses to deployers
- Reporting any harm discovered
- May submit Impact Assessment on behalf of a deployer

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Requirements for Foundational Models/GenAI Models

- Risk Management Policy and Program
 - Aligned to Final NIST RMF Generative AI Profile
- Statement of intended uses including whether training data is from adversarial nations, copyrighted, trademarked, etc.
- Must either prohibit HR ADMS Uses or comply with requirements of an HR ADMS Deployer
- Reporting any harm discovered

Models With Systemic Risk

- Models that complete a wide range of non-physical tasks, including metacognitive abilities, above the 50th percentile of skilled adult humans
- Self-report you meet systemic risk
- Must submit an annual report with additional safety measures including cybersecurity, risk mitigation, etc.

Requirements for All AI Systems

- Either consent or notice that a consumer is interacting with an AI system
- Prompt transformation disclosure
- Additional requirements as recommended by the legislature and stakeholders

Other Provisions

- Allow AI rulemaking for all agencies with jurisdiction over occupational licenses
- Update all definitions of software to include AI
- Disclosure of AI-generated content for campaigns
- AI systems must limit the illegal generation of synthetic content (publicity statutes, copyright, child pornography, etc)
- Social Media Companies and Digital Advertisers must remove any deep fakes that they know to violate state law (child pornography, revenge porn, election deep fakes)

Fostering Innovation

- No private right to action
- No rulemaking
- Minimum 30-day Cure Period
- Single Enforcer:
 - Attorney General
 - AI Commission
- Sandbox (exemptions, lower regs for autonomous manufacturing facilities, etc.)

Fostering Innovation

- Small Business Exemption
- Local preemption
- Update workforce training programs with TWC
- Create new training, credentials, and degree programs through THECB
- Creation of AI Innovation Program
- Amend CUBI to allow training of AI models on images and videos
- Datacenter Incentive Program

NEXT STEPS

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What we want to hear feedback on

- What is working/ not working in other laws
- Definitions (namely deployer and developer)
- Impact Assessments
- Requirements for Foundational/ GenAI
- How to make enforcement meaningful, fair, and efficient
- What would be helpful for a sandbox
- Synthetic content and deepfakes
- Workforce and economic development programs
- Any clarifications
- Planning issue-specific stakeholder meetings

Timeline

- Circulate the first draft this summer
- Issue-specific meetings throughout the year
- Second draft in the fall
- Bill filed November

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**There are 384 Days
Until Sine Die**

Any questions?