Joint Committee on Advanced Information Technology, the Internet and Cybersecurity 2025-2026 (194th) Bill Summary
_____

Bill Number: H. 94
Title: An Act to ensure accountability and transparency in artificial intelligence systems
Lead Sponsor: Representative Francisco E. Paulino
Hearing Date: September 11, 2025
Report Date: November 10, 2025
Current Law: Title XV of Part I of the Massachusetts General Laws allows for the regulation of trade.
M.G.L. c. 93A prohibits unfair and deceptive trade practices in the commonwealth.

Executive Summary: Requires AI developers to identify and disclose discrimination risks, while deployers of high-risk AI systems (such as those affecting employment, housing, healthcare, etc.) must conduct annual impact assessments and implement risk management programs. Any corporation operating in Massachusetts that uses artificial intelligence systems or related tools to target specific consumer groups or influence behavior must disclose the methods, purposes, and contexts in which AI systems are used to identify or target specific classes of individuals; the specific ways in which AI tools are designed to influence consumer behavior; and any third-party partnerships. The Attorney General has exclusive enforcement authority, treating violations as unfair trade practices under Chapter 93A.

Legislative History: New File

Summary:
Defines "Algorithmic Discrimination" as differential treatment or impact resulting from an artificial intelligence system that disadvantages individuals or groups based on actual or perceived age, race, ethnicity, gender, disability, national origin, religion, genetic information, reproductive health, veteran status, or any protected classification under Massachusetts or federal law.

Defines "Artificial Intelligence System" as any machine-based system that processes inputs to generate outputs, including content, decisions, predictions, or recommendations, that influence physical or virtual environments.

Defines "High-Risk Artificial Intelligence System" as AI systems that materially influence consequential decisions, including but not limited to:

- Education opportunities;
- Employment decisions;
- Financial or lending services;
- Housing access;
- Healthcare services;
- Insurance decisions;
- Legal or government services.

Defines "Consequential Decision" as a decision with significant legal, financial, or personal implications for a consumer, such as denying housing, employment, or healthcare. For clarity, material influence refers to decisions where AI systems determine or heavily weigh inputs that directly affect such outcomes.

Defines "Developer" as an entity or individual developing, modifying, or making AI systems available in Massachusetts.

Defines "Deployer" as an entity using AI systems to make decisions impacting consumers in Massachusetts.

Section 2. Developer Responsibilities

Developers must use reasonable care to identify, mitigate, and disclose risks of algorithmic discrimination.

Developers must provide deployers with:

- A summary of intended and foreseeable uses of the AI system;
- Known limitations and risks, including algorithmic discrimination;
- Information on the datasets used for training, including measures taken to mitigate biases.

Developers must notify the Attorney General and deployers of any known or foreseeable risks of discrimination within 90 days of discovery.

Developers must publish a plain-language summary on their website, detailing:

- Types of AI systems they develop;
- Measures to mitigate algorithmic discrimination;
- Contact information for inquiries.

Section 3. Deployer Responsibilities

Deployers of high-risk AI systems must implement and maintain a risk management program that:
- Identifies and mitigates known or foreseeable risks of algorithmic discrimination;
- Aligns with industry standards, such as the National Institute of Standards and Technology (NIST) AI Risk Management Framework.

Deployers must complete an annual impact assessment for each high-risk AI system, including:
- The purpose and intended use of the system;
- Data categories used and outputs generated;
- Potential risks of discrimination and mitigation measures.

Impact assessments must be updated after any substantial modification to the system. State-provided templates for these assessments will be made available to reduce compliance burdens.

Deployers must:
- Notify consumers when an AI system materially influences a consequential decision;
- Provide consumers with the purpose of the system, an explanation of how the system influenced the decision and a process to appeal or correct adverse decisions.

Deployers must publicly disclose the types of high-risk AI systems in use and their risk mitigation strategies.

Section 4. Corporate Disclosure Requirements

Any corporation operating in Massachusetts that uses artificial intelligence systems or related tools to target specific consumer groups or influence behavior must disclose:
- The methods, purposes, and contexts in which AI systems are used to identify or target specific classes of individuals;
- The specific ways in which AI tools are designed to influence consumer behavior; Details of any third-party entities involved in the design, deployment, or operation of AI systems used for targeting or behavioral influence.

Proprietary information will be safeguarded and exempt from public disclosure under state confidentiality laws.

Corporations must make these disclosures publicly available on their website in a manner that is easily accessible and comprehensible and included in terms and conditions provided to consumers prior to significant interaction with an AI system.

Consumers must be notified when they are being targeted or influenced by AI systems in a way that materially impacts their decisions and when algorithms are used to determine pricing, eligibility, or access to services.

Section 5. Exemptions
The following entities and circumstances are exempt from certain provisions of this Chapter:
- Businesses with fewer than 50 employees that do not use proprietary data to train AI systems.
- AI systems performing procedural tasks (e.g., spell-checkers, calculators) or those not influencing consequential decisions.
- Entities already subject to equivalent or stricter federal AI regulations, such as those governed by the Federal Trade Commission or Department of Health and Human Services.

Section 6. Enforcement
The Attorney General has exclusive authority to enforce this Chapter. Violations are deemed unfair or deceptive trade practices under Chapter 93A.

A developer or deployer may defend against enforcement if they identify and remedy violations through testing, internal review, or consumer feedback; they demonstrate compliance with recognized AI risk management standards.

This Chapter does not create a private right of action for consumers.

Section 7. Rulemaking Authority
The Attorney General may issue rules to:
- Define documentation and impact assessment requirements
- Set standards for risk management programs and consumer notifications;
- Designate recognized AI risk management frameworks.

Section 8. Public Education Campaign
The Attorney General, in collaboration with relevant state agencies, shall establish a public education campaign to inform residents of their rights under this Chapter and to increase awareness of the role of AI in decision-making processes.

Sections 1, 4, 5, and 8 shall take effect 180 days after passage of this Act.
Sections 2, 3, 6, and 7 shall take effect 1 year after passage of this Act.
Amendment to Chapter 93A shall take effect 180 days after passage of this Act.