A BILL TO BE ENTITLED

AN ACT

relating to the regulation ~~and reporting on~~ of the use of artificial
_intelligence

systems ~~by certain business entities and~~in this 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
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.

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

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

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

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

(B) education enrollment or an education opportunity;

(C) employment or an employment opportunity;

(D) a financial service;

(E) an essential government service;

(F) residential utility services;

(G) a health-care service or treatment;

(H) housing;

(I) insurance;

(J) a legal service;

(K) a transportation service;

(L) constitutionally protected services or products; or

(M) elections or voting process.

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

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

(~~8~~6)   "Deployer" means a person doing business in this state that deploys ~~a high-risk~~an artificial intelligence system.

(~~9~~7)   "Developer" means a person doing business in this state that develops ~~a high-risk~~an artificial intelligence system~~ or~~.

~~substantially or intentionally modifies an artificial intelligence~~

~~system.~~

~~(10)   "Digital service" means a website, an~~

~~application, a program, or software that collects or processes~~

~~personal identifying information with Internet connectivity.~~

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

~~(A)   owns or operates a digital service;~~

~~(B)   determines the purpose of collecting and~~

~~processing the personal identifying information of users of the~~

~~digital service; and~~

~~(C)   determines the means used to collect and~~

~~process the personal identifying information of users of the~~

~~digital service.~~

~~(12~~   (8)   "Distributor" means a person, other than the

Developer or Deployer, that makes an artificial intelligence system available

 in the market for a commercial purpose.

(~~13)   "Generative artificial intelligence~~9)   "Health care service or treatment" means

~~artificial intelligence models that can emulate the structure and~~

~~characteristics of input data in order to generate derived~~

~~synthetic content. This can include images, videos, audio, text,~~

~~and other digital content.~~

~~(14)   "High-risk artificial intelligence system" means~~

~~any artificial intelligence system that is~~ a ~~substantial factor to~~health

~~a consequential decision. The term does not include:~~

~~(A)   an artificial intelligence system if the~~

artificial intelligence system is intended to detect
decision-making patterns or deviations from prior decision-making
patterns and is not intended to replace or influence a previously
completed human assessment without sufficient human review;

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

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

(i) anti-malware;

(ii) anti-virus;

(iii) calculators;

(iv) cybersecurity;

(v) databases;

(vi) data storage;

(vii) firewall;

(viii) fraud detection systems;

(ix) internet domain registration;

(x) internet website loading;

(xi) networking;

(xii) operational technology;

(xiii) spam- and robocall-filtering;

(xiv) spell-checking;

(xv) spreadsheets;

(xvi) web caching;

(xvii) web scraping;

(xviii) web hosting or any similar
technology; or

(xviv) any technology that solely
communicates in natural language for the sole purpose of providing
users with information, making referrals or recommendations

relating to customercare treatment, service, and answering questions and isor procedure designed to maintain, treat,

subject to an acceptable use policy that prohibits generating

content that is discriminatory or harmful, as long as the system

does not violate any provision listed in Subchapter B.

(15) "Open source artificial intelligence system"

means an artificial intelligence system that:

(A) can be used or modified for any purpose

without securing permission from the owner or creator of such an

artificial intelligence system;

(B) can be shared for any use with or without

modifications; and

(C) includes information about the data used to

train such system that is sufficiently detailed such that a person

skilled in artificial intelligence could create a substantially

equivalent system when the following are made available freely or

through a non-restrictive license:

(i) the same or similar data;

(ii) the source code used to train and run

such system; and

(iii) the model weights and parameters of

such system.

(16) "Operational technology" means hardware and

software that detects or causes a change through the direct

monitoring or control ofdiagnose, prevent, alleviate, cure, or heal a patient's physical devices, processes, and events inor

the enterprise.

(17mental condition, illness, injury, or disease, including

preventative care.

(10) "Interactive computer service" has the meaning

assigned by Section 323.001, Business and Commerce Code.

(11) "Personal data" has the meaning assigned to it by

Section 541.001, Business and Commerce Code.

(18) "Risk12) "Personal data" has the meaning assigned to it by

Section 541.001, Business and Commerce Code.

(13) "Political viewpoint discrimination" means the composite measure

intentional limitation of an event'sa person's ability to express or receive

probability of occurring and the magnitude or degree of the

consequences of the corresponding event.

(19the expression of another person based solely on the person's

political beliefs, opinions, or affiliation.

(14) "Sensitive personal attribute" means race,

political opinions, religious or philosophical beliefs, ethnic

orientation, mental health diagnosis, or sex. The term does not

include conduct that would be classified as an offense under

Chapter 21, Penal Code.

(20) "Social media platform" has the meaning assigned

by Section 120.001, Business and Commerce Code.

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

(A) considered when making a consequential

decision;

(B) likely to alter the outcome of a

consequential decision; and

(C) weighed more heavily than any other factor

contributing to the consequential decision.

(22) "Intentional and substantial modification" or

"Substantial modification" means a deliberate change made to an

artificial intelligence system that reasonably increases the risk

of algorithmic discrimination.

Sec. 551.002. APPLICABILITY OF CHAPTER.— This chapter

applies only to a person that is not a small business as defined by

the United States Small Business Administration, and:

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

(2)   engages in the development, distribution, or deployment of ~~a high-risk~~an artificial intelligence system in this state; and ~~state.~~

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

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

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

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

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

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

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

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

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

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

(d)   If a developer believes or has reason to believe, that it deployed a high-risk artificial intelligence system that does not comply with a requirement of this chapter, the developer shall immediately take the necessary corrective actions to bring that system into compliance, including by withdrawing it, disabling it, and recalling it, as appropriate. Where applicable, the developer shall inform the distributors or deployers of the high-risk artificial intelligence system concerned.

(e)   Where the high-risk artificial intelligence system presents risks of algorithmic discrimination, unlawful use or disclosure of personal data, or deceptive manipulation or coercion of human behavior and the developer knows or should reasonably know of that risk, it shall immediately investigate the causes, in collaboration with the deployer, where applicable, and inform the attorney general in writing of the nature of the non-compliance and

of any relevant corrective action taken.

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

Sec. 551.004. DISTRIBUTOR DUTIES. A distributor of a high-risk artificial intelligence system shall use reasonable care to protect consumers from any known or reasonably foreseeable risks of algorithmic discrimination. If a distributor of a high-risk artificial intelligence system knows or has reason to know that a high-risk artificial intelligence system is not in compliance with any requirement in this chapter, it shall immediately withdraw, disable, or recall as appropriate, the high-risk artificial intelligence system from the market until the system has been brought into compliance with the requirements of this chapter. The distributor shall inform the developers of the high-risk artificial intelligence system concerned and, where applicable, the deployers.

Sec. 551.005. DEPLOYER DUTIES. A deployer of a high-risk artificial intelligence system shall use reasonable care to protect consumers from any known or reasonably foreseeable risks of algorithmic discrimination. If a deployer of a high-risk artificial intelligence system knows or has reason to know that a high-risk artificial intelligence system is not in compliance with any requirement in this chapter, it shall immediately suspend the use of the high-risk artificial intelligence system from the market until the system has been brought into compliance with the requirements of this chapter. The deployer shall inform the

developers of the high-risk artificial intelligence system concerned and, where applicable, the distributors.

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

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

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

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

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

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

(6) a description of any transparency measures taken concerning the high-risk artificial intelligence system, including

any measures taken to disclose to a consumer that the high-risk artificial intelligence system will be used;

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

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

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

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

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

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

(f) A deployer may redact any trade secrets as defined by

Section 541.001(33), Business & Commerce Code or information

protected from disclosure by state or federal law.

     (g) Except as provided in subsection (c) of this section, a

developer that makes a high-risk artificial intelligence system

available to a deployer shall make available to the deployer the

documentation and information necessary for a deployer to complete

an impact assessment pursuant to this section.

     (h) A developer that also serves as a deployer for a

high-risk artificial intelligence system is not required to

generate and store an impact assessment unless the high-risk

artificial intelligence system is provided to an unaffiliated

deployer.

     Sec. 551.007. DISCLOSURE OF A HIGH-RISKAN ARTIFICIAL

 INTELLIGENCE

SYSTEM TO CONSUMERS. (a) A deployer or developergovernment agency that makes available

deploys, offers, sells, leases, licenses, gives, or otherwise makes

available a high-riskan artificial intelligence system that is

 intended to interact with consumers shall disclose to each

consumers shall disclose to each consumer, before or at the time of

interaction:

          (1) that the consumer is interacting with an

artificial intelligence system;

 interaction:

          (1) that the consumer is interacting with an

artificial intelligence system;

          (2) the purpose of the system;

          (3) that the system may or will make a consequential

decision affecting the consumer;

          (4) the nature of any consequential decision in which

the system is or may be a substantial factor;

~~(5) the factors to be used in making any consequential~~

~~decisions;~~

~~(6) contact information of the deployer;~~

~~(7) a description of:~~

~~(A) any human components of the system;~~

~~(B) any automated components of the system; and~~

~~(C) how human and automated components are used~~

~~to inform a consequential decision; and~~

~~(8) a declaration of the consumer's rights under~~

~~Section 551.108.~~

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

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

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

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

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

SUBCHAPTER B. PROHIBITED USES

Sec. 551.051.~~551.008.   RISK IDENTIFICATION AND MANAGEMENT POLICY.~~ MANIPULATION OF HUMAN BEHAVIOR TO INCITE HARM

~~(a) A developer or deployer of a high-risk~~OR CRIMINALITY. An artificial intelligence

system shall~~, prior to deployment, assess potential risks of~~ not be ~~algorithmic discrimination and implement a risk management policy~~ ~~to govern the development or deployment of the high-risk artificial~~ ~~intelligence system. The risk management policy shall:~~

intentionally developed or deployed to incite or encourage a person

to:

(1) ~~specify and incorporate the principles and~~commit physical self-harm, including suicide; ~~processes that the developer or deployer uses to identify, document, and mitigate, in the development or deployment of a high-risk artificial intelligence system:~~

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

~~(B) prohibited uses and unacceptable risks under Subchapter B; and~~

(2) ~~be reasonable~~harm another person; or

(3) engage in ~~size, scope, and breadth,~~criminal activity. ~~considering:~~

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

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

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

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

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

(b) A risk management policy implemented pursuant to this section may apply to more than one high-risk artificial intelligence system developed or deployed, so long as the developer or deployer complies with all of the forgoing requirements and considerations in adopting and implementing the risk management policy with respect to each high-risk artificial intelligence system covered by the policy.

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

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

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

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

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

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

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

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

Sec. 551.012. SANDBOX PROGRAM EXCEPTION. (a) Excluding violations of Subchapter B, this chapter does not apply to the development of an artificial intelligence system that is used exclusively for research, training, testing, or other pre-deployment activities performed by active participants of the sandbox program in compliance with Chapter 552.

052.SUBCHAPTER B. PROHIBITED USES AND UNACCEPTABLE RISK

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

not intentionally use Deceptive Trade Practices, as defined by Chapter 17 of the Texas Business and Commerce Code

Sec. 551.052053. SOCIAL SCORING. An artificial intelligence(a) The use by a government system shall not be developed or deployedentity of AI systems for the evaluation or

classification of natural persons or groups of natural persons natural persons or groups of persons over a certain period of time based on their social behavior or known, inferred, or predicted personal or personality characteristics, with the intent to determine a social

score or similar categorical estimation or valuation of a person or leading to all of the following shall be prohibited:

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

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

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

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

Sec. 551.~~053~~054. CAPTURE OF BIOMETRIC IDENTIFIERS USING ARTIFICIAL INTELLIGENCE. ~~An~~(a) A government entity in this state shall not develop or deploy an artificial intelligence system developed with biometric identifiers of individuals and the targeted or untargeted gathering of images or other media from the internet or any other publicly available source shall not be deployed for the purpose of uniquely identifying a specific individual~~.~~, if it would infringe, constrain, or otherwise chill any right guaranteed under the United States Constitution, the Texas Constitution, federal law, or Texas law.

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

~~Sec. 551.054. CATEGORIZATION BASED ON SENSITIVE ATTRIBUTES. An~~ (c) This section applies to systems designed for government entities to constrain civil liberties, not any artificial intelligence system developed or deployed for commercial purposes or any other government entity purpose.

Sec. 551.056. POLITICAL VIEWPOINT DISCRIMINATION. (a) An artificial intelligence system shall not be developed or deployed ~~developed or deployed with the specific purpose of inferring or~~

interpreting, sensitive personal attributes of a person or group of
persons using biometric identifiers, except for the labeling or
filtering of lawfully acquired biometric identifier data.
in a manner that intentionally results in political viewpoint
discrimination or otherwise intentionally infringes upon a
person's freedom of association or ability to freely express the
person's beliefs or opinions.

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

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

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

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

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

         (1) is illegal under federal or state law;

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

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

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

         (5) violates intellectual property rights under
applicable law.

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

Sec. 551.~~055.   UTILIZATION OF PERSONAL ATTRIBUTES FOR HARM.~~058.   UNLAWFUL DISCRIMINATION. An artificial

~~An artificial~~ intelligence system shall not ~~utilize~~

~~characteristics of a person~~be developed or ~~a specific group of persons based on~~

~~their race, color, disability, religion, sex, national origin, age,~~

~~or a specific social or economic situation,~~deployed with the ~~objective, or~~

~~the effect, of materially distorting the behavior of that person or~~

~~a person belonging~~intent to ~~that group~~unlawfully discriminate against a protected class in ~~a manner that causes or~~

violation of the laws of this state or federal law. Disparate impact

alone is not sufficient to show intent to discriminate.

~~reasonably likely to cause that person or another person harm.~~

Sec. 551.~~056~~061.   CERTAIN SEXUALLY EXPLICIT VIDEOS, IMAGES, AND

CHILD PORNOGRAPHY.   An artificial intelligence system shall not be

developed or deployed ~~that produces, assists, or aids in~~with the sole intent of producing, assisting

or ~~is capable of~~aiding in producing, or distributing unlawful visual material in ~~violation of~~

violation of Section 43.26, Penal Code or an unlawful deep fake ~~video or image in~~

video or image in violation of Section 21.165, Penal Code. Factors

to be considered in evaluating the primary purpose or function of an

artificial intelligence system shall include marketing materials

and terms of use associated with the system.

SUBCHAPTER C.   ENFORCEMENT AND CONSUMER PROTECTIONS

Sec. 551.101.   CONSTRUCTION AND APPLICATION. (a) This

chapter shall be broadly construed and applied to promote its

underlying purposes, which are:

(1)   to facilitate and advance the responsible

development and use of artificial intelligence systems;

(2)   to protect individuals and groups of individuals

from known, and unknown but reasonably foreseeable, risks~~,~~

~~including unlawful algorithmic discrimination;~~

associated with artificial intelligence;

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

(4) to provide reasonable notice regarding the use ~~or~~of ~~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~~, researching, ~~Subchapter B, researching,~~ training, testing, or the conducting of other pre-deployment or post-deployment activities by active participants of the sandbox program, in compliance with Chapter 552, does not subject a developer or deployer to penalties or actions.

Sec. 551.103. INTERNET WEBSITE AND COMPLAINT MECHANISM. The attorney general shall post on the attorney general's Internet website~~:~~

~~(1) information relating to:~~

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

~~(B)~~ an online mechanism through which a consumer

may submit a

complaint under this chapter to the attorney general.

Sec. 551.104. INVESTIGATIVE AUTHORITY. (a) If the

attorney general ~~has reasonable cause to believe that~~receives a ~~person has~~

~~engaged in or is engaging in~~complaint alleging a violation of this

chapter~~,~~ through the online mechanism established under Section

551.103, the attorney general may issue a civil investigative

demand.~~ ~~ The

attorney general shall issue such demands in

accordance with and

under the procedures established under Section

15.10.

(b) The attorney general may request from the associated

party, pursuant to a civil

investigative demand issued under

Subsection (a), ~~that a developer~~

~~or deployer~~any one of ~~a high-risk~~the following;

(1) A High Level Statement disclosing the purpose,

intended use cases, and deployment context of, and benefits

afforded by, the artificial intelligence system ~~disclose~~;

(2) a High Level description of the categories of data

the artificial intelligence system processes as inputs and the

outputs the artificial intelligence system produces;

(3) any metrics used to evaluate the performance and

known limitations of the artificial intelligence system;

(4) a High Level description of the post-deployment

monitoring and user safeguards provided concerning the artificial

intelligence system, including the oversight, use, and learning

process established by the deployer to address issues arising from

~~their risk management policy and impact assessments required under~~

~~Subchapter A. The~~the deployment of the artificial intelligence system;

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

(6) Any other relevant documentation reasonably necessary for the attorney general ~~may evaluate the risk~~to conduct an investigation and

~~management policy and impact assessments for compliance with the~~

~~requirements set forth in Subchapter A.~~
determine liability or fault of the offender.

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

Sec. 551.105. NOTICE OF VIOLATION OF CHAPTER; OPPORTUNITY TO CURE. (a) Before bringing an action under Section 551.106, the attorney general shall notify a developer, distributor, or deployer in writing, not later than the ~~30th~~60th day before bringing the action, identifying the specific provisions of this chapter the attorney general alleges have been or are being violated. The attorney general may not bring an action against the developer or deployer if:

(1) within the ~~30~~60-day period, the developer or deployer cures the identified violation; and

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

(A) cured the alleged violation;

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

(C) provided supportive documentation to show

how the violation was cured; and

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

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

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

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

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

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

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

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

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

     (c) The attorney general may assess and collect an administrative fine against a developer or deployer who fails to

timely cure a violation or who breaches a written statement

provided to the attorney general, ~~other~~of not less than ~~those for a~~
~~prohibited~~$10,000 and not

~~use, of not less than $50,000 and not~~ more than $~~100~~12,000 per uncured

 violation.

     (d) The attorney general may assess and collect an

administrative fine against a developer or deployer who fails to

timely cure a violation ~~of a prohibited use, or whose violation is~~that is
determined to be uncurable, of not

~~determined to be uncurable, of not~~ less than $80,000 and not more

 than $200,000 per violation~~.~~ after

conviction of such violation.

     (e) A developer or deployer who was found in violation of

and continues to operate with the provisions of this chapter shall

be assessed an administrative fine of not less than $2,000 and not

more than $40,000 per day.

     (f) There is a rebuttable presumption that a developer,

distributor, or deployer used reasonable care as required under

this chapter if the developer, distributor, or deployer complied

with their duties in preventing violations under Subchapter B.

     (g) A~~.~~ developer, distributor, or deployer may seek an

expedited hearing or other process, including a request for

declaratory judgment, if the developer, distributor, or deployer

believes its actions have not violated this chapter.

     Sec. 551.107. ENFORCEMENT ACTIONS BY STATE AGENCIES. (a) A

state agency may sanction an individual licensed, registered, or

certified by that agency for violations of Subchapter B, including:

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

license, registration, certificate, or other form of permission to

engage in an activity; and

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

     (b) a state agency may not sanction an individual that is

licensed, registered, or certified by that agency for violations of Subchapter B until individuals or entities have been sentenced for violations of this chapter, and received recommendations from the attorney general for subsequent enforcement.

Sec. 551.108. CONSUMER RIGHTS AND REMEDIES. A consumer may appeal a consequential decision made by a high-riskan artificial intelligence system which has

an adverse impact on their health,

welfare, safety, or fundamental

rights, and shall have the right to obtain

from the deployer clear

and meaningful explanations of the role of

the high-risk artificial

intelligence system in the

decision-making procedure and the main

elements of the decision

taken.

SUBCHAPTER D. CONSTRUCTION OF CHAPTER; LOCAL PREEMPTION

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

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

CHAPTER 552. ARTIFICIAL INTELLIGENCE REGULATORY SANDBOX PROGRAM

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 552.001. DEFINITIONS. In this chapter:

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

artificial intelligence system.

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

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

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

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

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

SUBCHAPTER B. SANDBOX PROGRAM FRAMEWORK

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

(b)   The sandbox program is designed to:

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

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

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

Sec. 552.052.   APPLICATION PROCESS. (a) A person or

business entity seeking to participate in the sandbox program must submit an application to the council.

      (b) The application must include:

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

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

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

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

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

SUBCHAPTER C. OVERSIGHT AND COMPLIANCE

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

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

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

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

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

shall include:

        (1) system performance metrics;

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

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

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

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

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

        (3) recommendations for future legislative or regulatory reforms.

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

CHAPTER 553. TEXAS ARTIFICIAL INTELLIGENCE COUNCIL

SUBCHAPTER A. CREATION AND ORGANIZATION OF COUNCIL

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

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

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

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

        (3) any other provisions available by law to ensure

the efficient operation of the council as attached to the office ~~of~~.
~~the governor.~~

(c)   The purpose of the council is to:

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

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

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

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

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

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

(7)   conduct and publish a study of the current

artificial intelligence~~,~~ regulatory environment; and

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

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

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

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

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

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

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

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

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

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

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

            (1) artificial intelligence technologies;

(2) data privacy and security;

(3) ethics in technology or law;

(4) public policy and regulation; ~~or~~

(5) risk management ~~or safety~~ related to artificial
intelligence systems~~.~~;

~~(b) Members must not hold an office or profit~~
~~under~~ (6) expertise in improving the efficiency and
~~state or federal~~ effectiveness of government ~~at the time of~~
~~appointment.~~operations; or

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

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

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

SUBCHAPTER B. POWERS AND DUTIES OF THE COUNCIL

Sec. 553.101. ISSUANCE OF ADVISORY ~~OPINIONS~~REPORTS. (a) ~~A~~ The
council may issue reports to the state
~~agency may request a written advisory opinion from the council~~
 legislature regarding the
use of artificial intelligence systems in the state.

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

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

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

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

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

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

~~(1) procedures for requesting advisory opinions;~~

~~(2) standards for ethical artificial intelligence development and deployment;~~

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

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

~~Sec. 553.103.~~ TRAINING AND EDUCATIONAL OUTREACH. The council shall conduct training programs for state agencies and local governments on the ~~ethical~~ use of artificial intelligence systems.
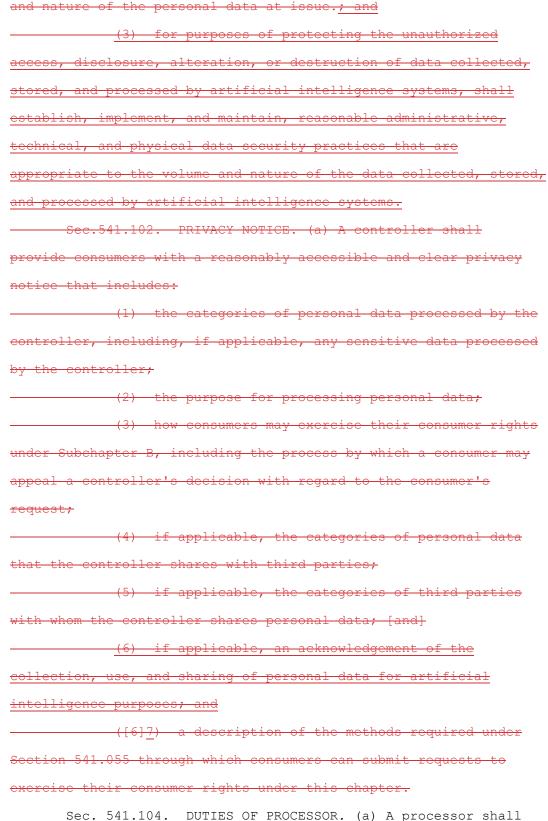
Sec. 553.103. ~~systems.~~ LIMITATION OF AUTHORITY. (a) The council may not:

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

(2) Interfere with or override state agency operations.

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

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

(c-3) This section does not apply to the training, processing, or storage of biometric identifiers involved in ~~machine learning or~~ artificial intelligence systems, as defined by Section 551.001,

unless performed for
 the purpose of uniquely identifying a specific
individual. If a
 biometric identifier captured for the purpose of
training an
 artificial intelligence system is subsequently used for
a
 commercial purpose, the person possessing the biometric
identifier
 is subject to this section's provisions for the
possession and
 destruction of a biometric identifier and the
associated penalties.

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

   ~~Sec. 541.051. CONSUMER'S PERSONAL DATA RIGHTS; REQUEST TO
EXERCISE RIGHTS. (a) A consumer is entitled to exercise the
consumer rights authorized by this section at any time by
submitting a request to a controller specifying the consumer rights
the consumer wishes to exercise. With respect to the processing of
personal data belonging to a known child, a parent or legal guardian
of the child may exercise the consumer rights on behalf of the
child.~~

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

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

      ~~(2) correct inaccuracies in the consumer's personal
data, taking into account the nature of the personal data and the~~

purposes of the processing of the consumer's personal data;

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

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

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

([5]6) opt out of the processing of the personal data for purposes of:

(A) targeted advertising;

(B) the sale of personal data; [or]

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

([C]D) profiling in furtherance of a decision that produces a legal or similarly significant effect concerning the consumer.

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

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

(2) for purposes of protecting the confidentiality, integrity, and accessibility of personal data, shall establish, implement, and maintain reasonable administrative, technical, and physical data security practices that are appropriate to the volume

and nature of the personal data at issue.; and

          (3) for purposes of protecting the unauthorized
access, disclosure, alteration, or destruction of data collected,
stored, and processed by artificial intelligence systems, shall
establish, implement, and maintain, reasonable administrative,
technical, and physical data security practices that are
appropriate to the volume and nature of the data collected, stored,
and processed by artificial intelligence systems.
     Sec.541.102. PRIVACY NOTICE. (a) A controller shall
provide consumers with a reasonably accessible and clear privacy
notice that includes:
          (1) the categories of personal data processed by the
controller, including, if applicable, any sensitive data processed
by the controller;
          (2) the purpose for processing personal data;
          (3) how consumers may exercise their consumer rights
under Subchapter B, including the process by which a consumer may
appeal a controller's decision with regard to the consumer's
request;
          (4) if applicable, the categories of personal data
that the controller shares with third parties;
          (5) if applicable, the categories of third parties
with whom the controller shares personal data; [and]
          (6) if applicable, an acknowledgement of the
collection, use, and sharing of personal data for artificial
intelligence purposes; and
          ([6]7) a description of the methods required under
Section 541.055 through which consumers can submit requests to
exercise their consumer rights under this chapter.

     Sec. 541.104. DUTIES OF PROCESSOR. (a) A processor shall
adhere to the instructions of a controller and shall assist the

controller in meeting or complying with the controller's duties or requirements under this chapter, including:

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

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

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

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

CHAPTER 319. TEXAS ARTIFICIAL INTELLIGENCE WORKFORCE DEVELOPMENT

GRANT PROGRAM

SUBCHAPTER A. GENERAL PROVISIONS

    Sec. 319.001. DEFINITIONS. In this chapter:

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

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

        (3) "Eligible entity" means Texas-based businesses in the artificial intelligence industry, public school districts,

community colleges, public technical institutes, and workforce development organizations.

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

SUBCHAPTER B. ARTIFICIAL INTELLIGENCE WORKFORCE DEVELOPMENT GRANT PROGRAM

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

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

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

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

(b) The program is intended to:

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

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

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

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

(c) The commission shall adopt rules necessary to implement

this subchapter.

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

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

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

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

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

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

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

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

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

(b) To be eligible, the entity must:

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

(2) demonstrate the capacity to develop and implement

training, educational, or workforce development programs that align with the needs of the artificial intelligence industry in Texas and lead to knowledge, skills, and work-based experiences that are transferable to similar employment opportunities in the artificial intelligence industry.

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

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

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

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

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

(5) funding scholarships or stipends for students, instructors, and workers participating in artificial intelligence training programs, particularly for individuals from underserved or underrepresented communities; or

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

(b) The commission shall prioritize funding for:

(1) initiatives that partner with rural and

underserved communities to promote artificial intelligence education and career pathways;

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

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

        SECTION 6. Section 325.011, Government Code, is amended to read as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

information;

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

          (13) the extent to which the purpose and effectiveness of reporting requirements imposed on the agency justifies the continuation of the requirement; [and]

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

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

    SECTION 76. Section 2054.068(b), Government Code, is amended to read as follows:

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

          (1) the agency's information security program;

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

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

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

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

SECTION 87. Section 2054.0965(b), Government Code, is amended to read as follows:

Sec. 2054.0965. INFORMATION RESOURCES DEPLOYMENT REVIEW.

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

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

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

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

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

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

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

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

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

(6) confirmation by the agency of compliance with

state statutes, rules, and standards relating to information

resources.

       SECTION ~~9~~8. Not later than September 1, ~~2025~~2026, the attorney

general shall post on the attorney general's Internet website the

~~information and~~ online mechanism required by Section 551.041,

 Business & Commerce

Code, as added by this Act.

       SECTION ~~10~~9. This Act takes effect ~~September~~January 1, ~~2025~~2026.