HB1263_H_BUS.001

HOUSE COMMITTEE OF REFERENCE REPORT

_____   _____March 26, 2026_____
Chair of Committee   Date

Committee on <u>Business Affairs & Labor</u>.

After consideration on the merits, the Committee recommends the following:

<u>HB26-1263</u> be amended as follows, and as so amended, be referred to the Committee of the Whole with favorable recommendation:

1   Amend printed bill, page 2, line 2, after "(4.5)," insert "(7.5), (9.5),".

2   Page 2, line 9, after "THROUGH" insert "ADAPTIVE".

3   Page 2, strike line 10 and substitute "COMMUNICATIONS AND USES
4   EMOTIONAL RECOGNITION ALGORITHMS TO RECOGNIZE, INTERPRET, OR
5   RESPOND TO HUMAN EMOTIONS.".

6   Page 3, strike line 3 and substitute "PROGRAM THAT DOES NOT UTILIZE
7   EMOTIONAL RECOGNITION ALGORITHMS AND THAT:".

8   Page 3, strike lines 6 through 8 and substitute:

9   "(II) IS PRIMARILY DESIGNED TO PROVIDE COMMERCE-RELATED OR
10 TRANSACTIONAL ASSISTANCE, INCLUDING PRODUCT OR SERVICE
11 RECOMMENDATIONS, SHOPPING, ORDERING, PAYMENTS, DELIVERY,
12 RETURNS, CUSTOMER SUPPORT, OR CUSTOMER SERVICE;".

13 Page 3, line 12, strike "ENTITIES;" and substitute "ENTITIES FOR THE
14 PURPOSE OF BUSINESS OPERATIONS, PRODUCTIVITY, INFORMATION
15 ANALYSIS, INTERNAL RESEARCH, TRAINING, OR TECHNICAL ASSISTANCE;".

16 Page 3, line 15, strike "OR".

17 Page 3, line 16, strike "PURPOSES." and substitute "PURPOSES;
18   (VII) IS PRIMARILY DESIGNED FOR ASSISTING OR SUPPORTING
19 PATIENT OR RESIDENT CARE SERVICES IN A FACILITY AND COMPLIES WITH
20 HIPAA PRIVACY AND SECURITY REQUIREMENTS;

1   (VIII) IS A FEATURE OF A VIDEO GAME THAT IS LIMITED TO
2 DIALOGUE FOCUSED ON THE VIDEO GAME AND DOES NOT MAINTAIN
3 DIALOGUE ON TOPICS UNRELATED TO THE VIDEO GAME; OR
4   (IX) IS A FEATURE OF A THEME PARK OR LOCATION-BASED
5 ENTERTAINMENT AND IS LIMITED IN DIALOGUE TO TOPICS SOLELY RELATED
6 TO THE THEME PARK OR LOCATION-BASED ENTERTAINMENT AND DOES NOT
7 MAINTAIN A DIALOGUE ABOUT TOPICS UNRELATED TO THE THEME PARK OR
8 LOCATION-BASED ENTERTAINMENT.".

9 Page 3, after line 16 insert:
10   "(7.5) "EMOTIONAL RECOGNITION ALGORITHM" MEANS ARTIFICIAL
11 INTELLIGENCE THAT DETECTS AND INTERPRETS HUMAN EMOTIONAL
12 SIGNALS IN TEXT USING NATURAL LANGUAGE PROCESSING AND SENTIMENT
13 ANALYSIS, GAIT ANALYSIS, OR PHYSIOLOGICAL SIGNALS, OR A
14 COMBINATION OF THOSE DATA PROCESSING TOOLS.
15   (9.5) "HIPAA" MEANS THE FEDERAL "HEALTH INSURANCE
16 PORTABILITY AND ACCOUNTABILITY ACT OF 1996", 42 U.S.C. SECS.
17 1320d TO 1320d-9.".

18 Page 4, strike line 7 and substitute "**operator duties - minor account**
19 **holders - disclosures - annual reporting - definitions.**
20   (1) **Definitions.** AS USED IN THIS SECTION, UNLESS THE CONTEXT
21 OTHERWISE REQUIRES:
22   (a) "ACCOUNT HOLDER" MEANS A CONSUMER WHO HAS OR OPENS
23 AN ACCOUNT OR PROFILE FOR THE PURPOSE OF USING A CONVERSATIONAL
24 ARTIFICIAL INTELLIGENCE SERVICE.
25   (b) "MINOR ACCOUNT HOLDER" MEANS AN ACCOUNT HOLDER WHO
26 IS A MINOR.".

27 Renumber succeeding subsections accordingly.

28 Page 4, line 8, strike "**users.**" and substitute "**account holders.** AN
29 OPERATOR SHALL USE COMMERCIALLY REASONABLE METHODS TO
30 ESTIMATE THE AGE OF ACCOUNT HOLDERS.

31 Page 4, lines 9 and 10, strike "A USER OF A CONVERSATIONAL ARTIFICIAL
32 INTELLIGENCE SERVICE" and substitute "AN ACCOUNT HOLDER".

33 Page 4, line 14, after "DISCLOSURE" insert "MUST BE PROVIDED IN
34 RESPONSE TO USER PROMPTS REGARDING WHETHER THE CONVERSATIONAL
35 ARTIFICIAL INTELLIGENCE SERVICE IS HUMAN OR ARTIFICIALLY SENTIENT
36 AND".

1 Page 4, line 16, strike "DISCLAIMER;" and substitute "DISCLAIMER FOR A
2 PRODUCT WITH A SCREEN INTERFACE;
3   (II)   AN INTERMITTENT AUDIO DISCLAIMER FOR A PRODUCT
4 WITHOUT A SCREEN INTERFACE; OR".

5 Page 4, line 17, strike "(II)" and substitute "(III)".

6 Page 4, line 18, strike "APPEAR" and substitute "OCCUR".

7 Page 4, line 20, strike "OR".

8 Page 4, strike lines 21 through 23.

9 Page 5, lines 10 and 11, strike "GENERATING A STATEMENT" and substitute
10 "FORMULATING, STRUCTURING, OR OPTIMIZING A RESPONSE".

11 Page 5, line 11, strike "DEPENDENCE," and substitute "DEPENDENCE OR
12 ISOLATION FROM REAL-WORLD SUPPORTS,".

13 Page 5, strike line 24 and substitute "SERVICE RETAINS INFORMATION
14 FROM PRIOR INTERACTIONS OR SESSIONS".

15 Page 6, line 7, strike "SETTINGS AS" and substitute "SETTINGS.".

16 Page 6, strike line 8.

17 Page 6, line 9, strike "IF".

18 Page 6, strike lines 10 through 12 and substitute "AN OPERATOR".

19 Page 6, line 13, strike "THE PERSON THAT THE" and substitute "A USER
20 THAT A".

21 Page 7, strike lines 1 and 2 and substitute "PROTOCOL MUST INCLUDE USER
22 REFERRAL TO A CRISIS SERVICE PROVIDER SUCH AS".

23 Page 7, line 6, after "NOT" insert "KNOWINGLY AND RECKLESSLY".

24 Page 7, line 8, strike "INDICATES OR IMPLIES" and substitute "STATES".

25 Page 7, line 13, after "PROFESSIONAL;" add "OR"

26 Page 7, strike lines 14 and 15 and substitute:

1   "(c) A LICENSED, CERTIFIED, OR REGISTERED MENTAL HEALTH
2 PROFESSIONAL.".

3 Page 7, line 25, strike "AND".

4 Page 8, line 1, strike "ACTIONS." and substitute "ACTIONS; AND
5   (IV) ANY ADDITIONAL METRICS NECESSARY TO DETERMINE THE
6 EFFICACY AND RELIABILITY OF IMPLEMENTED SAFEGUARDS OR DETECTION,
7 REMOVAL, AND RESPONSE PROTOCOLS, AS DETERMINED BY THE ATTORNEY
8 GENERAL.".

9 Page 8, strike lines 12 through 15 and substitute:

10   "(7) **Liability.** NOTHING IN THIS SECTION CREATES LIABILITY FOR
11 A DEVELOPER OF AN UNDERLYING ARTIFICIAL INTELLIGENCE MODEL FOR
12 A VIOLATION OF THIS SECTION BY A THIRD-PARTY OPERATOR THAT MAKES
13 PUBLICLY AVAILABLE A CONVERSATIONAL ARTIFICIAL INTELLIGENCE
14 SERVICE THAT USES THE UNDERLYING ARTIFICIAL INTELLIGENCE MODEL.
15 A DEVELOPER OF AN UNDERLYING ARTIFICIAL INTELLIGENCE MODEL THAT
16 IS ALSO AN OPERATOR OF A CONVERSATIONAL ARTIFICIAL INTELLIGENCE
17 SERVICE IS SUBJECT TO LIABILITY FOR A VIOLATION OF THIS SECTION.
18   (8) **Access to information.** NOTHING IN THIS SECTION LIMITS AN
19 INDIVIDUAL'S ABILITY TO ACCESS INFORMATION AND RESOURCES UNDER
20 SECTION 32 OF ARTICLE II OF THE STATE CONSTITUTION AND PART 4 OF
21 ARTICLE 6 OF TITLE 25.".

22 Strike "USER" and substitute "ACCOUNT HOLDER" on: **Page 4**, lines 12, 13,
23 and 24; **Page 5,** lines 5, 8, and 21; and **Page 6**, lines 2, 3, 5, and 6.

24 Strike "USER'S" and substitute "ACCOUNT HOLDER'S" on: **Page 5,** lines 22
25 and 27; and **Page 6,** lines 4 and 7.

26 Strike "(5)(a)" and substitute "(6)(a)" on: **Page 8**, lines 2, 7, and 9.

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