



Washington State

Artificial Intelligence Task Force

INTERIM REPORT DECEMBER 2025

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Letter from Attorney General Nick Brown

DEAR WASHINGTONIANS,

Artificial intelligence (AI) is transforming how Washingtonians work and live and will have a profound impact on our lives. AI has the potential to create enormous benefits for our state. It holds the power to accelerate scientific discovery, streamline essential services, and create efficiencies that can fundamentally improve the quality of life and economic competitiveness of our state.



But that comes with the prospect of great risks. Unregulated deployment of this technology can entrench existing biases, leading to potential algorithmic discrimination in critical services such as housing, hiring, and access to capital. It can erode personal privacy and displace workers, and—through deepfakes—undermine political discourse and consumer safety.

The legislature established the Washington State Artificial Intelligence Task Force in 2024 to study the impact of AI and propose guidelines for its safe, ethical, and responsible use in Washington. The Task Force, administered by the Attorney General's Office, is a diverse coalition of leaders and experts from government, business, community, and civil rights groups. The Task Force engages experts and affected stakeholders to develop sensible policy recommendations for the legislature and the governor that strive to balance innovation and economic growth with the protection of individual rights, particularly the rights of historically marginalized or disadvantaged groups.

The need for states to develop policy frameworks for AI is especially important now. The federal government's hands-off approach to the AI sector creates a crucial regulatory gap that leaves Washingtonians vulnerable. In the absence of meaningful federal action, states have an obligation to protect their residents.

I want to thank each member of the Task Force for their contributions to this important work, as well as all the members of the public that provided valuable input, including community leaders, businesses, educators, healthcare workers, government employees, labor unions, and others. This work will continue, and I look forward to the release of the Task Force's final report next year.

Sincerely, Nick Brown Washington State Attorney General



Summary of Task Force Recommendations

This Interim Report contains the Task Force's findings and recommendations for specific actions the legislature should take regarding the development, deployment and use of artificial intelligence technology in Washington state. To develop its findings and recommendations, the Task Force formed eight subcommittees to study the impact of Al in specific domains such as education, labor, public safety, healthcare and consumer protection. Each of the recommendations developed by the subcommittees were reviewed and approved by the Task Force as a whole. Below is a brief summary of the recommendations. The Task Force's complete findings and recommendations are set forth in more detail starting on page 18 of this report.

Adopt NIST Ethical AI Principles

Adopt the principles for ethical and trustworthy AI published by the National Institute for Standards and Technology (NIST) in January 2023 as the guiding policy framework for AI development, deployment, and use in Washington.

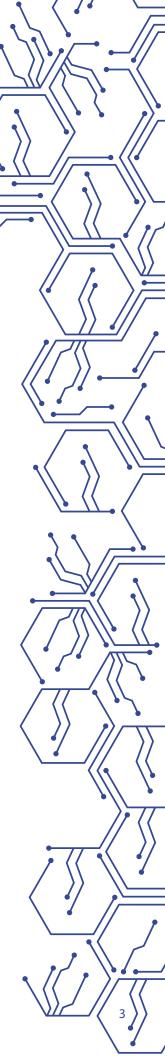
Improve Transparency in AI Development

Require AI developers to make information publicly available that describes the provenance, quality, quantity and diversity of datasets used for training AI models and require AI developers to provide explanations of how training data is processed to mitigate errors and biases during AI model development.

Promote Responsible AI Governance

Require that developers and deployers of high-risk AI systems (those that have the potential to significantly impact people's lives, health, safety, or fundamental rights) implement AI governance frameworks to minimize harm and publicly disclose their risk management strategies and practices.

Evaluate high-risk AI uses to determine if further safeguards, including prohibitions on certain uses, are necessary.



Invest in K-12 STEM and Higher Education

Increase investments to improve K-12 education and K-12 STEM education, support educators and students to integrate Al tools, promote professional development opportunities for educators and expand access to broadband through state, private, federal, or other philanthropic funding sources.

Improve Transparency and Accountability in Healthcare Prior Authorization

Require that any decision to deny, delay or modify health services based on medical necessity be made only by qualified clinicians.

Require that any AI systems used to facilitate processing of prior authorization requests apply the same clinical criteria as licensed health care professionals and require that such AI systems be subject to assessments and audits.

Develop Guidelines for AI in the Workplace

Create an independent, multi-stakeholder advisory group made up of workers, unions, employers, business and community associations, government agencies and other stakeholders to establish guiding principles for the use of Al in the workplace.

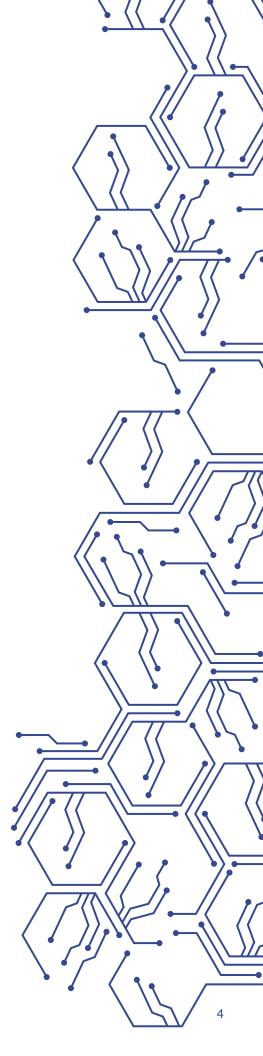
Disclose Use of AI by Law Enforcement

Require law enforcement agencies in Washington state to publicly disclose the use of AI technologies.

Require officers to attest that Al-assisted or Al-generated reports have been reviewed for accuracy, mitigating risks of false information.

Establish Grant Program for Al Innovation

Establish a grant program utilizing public and private funding for small businesses to promote Al innovation that serves the public interest.



Key Trends in Artificial Intelligence in 2025

Since the last Task Force Report in December 2024, artificial intelligence has grown more powerful and prevalent than ever before. Major technical advancements created powerful new Al capabilities. These technical advancements, combined with the rise of open Al platforms, have led to rapid deployment and adoption of Al systems that are transforming how we live and work. In response, federal and state regulators have taken different approaches, with federal regulators emphasizing deregulation, while state regulators have explored new legislation to address specific Al risks.

AI BECOMING MORE POWERFUL AND PREVALENT

In 2025, the AI sector continued its rapid growth and evolution, powered by the development of multi-modal AI, the rise of AI agents, and the popularity of open AI systems.

Multi-Modal Reasoning

At first, Al had limited ability to analyze and process different types of content. "Multi-modal" Al refers to newer systems that can take in text, pictures, audio and video, and use all of that to create a new, coherent output that includes all elements. The ability to synthesize information of different types greatly increases Al's ability to analyze complex problems and provide helpful solutions. Along with the increase in multi-modal capabilities, Al systems are developing the ability "think" or "reason." Al can now process different types of information and perform multi-step, logic-based thinking to reach a conclusion or solve a problem. Al models have traditionally excelled at predicting outcomes based on analyzing data patterns. Al reasoning systems aim to go further and replicate a fundamental aspect of human cognition: the ability to think, infer, and deduce logically.

The Rise of Al Agents

The development of multi-modal reasoning has led to the rise of AI agents. AI agents are designed to autonomously execute complex, multi-step processes with little to no supervision. Unlike many chatbots or generative AI tools, which respond to user inputs based on predefined rules, AI agents are able to reason, plan, and adapt. AI agents are also able to integrate with multiple systems, perform complex, multi-step actions, and automate workflows faster than traditional automation tools.³ Agentic AI creates a wide range of new uses for consumers and businesses. Users can now book travel and vacations with a single prompt, use AI agents to manage personal finances, or easily create realistic new synthetic multimedia content that is hard to distinguish from original content with a fraction of the effort that was previously required.⁴ Organizations are increasingly using AI not just for content generation or chatbots, but for more mission-critical functions: strategic planning, compliance, data insights, internal search, and business intelligence.⁵ Businesses can now address customer service inquiries, manage supply chains, create and execute sales and marketing plans, and optimize transportation and logistics using AI agents.⁶

Growth of Open-Source AI Ecosystems

Another notable trend in 2025 is the growth of open-source AI systems. An open-source AI system is a model whose underlying code, architecture, and training data are made publicly available for inspection, use, and modification. In contrast, a proprietary AI system maintains all these components as confidential intellectual property. This public availability allows developers and organizations to download, run, and fine-tune the model on their own servers without requiring permission or ongoing licensing fees from the original creator. OpenAI, Google, and Meta have each released open AI platforms that have been widely adopted. The proliferation of open AI systems is accelerating AI adoption by making it easier and cheaper for more organizations to use AI.

IMPLICATIONS FOR POLICYMAKERS

The rise of AI agents and open AI ecosystems presents new challenges for policy makers. The widespread use of AI agents to perform everyday tasks raises issues of accountability, liability, public safety, and appropriate oversight. Moreover, the growth of open AI systems represents a major shift that moves powerful AI capabilities from the control of a few major corporations to the broader public.

This democratization of access is a double-edged sword. It accelerates innovation, fosters global competition, and promotes greater transparency for AI development, which in turn helps to identify and mitigate biases and vulnerabilities. However, it also introduces significant policy challenges related to risk management, accountability, and national security. The open release of a model means its creator loses all control over its subsequent use. This makes it impossible to prevent the model from being adapted for creating dangerous content, generating disinformation campaigns, or bypassing

safety filters that might exist in proprietary systems. While proprietary systems are often subjected to internal audits to mitigate bias, an open AI system can be finetuned or manipulated to amplify existing biases in its training data. Policymakers must now balance the economic and social benefits of this open ecosystem with the critical need to establish robust frameworks for safety and governance.

THE FEDERAL APPROACH

Under the Trump Administration, the federal government's reaction to the rising tide of AI has been to adopt a largely deregulatory stance aimed at expanding the AI economy and preserving U.S. leadership in the global AI race.

The most significant action came in July with the release of the Trump Administration's "Al Action Plan." This document, accompanied by three executive orders, prioritizes "accelerating innovation" and "building American Al infrastructure." Instead of new regulations, the plan focuses on eliminating regulatory burdens and perceived ideological bias, promoting the use and export of Al technology, and streamlining the federal permitting process for data centers and other energy infrastructure needed to power Al. The Trump Administration is seeking input from industry to identify any policies that "unnecessarily hinder the development, deployment and adoption of artificial intelligence technologies." The Trump Administration's focus on deregulation marks a distinct shift from the more cautionary approach of the Biden Administration, whose executive orders on Al (rescinded by the Trump Administration) established a framework for Al safety and security, protecting privacy, and advancing equity and civil rights. The properties of the security and civil rights.

Congress has also pushed to reduce oversight and regulation of Al. The House's budget reconciliation bill sought to impose a 10-year moratorium on state and local Al regulations. This proposal met with strong opposition from many lawmakers and consumer advocates who argued it infringed on state autonomy and would leave the public unprotected from potential Al harms. Attorney General Nick Brown and Washington state legislators joined a broad, bi-partisan coalition of state Attorneys' General and legislators in voicing strong opposition to Al moratorium. The moratorium was ultimately removed from the Senate version of the bill.

In the Senate, several AI bills have been introduced, but none has yet received serious consideration. Commerce Committee Chairman Ted Cruz (R-TX), with support from the Trump administration, introduced the "SANDBOX Act" that would allow AI developers to apply for waivers from certain federal rules to test and deploy new technologies. Senators Josh Hawley (R-MO) and Richard Blumenthal (D-CONN) co-sponsored three AI bills. The first, the "AI Accountability and Personal Data Protection Act," would enhance protection of copyrighted works and create a

federal cause of action for the misuse of a person's personal data or copyrighted works by AI systems.¹⁴ The second, the "Artificial Intelligence Risk Evaluation Act," would require the most advanced AI systems to be subject to testing and evaluation by the Department of Energy to assess the likelihood of severe AI incidents such as loss-of-control or weaponization by adversaries.¹⁵ The third, the Guidelines for User Age-verification and Responsible Dialogue Act or GUARD Act, would ban AI companies from providing AI companions to minors and make it a federal crime for companies to knowingly make available to minors AI chatbots that solicit or produce sexual content.¹⁶ Along with Senator Dick Durbin (D-ILL), Senator Hawley co-sponsored the "AI LEAD ACT" that classifies AI systems as products and creates a federal cause of action for product liability claims to be brought when AI systems cause harm.¹⁷

STATES DRIVING AI POLICY

With AI becoming more powerful and prevalent in society, and the federal government unable to advance any meaningful regulation, state policymakers have a critical role to play in protecting personal liberties and ensuring that the development and use of AI aligns with societal values.

In Washington, lawmakers introduced several AI-related bills in the 2025 session. However, only one bill, HB 1205, passed. The bill reenacts and amends RCW 9A.60.010 and 9A.60.045 and makes it a crime to knowingly distribute a forged digital likeness of another person to defraud, harass, threaten, or intimidate another, or for an unlawful purpose. Another bill, SB 5105, followed the Task Force's recommendation that the legislature adopt amendments to the current law on digitally created child sexual abuse material that were intended to reduce barriers to prosecution of offenders. SB 5105 passed in the Senate and is currently sitting with the House Committee on Appropriations. The table below lists the other key AI bills introduced in the 2025 session and their current status.

Notable AI Bills from 2025 Legislative Session

 $\underline{\textbf{HB 1168}} \mid \textbf{Increasing transparency in artificial intelligence}$

Last Action: House Committee on Appropriations

HB 1170 | Informing users when content is developed or modified by artificial intelligence Last Action: House Committee on Technology, Economic Development, and Veterans affairs

HB 1622 | Allowing bargaining over matters related to the use of artificial intelligence

Last Action: Senate Committee on Ways & Means

HB 1672 Addressing technology used by employers in the workplace **Last Action:** House Committee on Labor & Workplace Standards

HB 1833 | Creating an artificial intelligence grant program

Last Action: Senate Committee on Environment, Energy & Technology

SB 5395 | Making improvements to transparency and accountability in the prior authorization determination process

Last Action: Senate Committee on Ways & Means

SB 5469 | Prohibiting algorithmic rent fixing and noncompete agreements in the rental housing market

Last Action: House Committee on Appropriations



Nationally, in 2025, legislators in all 50 states, Puerto Rico, the Virgin Islands, and Washington, D.C., introduced and acted on legislation related to Al. In total, 73 new laws addressing Al were enacted in 27 states. The high volume of bills reflects the growing momentum for state action on Al. Below are some of the key trends in recent state legislative activity.

Child Safety and Companion Chatbots

A new wave of legislation aims to protect minors and others from the potential psychological harm of companion Al chatbots. California's recently enacted SB 243 is the most comprehensive, requiring age verification, clear Al disclosures, and mandatory safety protocols to prevent self-harm and exposure to inappropriate content, particularly for minors. New York and Maine have also passed laws that mandates safety protocols for suicidal ideation and requires conspicuous disclosures that the user is interacting with a computer program. Illinois and Nevada passed legislation that prohibits the use of Al to provide professional therapy or mental health care.

Transparency

California passed two laws related to AI transparency in 2025. The Transparency in Frontier AI Act requires developers to publish transparency reports, implement safety protocols to mitigate "catastrophic risks," and report critical safety incidents to the state.²² The California AI Transparency Act adds new requirements for AI systems to provide tools and data to enable users to identify AI content and determine the provenance of content generated by AI.²³

Algorithmic Accountability and Consumer Protection

States are passing laws to prevent algorithmic discrimination in critical areas like employment, housing, and lending. Colorado's AI Act requires developers to use 'reasonable care' to prevent bias in high-risk AI systems.²⁴ Similarly, Texas's TRAIGA Act establishes a new legal framework to combat bias and discrimination and the intentional misuse of AI.²⁵



Education and AI in Schools

Recognizing the rapid adoption of AI in classrooms, states are establishing guidelines for its use by students and educators. At least 28 states and the District of Columbia have issued guidance to define best practices and address issues like academic honesty and privacy. For example, North Carolina and Georgia have released frameworks that include ethical principles for the adoption of AI, while Tennessee has required educational boards to adopt policies for student and teacher use of the technology. 7

Labor and Workplace

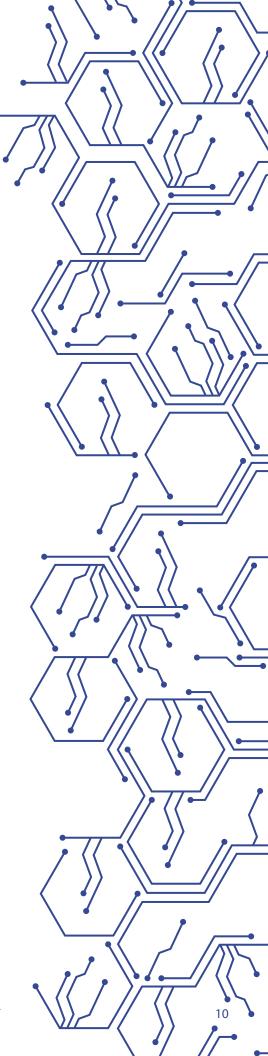
Legislation is emerging to protect workers from the misuse of AI in hiring, management, and surveillance. California's proposed 'No Robo Bosses Act' would require employers to provide written notice before using an automated decision system and mandate human oversight for final employment decisions.²⁸ Other bills seek to limit electronic monitoring and surveillance, with some proposing restrictions on the use of facial recognition or keystroke tracking.²⁹

Healthcare

States are enacting laws to ensure that AI does not replace human judgment in critical medical decisions. A growing number of states, including Nebraska and Arizona, have passed legislation requiring a physician or other qualified healthcare professional to provide the final review before any health insurance claim can be denied by an AI system.³⁰

Public Safety

Laws are being introduced to regulate the use of AI by law enforcement agencies, with a focus on transparency and accountability. New York's Assembly Bill A7172 would require the state to develop a formal protocol for the use of AI in criminal investigations. The bill also seeks to make AI-generated outputs, such as facial recognition results, inadmissible as evidence in court, while still allowing their use for investigative purposes to protect due process.³¹



Use of AI by Government Entities

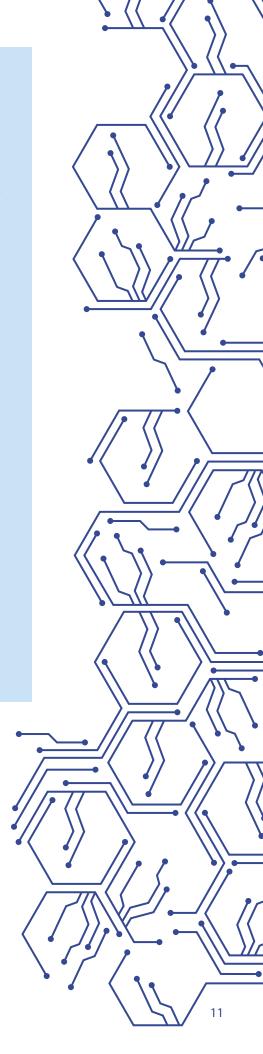
Beyond law enforcement, states are creating new rules for how government agencies can use Al. These laws focus on transparency and the prevention of bias. For example, in Maryland, new policies require the Department of Information Technology to adopt clear procedures for the development, procurement, and use of Al systems by government units.³²

Combating Deepfakes and Misinformation

As Al-generated content becomes easier to create and more realistic, many states have moved to protect against its use in political campaigns and for malicious purposes. Dozens of states have passed or proposed laws requiring a clear disclosure when a deepfake is used in political ads. In addition to disclosure laws, states like Montana and New York have passed specific laws to prohibit the use of deceptive deepfakes in election communications, creating a cause of action for civil penalties against violators.³³

Energy and Environmental Impact

In response to the massive power requirements of AI data centers, states are beginning to propose laws to address energy usage. In California, a proposed bill would require AI developers to publicly report the energy used to train their models. The same legislation aims to ensure that the costs of powering these data centers do not get shifted onto residential consumers.³⁴



Overview of the Washington State Artificial Intelligence Task Force

ORIGIN AND PURPOSE OF THE AITASK FORCE

In 2024, in response to the rapid growth of AI, the legislature passed <u>ESSB 5838</u> to establish the Washington State Artificial Intelligence Task Force.

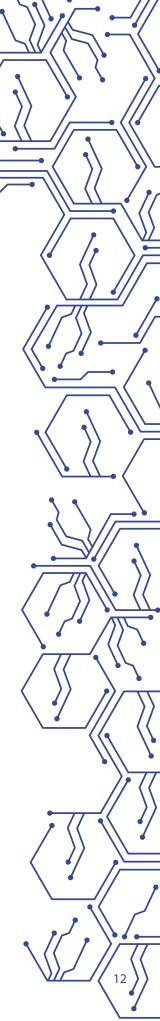
The primary purpose of the Al Task Force is to evaluate the current and potential uses of Al within Washington State and to provide the legislature with recommendations on:

- Identifying high-risk AI applications, including those affecting public safety, civil liberties, and equity,
- Establishing guiding principles for the ethical and transparent development and deployment of Al technologies, and
- Proposing regulatory frameworks and legislative actions to ensure responsible Al usage.

The legislature directed the Task Force to focus on potential bias and discrimination from AI systems, including racial equity concerns, impacts on historically excluded or disadvantaged communities, and implications for protected classes under Washington's civil rights laws, to ensure that the benefits and risks of AI are equitably shared.

Beyond recommendations to protect residents from potential AI harms, the legislature directed the Task Force to examine ways to promote a robust AI economy in Washington, including through grant programs and strategies to enhance student and worker education programs. The Task Force must propose guidelines for AI development and deployment, strategies to improve public understanding of AI, and incentives to foster a robust AI economy. The Task Force's recommendations aim to balance the economic and social benefits of AI with the need to protect the rights and interests of Washington residents.

This Interim Report is the second of three reports required by ESSB 5838. The Task Force's <u>Preliminary Report</u> was issued December 30, 2024. The Task Force's Final Report is due July 1, 2026.



TASK FORCE MEMBERSHIP

The Task Force is comprised of leaders from the private sector, community groups, government agencies, and the legislature who work collaboratively to ensure that it considers the interests of all Washington residents.

The Al Task Force consists of the following 19 members appointed by the Legislature and the Attorney General:

Dr. Magdalena Balazinska	Director, Paul G. Allen School of Computer Science and Engineering, University of Washington
Senator Matt Boehnke	R-Kennewick, Washington's 8th Legislative District
Cherika Carter	Secretary Treasurer, Washington State Labor Council, AFL-CIO
Representative Travis Couture	R-Allyn, Washington's 35th Legislative District
Sean DeWitz	State Government Affairs Manager, Washington Hospitality Association
Scott Frank	Director of Performance and IT Audit, Office of the Washington State Auditor
Ryan Harkins	Senior Director of Public Policy, Microsoft
Yuki Ishizuka	Senior Policy Analyst, Washington State Office of the Attorney General
Leah Koshiyama	Senior Director, Responsible AI & Technology, Salesforce
Crystal Leatherman	Director of Policy & Government Affairs, Washington Retail Association
Senator Marko Liias	D-Edmonds, Washington's 21st Legislative District
Chief Darrell Lowe	Chief of Police, Redmond Police Department
Beau Perschbacher	Senior Policy Advisor for Economic Development & General Government, Governor's Office
Katy Ruckle	State Chief Privacy Officer, Washington Technology Solutions
Dr. Tee Sannon	Technology Policy Program Director, ACLU-Washington
Paula Sardinas	President/CEO, FMS Global Strategies, LLC
Representative Clyde Shavers	D-Clinton, Washington's 10th Legislative District
Terrance Stevenson	Director, SeaCiti, Washington Technology Industry Association
Vicky Tamaru	Founder, buildJUSTLY

The Washington State Attorney General appreciates the services of Joe Nguyen, Rick Talbert, Montana Miranda, Sherri Sawyer and Kelly Fukai, who each served on the Al Task Force but transitioned off during 2025.

TASK FORCE OPERATIONS

In light of the broad sweep of the legislature's mandate, the Task Force has taken several steps to create an inclusive policymaking process to ensure interested parties have the opportunity to participate in the Task Force's deliberations. First, the Task Force created eight subcommittees to study AI use in different sectors and develop policy recommendations. Second, the Task Force established two advisory groups to provide dedicated forums to gather input and feedback from business and tribal communities. Third, the Task Force staff regularly provided updates and meeting information to over 312 individuals who expressed interest in the Task Force's activities.

SUBCOMMITTEES

The subcommittees are primarily responsible for the development of policy recommendations. First, each subcommittee identified specific areas of focus. The subcommittees then engaged a diverse set of experts and stakeholders to educate members on how AI is being used, its impact on society, and the policy considerations that arise. The subcommittees conducted more than 50 meetings, most of which were open to the public, to ensure a wide range of voices and perspectives were considered. Based on this outreach and research, the subcommittees drafted findings and recommendations. The subcommittees then forwarded their approved findings and recommendations to the full Task Force for review. The draft recommendations were circulated to over 300 individuals on the Task Force mailing list and made available to the public on the AGO website for review and comment prior to consideration by the full Task Force. The Task Force held public meetings to review and vote on each recommendation in which interested parties were invited to provide public comment. The record of votes for each recommendation by Task Force members is set forth in Appendix 1. More details about the subcommittees, including their membership and recent activities, are set forth below.

PUBLIC SAFETY

Members: Chief Darrell Lowe (co-chair), Crystal Leatherman (co-chair), Leah Koshiyama, Sean DeWitz, Sen. Marko Liias

The Public Safety subcommittee developed a recommendation requiring transparency of law enforcement use of artificial intelligence systems and officer reports modified with AI. The subcommittee solicited public input and consulted with experts in AI systems available for law enforcement and relevant stakeholders such as the King County Prosecuting Attorney's Office to understand concerns related to increased surveillance due to AI, such as risks related to facial recognition technology and retention practices of data collected from automated license plate readers and other means.

EDUCATION & WORKFORCE

Members: Magda Balazinska (chair), Vicky Tamaru, Chief Darrell Lowe, Terrance Stevenson

To develop its recommendation for increased investment in STEM education, the Education & Workforce subcommittee engaged with school administrators of all levels, K-12 educators, and state partners such as the Office of Superintendent of Public Instruction (OSPI) and the Workforce Training & Education Coordinating Board, to learn about the challenges faced by students and educators in adapting to AI and integrating AI into education.

INDUSTRY & INNOVATION/CLIMATE & ENERGY

Members: Terrance Stevenson (co-chair), Paula Sardinas (co-chair), Magda Balazinska, Rep. Clyde Shavers, Beau Perschbacher, Sen. Marko Liias

The Industry & Innovation subcommittee developed a recommendation to support innovation in Washington through a grant program. Representative Michael Keaton spoke to the subcommittee about HB 1833, a bill he sponsored to create an Al grant program, to solicit input and feedback. The subcommittee heard from early start up founders about their challenges securing funding due to their size, background or their location in the state. Girls Who Code and Black Girls Code shared their work to teach Al skills to diverse populations to foster Al literacy in underserved communities. The subcommittee collaborated with the Education & Workforce subcommittee to hear about the challenges facing recent graduates in the Al job market and how to meet the hiring needs of employers.

GOVERNMENT & PUBLIC SECTOR EFFICIENCY/CYBER SECURITY

Members: Sen. Matt Boehnke (co-chair), Katy Ruckle (co-chair), Cherika Carter (co-chair), Scott Frank, Beau Perschbacher

The Government/Public Sector Efficiency subcommittee has been discussing guidelines for the safe and ethical implementation of artificial intelligence in government. Building on the work of WaTech and other agencies to develop agency guidelines for responsible Al procurement and deployment under Governor Inslee's Executive Order 24-01, the subcommittee is considering how state and local public entities can best integrate these policies into their operations. The subcommittee is particularly focused on protecting workers in the public sector as artificial intelligence is introduced in the workplace to ensure they have proper training and support. The subcommittee is working on a recommendation relating to Al procurement deployment guidelines for the state to include in the Task Force's final report.

LABOR & EMPLOYMENT/TRANSPORTATION

Members: Cherika Carter (co-chair), Crystal Leatherman (co-chair), Sean DeWitz, Vicky Tamaru

The Labor subcommittee conducted outreach and research and held meetings with the National Retail Federation, AFL-CIO Technology Institute, the Center for Democracy and Technology, the Future of Workers Initiative and others to better understand how AI is being used in the workplace and the potential risks and benefits for employers and workers.

HEALTHCARE & ACCESSIBILITY

Members: Magda Balazinska (chair), Beau Perschbacher, Katy Ruckle, Vicky Tamaru

The Healthcare subcommittee examined issues related to the use of AI in utilization management for healthcare services. The subcommittee held meetings with the Washington State Medical Association, the Washington State Hospital Association, Department of Health, patient advocacy organizations, non-profits and others to better understand the risks and benefits of AI in utilization management, particularly for prior authorization requests.

JOINT ETHICAL AI & AI GOVERNANCE AND CONSUMER PROTECTION & PRIVACY SUBCOMMITTEE

Members: Ryan Harkins (co-chair), Leah Koshiyama (co-chair), Crystal Leatherman (co-chair), Katy Ruckle (co-chair), Tee Sannon (co-chair), Paula Sardinas (co-chair), Rep. Clyde Shavers, Scott Frank

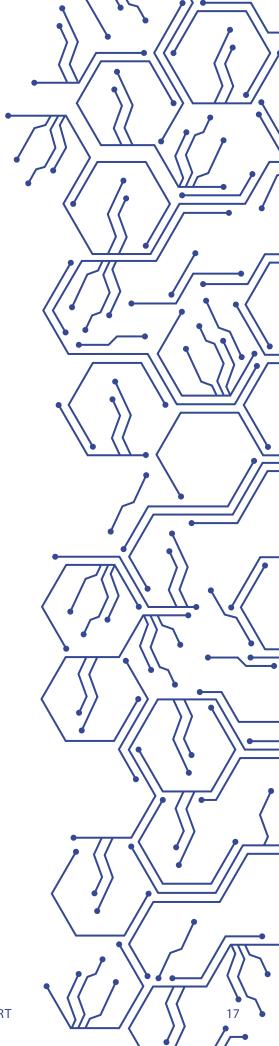
The Ethical AI & AI Governance and the Consumer Protection & Privacy subcommittees worked jointly to develop recommendations regarding ethical AI principles, transparency in AI system development, and the adoption of AI governance frameworks. The subcommittee conducted several hearings to solicit public input and learn from experts from research and policy organizations such as the Center for Democracy and Technology, Ethical Resolve and the Transparency Coalition.

BUSINESS ADVISORY GROUP

The Business Advisory Group is led by representatives of the Association of Washington Businesses and the National Federation of Independent Businesses. The Business Advisory Group reviews Task Force activities and draft recommendations and provides feedback and guidance to the Task Force on the challenges, opportunities, and concerns of Washington businesses of different sizes and across industries in developing, deploying, and using Al.

TRIBAL ADVISORY GROUP

The Tribal Advisory Group was convened over the past year by the Attorney General Office's Tribal Liaison, Asa Washines. Al technology impacts every facet of society. The Tribal Advisory meetings functioned as a forum for members to share their concerns and be informed of the state's work regarding Al. Attendees shared their apprehension about the environmental impact of Al and the large energy consumption of data centers, as well as the manner in which Al is being used for public safety and law enforcement in their communities. The most consistent concern expressed regarding Al was how Tribal governments wanted to take advantage of the opportunities posed by Al but face challenges to retain data sovereignty, the concept of maintaining ownership to the rights and use of Tribal data.



Task Force Findings \(\square\) and Recommendations

Adopt NIST Ethical AI Principles

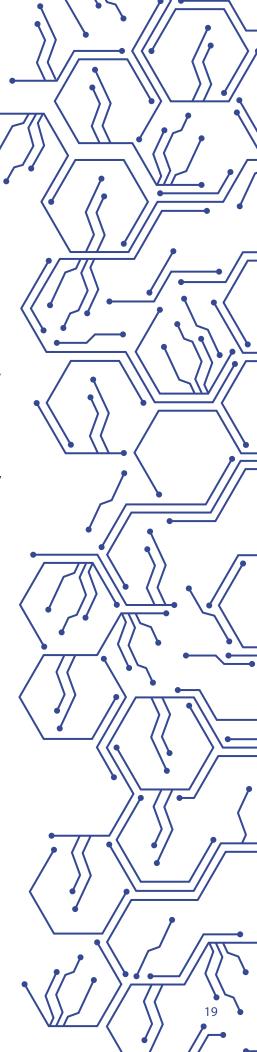
FINDINGS

- O1 The rapid development and deployment of AI technologies raise significant ethical, social, and safety concerns. Governments, organizations, and researchers are grappling with the challenge of ensuring AI technologies are trustworthy, equitable, and beneficial to humanity. The National Artificial Intelligence Act of 2020 directed NIST to develop technical standards and guidelines that promote trustworthy AI systems. In January 2023, NIST published the Artificial Intelligence Risk Management Framework (AI RMF 1.0). The Framework defines the characteristics of trustworthy AI and provides a structured approach to managing AI risks.³⁵
- The NIST principles articulated in the AI RMF closely align with other widely recognized AI ethics frameworks. For example, the Organization for Economic Co-operation and Development's (OECD) Principles on Artificial Intelligence emphasize inclusivity, fairness, transparency, and accountability.³⁶ Similarly, the European Union's Ethics Guidelines for Trustworthy AI identify key requirements such as human agency and oversight, technical robustness, privacy, and societal well-being.³⁷ The federal Blueprint for an AI Bill of Rights, issued by the Office of Science and Technology Policy during the Biden Administration, advocates for safety, algorithmic protection against discrimination, privacy, and human oversight.³⁸
- 03 Industry and government agencies have broadly adopted the NIST principles. Following their publication in January 2023, IBM conducted a three-phase analysis to ensure its standards and policies are in harmony with the AI RMF.³⁹ Microsoft, whose stated AI principles mirror the NIST principles, expressed support for the approach taken by the NIST framework.⁴⁰ In July 2024, the U.S. Department of State published guidance for organizations—including governments, the private sector, and civil society—to use AI in a manner consistent with respect for international human rights that is largely based on the NIST RMF.⁴¹ California issued guidance to the public sector in late 2024 regarding adoption of generative AI, based substantially on the concepts and principles found in the NIST AI RMF.⁴² Finally, WaTech has embraced the NIST principles in its AI guidance to state agencies. In its Interim Guidelines for the Purposeful and Responsible Use of Generative Artificial Intelligence, WaTech stated that "[t]he intention of the state of Washington is to follow the principles in the NIST AI Risk Framework, which serve as the basis for the guidelines in this document."⁴³

RECOMMENDATION

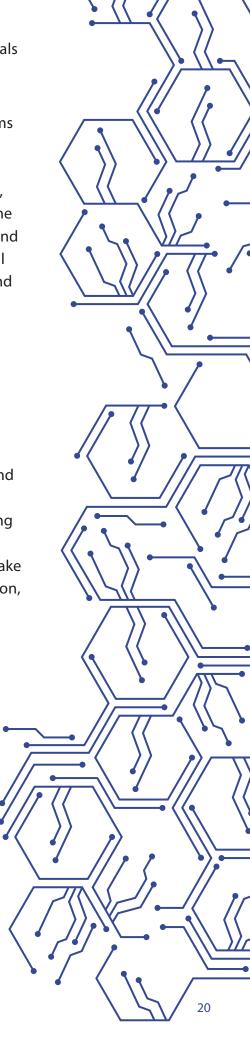
The Al Task Force recommends the Legislature adopt the NIST principles for ethical and trustworthy Al published in January 2023 as guiding principles for the consideration of public policy regarding Al development, deployment, and use in Washington. Adoption of these guiding principles is a critical step toward ensuring Al technologies are developed and deployed in ways that protect the interests of Washingtonians while allowing for continued innovation. These principles will set clear expectations for consumers, businesses, and policymakers on how Al should be developed, deployed, and utilized in Washington.

- Valid and Reliable. Trustworthy AI systems should produce valid results in a reliable manner. For an AI system to be valid, it must perform in a way that objectively meets the requirements for its intended use. To be reliable, it must perform this function consistently without failure over defined intervals and conditions. To ensure validity and reliability, developers and deployers of AI systems should conduct sufficient testing and monitoring to confirm a system performs as intended under varying conditions.
- **Safe.** The operation of AI systems should not cause harm to human life, health, property or the environment. To promote AI safety, developers and deployers of AI should provide:
 - » Responsible design, development, and deployment practices;
 - » Clear information to deployers on responsible use of the system;
 - » Responsible decision-making by deployers and end users; and
 - » Explanations and documentation of risks based on empirical evidence of incidents.
- Secure and Resilient. Security and resilience are different but related concepts. According to the AI RMF: "While resilience is the ability to return to normal function after an unexpected adverse event, security includes resilience but also encompasses protocols to avoid, protect against, respond to, or recover from attacks." Trustworthy AI systems should prevent unauthorized use, continue operations under adverse circumstances and recover quickly from outages.
- Accountable and Transparent. To be trustworthy, AI systems need to be accountable, meaning they should be designed and deployed with clear responsibility and oversight to ensure compliance with ethical and legal standards. In order to be accountable, AI systems must be transparent. The AI RMF asserts: "Meaningful transparency provides access to appropriate levels of information based on the stage of the



Al lifecycle and tailored to the role or knowledge of Al actors or individuals interacting with or using the Al system. By promoting higher levels of understanding, transparency increases confidence in the Al system."

- Explainable and Interpretable. Explainable and interpretable AI systems provide information that help end users understand the purposes and potential impact of an AI system. As stated by NIST: "Explainability refers to a representation of the mechanisms underlying AI systems' operation, whereas interpretability refers to the meaning of AI systems' output in the context of their designed functional purposes. Together, explainability and interpretability assist those operating or overseeing an AI system, as well as users of an AI system, to gain deeper insights into the functionality and trustworthiness of the system, including its outputs."
- Privacy-Enhanced. Al systems should respect individuals' privacy and provide safeguards to protect personal data through mechanisms like transparency, informed consent, data minimization, and through other rights and obligations. Privacy protection should work to prevent unauthorized access and guide decisions regarding Al system design, development and deployment.
- Fair with Harmful Bias Managed. Fairness in Al includes recognizing and managing systemic inequities by addressing issues such as harmful bias and discrimination. Human bias exists in every data set, including training data used to develop Al systems. The Al RMF notes: "Bias exists in many forms and can become ingrained in the automated systems that help make decisions about our lives. While bias is not always a negative phenomenon, Al systems can potentially increase the speed and scale of biases and perpetuate and amplify harm to individuals, groups, communities, organizations, and society."
- Public Purpose and Social Benefit. In its "Interim Guidelines for the Purposeful and Responsible Use of Generative Artificial Intelligence," published in August 2023 (the "Interim Guidelines), Washington Technology Solutions (WaTech) endorsed the NIST principles and established an additional principle of Public Purpose and Social Benefit applicable to use of AI by state agencies, stating that "[t]he use of AI should support the state's work in delivering better and more equitable services and outcomes to its residents." In addition to the NIST principles set forth above, the Task Force recommends adopting WaTech's Public Purpose and Social Benefit principle for use of AI by government entities.



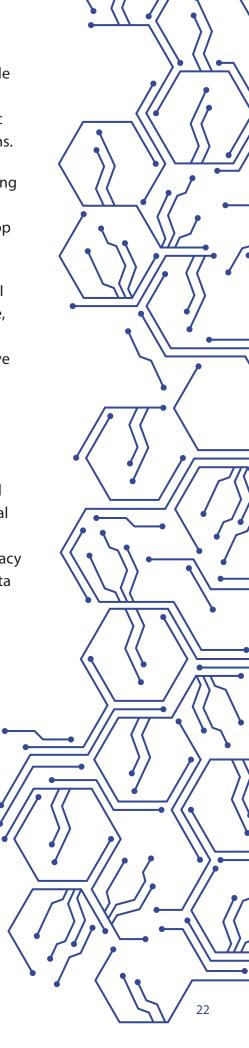
Improve Transparency in AI Development

FINDINGS

- O1 Transparency in AI means making the processes and decisions behind AI systems clear and understandable to the public, users, and regulators. It involves disclosing information about how AI models are trained, what data they use, how they make decisions, and how these decisions impact individuals or groups. Understanding how AI systems make decisions is essential for users, developers, and regulators alike. This understanding allows for the identification and correction of biases, facilitates responsible development and deployment, and ensures that AI systems align with ethical and legal standards. Transparency also refers to giving notice to users and consumers when they are engaged with or impacted by AI where appropriate. Transparency in AI is crucial for building trust, ensuring accountability, and mitigating potential harms.
- **02** One crucial aspect of transparency in AI is understanding how AI systems are trained from data. AI services are powered by their ability to learn and adapt from vast datasets. Gathering and processing vast amounts of training data forms the foundation upon which AI models are built and refined.
- **03** Training data serves as the raw material from which AI systems derive patterns, correlations, and insights that enable AI services to recognize patterns and generate predictive results. The quality, quantity, and diversity of training data directly influence the performance and reliability of AI services.
- **04** The quality of training data is essential to producing reliable results. If the training data is inaccurate, outdated, irrelevant to the problem being solved, or otherwise erroneous, these flaws will be inherited by the Al model and reflected in the output.
- 05 Al models improve with more data. Larger datasets allow Al models to detect subtle patterns and variations that might not be apparent in smaller samples. This scalability is particularly significant in applications like natural language processing (NLP) and image recognition, where vast amounts of diverse data enable Al to comprehend and respond to human language nuances or distinguish between intricate visual details.
- O6 The diversity of training data ensures robustness and adaptability in Al systems. By exposing models to a wide range of scenarios, demographics, and environmental conditions, developers mitigate biases and improve Al's ability to generalize across different contexts. For example, a facial recognition system trained on a dataset predominantly consisting of white

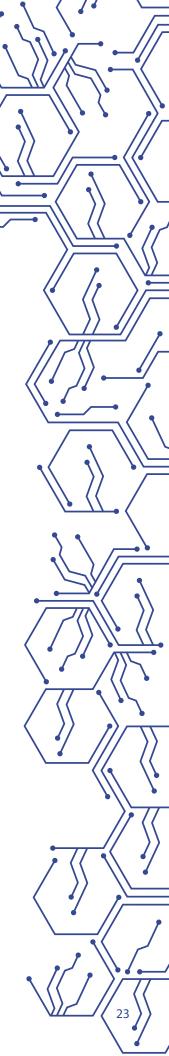
faces may struggle to accurately recognize individuals with darker skin tones. 44 Similarly, biased hiring algorithms may unintentionally favor male candidates over female candidates if the data reflects historical hiring patterns. 45 Diversity in training data is essential in combating algorithmic bias, ensuring fairness, and promoting inclusivity in Al-driven applications.

- **07** Al companies develop sophisticated proprietary methods to process training data to build Al services. Developers invest in cleaning up data to remove inaccuracies and errors, normalize and format data for training, and develop complex algorithms for model training, evaluation, and fine-tuning.
- O8 The continuous refinement of training data is essential for maintaining Al service efficacy. As new data becomes available or circumstances change, Al models must be updated to reflect evolving trends and preferences. This iterative process aims to ensure that Al remains relevant and effective in dynamic environments.
- 09 Because of the importance of training data, AI developers have a strong interest in acquiring as much relevant data as possible. However, the acquisition and use of vast datasets carries privacy and ethical risks. In many cases, training data may include intellectual property and personal or sensitive information, such as medical records, biometric data, financial data, or social media activity. If this data is not properly anonymized or is collected without consent, it can violate intellectual property rights, privacy rights and ethical standards. Furthermore, AI systems trained on such data may inadvertently misuse or expose private information, leading to data breaches or unethical outcomes.
- 10 Both the public and AI companies have a strong interest in greater transparency regarding how training data is used in the development of AI systems. For the public, transparency builds trust that AI technologies are fair and free from biases that could lead to discriminatory outcomes or violations of privacy. By knowing how data is collected, processed, and applied, individuals can make informed decisions about their rights and consent, fostering trust in AI systems. For AI companies, transparency can enhance consumer trust, mitigate legal and reputational risks, and promote ethical practices that align with societal expectations.



RECOMMENDATIONS

- on Public Availability of Training Data Information. The legislature should require Al developers to make information publicly available that describes the provenance, quality, quantity, and diversity of datasets used for training Al models. The disclosure should provide relevant details including: (1) the source of the data and the method of acquisition; (2) clear metrics on the quantity and types of data; (3) the processes used to prepare and annotate data prior to processing; and (4) assessment of data representation across relevant factors such as demographics, content types and language. This transparency ensures that stakeholders, including researchers, regulators, and the public, have access to essential details about the datasets that underpin Al systems. By disclosing these specifics, companies promote accountability and facilitate external scrutiny, which can help identify and address biases, inaccuracies, or ethical concerns in Al applications. This disclosure requirement should not require Al developers to disclose trade secrets or other proprietary information that is protected by law.
- Al developers to provide explanations of how training data is processed to mitigate errors and biases during Al model development. The disclosure should include: (1) how data is assessed for potential bias before training and strategies for mitigation; (2) how sensitive personal data is identified and processed to prevent discrimination or privacy breaches; and (3) information on the pipeline for model development, including how processing of different model versions is distinguished and managed. Such disclosures help ensure that Al systems are developed with integrity and fairness, minimizing unintended biases or discriminatory outcomes. By articulating these processes, developers enhance transparency and trust in Al technologies while empowering stakeholders to evaluate the ethical implications of Al applications. This disclosure requirement should not require Al developers to disclose trade secrets or other proprietary information that is protected by law.



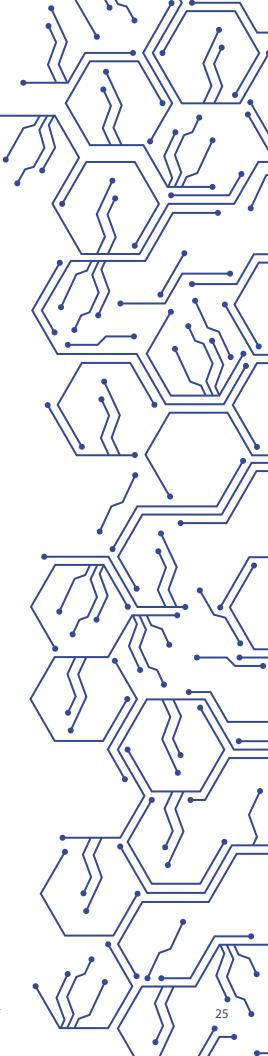
Promote Responsible AI Governance

FINDINGS

- **01** Al governance should adopt a risk-based regulatory approach to ensure that policies are proportionate to the potential for harm, rather than implementing a one-size-fits-all framework. This approach would prioritize oversight for high-risk applications, such as those in healthcare or finance, while avoiding burdensome regulations for the many low-risk Al uses.
- O2 High-risk AI systems are artificial intelligence applications that have potential to significantly impact people's lives, health, safety, or fundamental rights. High-risk AI systems are increasingly being used to make decisions that affect access to critical services, employment eligibility and workplace conditions, access to healthcare and financial services, criminal justice, and public safety, among other things. The risks arise from the potential for AI to make errors, perpetuate biases, or act without human accountability, which could lead to unfair or harmful outcomes.
- **03** Al systems that are deployed for high-risk decision making should be subject to enhanced oversight, transparency, and accountability measures to mitigate potential harm. To determine when an Al system is engaged in high-risk decision-making, regulators should consider the following factors:
 - » The impact on individuals' fundamental rights, with particular attention to decisions affecting privacy, non-discrimination, or access to critical services.
 - » The severity of potential harm, considering the consequences of incorrect or biased decisions, such as financial loss, denial of opportunities, or harm to health and safety.
 - » The vulnerability of affected individuals, with higher scrutiny of decisions impacting sensitive groups, such as children, patients, or marginalized populations.
 - » The context and sector of the AI system should be analyzed, focusing on areas with inherent risks, such as healthcare, criminal justice, or recruitment.
- O4 Government and international bodies have developed governance frameworks designed to mitigate the potential harm of high-risk AI systems and promote deployment of such systems in a safe and responsible manner. Governance frameworks provide a structured, adaptable, and comprehensive approach to managing the unique risks posed by AI technologies.

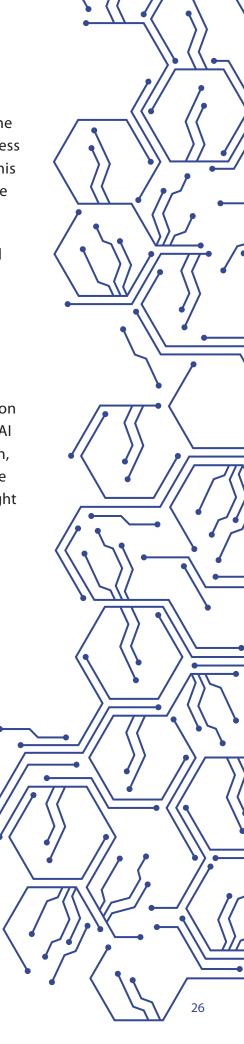


- 05 Governance frameworks support the identification of potential risks early in the development process and the implementation of appropriate mitigation measures before deployment. By integrating ethics and transparency with technical controls, governance frameworks foster trust among stakeholders, including consumers, regulators, and organizations, and reduce the risks of harm from Al systems.
- Of The leading AI governance framework in the US is the Artificial Intelligence Risk Management Framework published by the National Institute of Standards and Technology ("NIST RMF"). The NIST RMF offers a structured methodology for managing the development, deployment, and lifecycle of AI systems. The NIST RMF is designed to identify, assess, mitigate, and monitor risks throughout the system's lifecycle. It encourages transparency, continuous monitoring, and the integration of risk mitigation strategies at every stage of the AI development process.
- O7 In Washington, compliance with the NIST RMF is mandatory for any vendor of AI services that does business with the state. Washington Technology Solutions' ("WaTech") "Interim Guidelines for Purposeful and Responsible use of Generative Artificial Intelligence" states that "[t]he intention of the state of Washington is to follow the principles in the NIST AI Risk Management Framework, which serve as the basis for the guidelines in this document." Similarly, in California, Governor Newsom's Executive Order N-12-23 directed state agencies to base their procurement guidelines on the NIST RMF.
- on International bodies have established AI governance frameworks similar to the NISK RMF. The International Organization for Standardization ("ISO") and the International Electrotechnical Commission ("IEC") have published ISO/ICE 42001. ISO/IEC 42001 establishes an international standard for establishing, implementing, maintaining and continually improving an AI management system within the context of an organization. The European Union published a General-Purpose AI Code of Practice that provides voluntary guidance for how companies can comply with the requirements of the EU AI Act. The Code includes a detailed governance framework for managing systemic risks from advanced general-purpose AI models.



RECOMMENDATIONS

- O1 Implement Recognized AI Governance Framework. The legislature should require that developers and deployers of high-risk AI systems adopt and implement a recognized AI governance framework, such as the NIST RMF, ISO/IEC 42001 or EU Code of Practice, that is designed to address the unique challenges posed by its specific deployment of AI systems. This will ensure that AI systems are developed and deployed with appropriate risk mitigation strategies at every stage of their lifecycle.
- **O2 Public Disclosure of Risk Management Practices.** The legislature should require that developers and deployers of high-risk AI systems publicly disclose their risk management strategies and practices, including the identification and mitigation of risks related to data privacy, algorithmic bias, and system safety and reliability.
- o3 Evaluate High Risk Al Systems. While implementing governance frameworks helps mitigate the risks of Al systems used for high-risk decision making, the legislature should carefully evaluate the risks and benefits of Al systems where the use of Al poses a high risk of harm to individuals' health, safety or fundamental rights to determine whether such use is appropriate in the first place, and whether additional safeguards, restrictions, or outright bans are necessary to protect the rights of Washington residents.



Invest in K-12 STEM and Higher Education

FINDINGS

- ot Al tools have become broadly accessible and are already being used by students in K-12 schools. Educators in K-12 schools, as well as faculty and students in higher education, are experimenting with those tools in their research and classrooms. Some institutions of higher education in the state are advancing the state of the art in Al. However, the use of Al is not consistent, although some guidance has been developed from various groups such as community college networks and the Office of the Superintendent of Public Instruction (OSPI). Al use and instruction remain, in many cases, still experimental. There have been noted discrepancies between how Al tools function in practice versus how they have been marketed. More resources are needed to ensure equitable access and quality education in Al.
- **02** Students use artificial intelligence to complete tasks and assignments; it has become a tool for many students akin to a calculator. Several tools are available to assist students in completing assignments, including writing papers and solving equations. This raises concerns about possible plagiarism and the loss of skills learning for students. There is increased emphasis on teaching students foundational skills in subject matter areas such as coding, and once proficiency is gained, to integrate Al as a tool.
- O3 Al use in K-12 schools as well as institutions of higher education should be encouraged and supported to ensure Al literacy. Educators are best equipped to teach students how to navigate artificial intelligence tools within their subject matter area in an ethical and critical manner. Students interact with Al-generated material unknowingly including search engine results which may contain false information. Teaching in the classroom setting supports Al literacy skills development for students. This requires teachers to have professional support tools to understand artificial intelligence broadly and be able to apply the knowledge in a relevant manner.
- O4 Educators across all education levels are dealing with limited capacity to learn and implement new technologies in classrooms. It is a persistent effect of pandemic-era related changes that resulted in lingering burnout for educators. Many educators had to overhaul their previous teaching methods and adjust to new technology with remote learning. More generally, educators are consistently being asked to do more, and to learn more, with limited time and support to do it. Mandating specific curriculum requirements increases burdens and at times does not reflect the needs of school communities. That guidance



should evolve as technology evolves and as teachers' experience with technology evolves. We would not recommend state-level legislation related to AI use or instruction in K-12 schools at this time.

- O5 As students and educators experiment with AI tools and pilot the use of AI in their classrooms and educational workflows, it is of utmost importance that student related data is not unknowingly shared. The Family Educational Rights and Privacy Act (FERPA) protects the undisclosed sharing of student data to third parties. Sharing of protected student data can occur unintentionally with the interaction of AI systems that train new models with inputs that may contain student information. This can be mitigated with the purchasing of high-quality AI licenses that do not use student data beyond user agreements.
- O6 A pre-requisite for quality AI education is general quality education. K-12 STEM education, and even general K-12 education, in the state lack resources and material support. Class sizes remain large and access to devices remains insufficient. Rural districts and tribal communities in particular have older buildings with outdated systems and equipment. The lack of materials for STEM education limits capacity for introducing AI education. The issue compounds with challenges such as insufficient funding and reduced access to affordable broadband. The digital divide in Washington is prominent when examining race and income level. Equity considerations must be at the forefront of any policy considerations.

RECOMMENDATIONS

Below we recommend investments in education. These investments may come from state, private, federal or other philanthropic funding sources.

- **01** Further investment needs to be made in K-12 STEM education (and K-12 education in general) in Washington to create a strong foundation for students and educators to effectively and ethically integrate and learn about AI technologies. Investment in K-12 education in general is a prerequisite for delivering quality AI education.
- Al tools, including support for emerging technologies training for educators, updating equipment/facilities in schools, providing material resources, and funding to cover licenses for Al technologies that protect student data and give access to quality tools. Resources to ensure the protection of student data are especially critical. Additionally, investment in general K-12 computing education remains important and should be supported with investment in Al education as a complementary, additional objective. If possible, local schools should be given flexibility to use resources in ways that meet the needs of their local communities. Resources for K-12 schools are also important for equity, to ensure that all students



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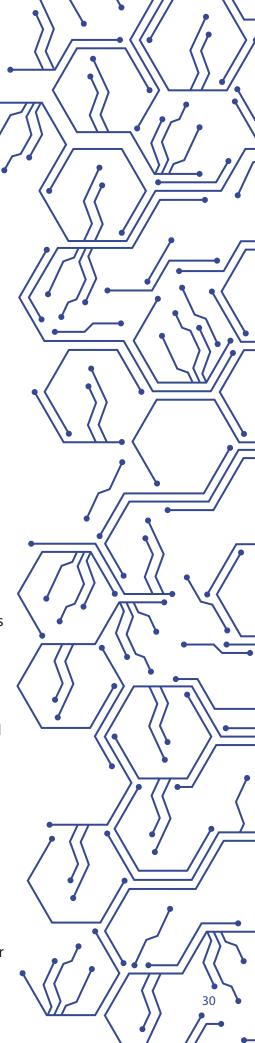
learn to use the best Al tools, not just for students with resources to access the best technology at home. A possible strategy can be to equip students with devices and licenses that enable them to interact with the latest technology and communicate with their teachers and peers.

- opportunities for educators to engage with AI and determine how to integrate the technology into their curriculum. Without increased investment in professional development opportunities or training, educators are unable to sufficiently and effectively allocate time to learn or engage critically with AI. Some classes and programs have already been developed by Washington state community and technical colleges. Educators should be supported and provided resources to benefit from those programs, which were designed by educators and instructional designers who know Washington state school systems, teaching methods and requirements, and student populations, as well as how to ensure compliance with applicable state and federal laws and regulations.
- 04 Investment must include increased access to reliable internet, especially in our state's rural communities across education levels. Hybrid and remote learning opportunities are offered for students and continuing learners in the state through community colleges. Students face disruptions to learning due to unreliable internet access which creates an additional challenge for formats of learning that are intentionally designed to be accessible for all types of students in Washington.
- **05** Increased investment is needed to support the creation and growth of Al programs in the state's higher education system across four-year institutions and community colleges. The goal is to ensure both general education in Al and leadership in advancing AI in Washington state. Our state needs to ensure students gain AI literacy, learn how to ethically and effectively use AI in their field of study, and learn about AI technology broadly and deeply. Furthermore, our state must give students the opportunity to gain a technical skillset pertinent to specific roles, to be able to participate in an Al-driven economy and innovate in that field if interested. This increased investment can attract and retain top talent in the technology industry and in turn support the entrepreneurial community within the state. Additionally, it can support accessible opportunities for workers to upskill and remain competitive in an Al job market. This leads to a pipeline that strengthens Washington's technology industry and other industries. That pipeline must also ensure dignified, equitable, and sustainable jobs for Washington workers, including educators whose work is at the center of preparing students for the future of work in an AI era.

Improve Transparency and Accountability in Healthcare Prior Authorization

FINDINGS

- 01 Utilization management (UM) is a systematic process used in healthcare to evaluate the necessity and appropriateness of medical services, procedures, and drugs. Its primary goal is to ensure that patients receive safe, medically necessary, and appropriate care while controlling costs and minimizing the misuse or overuse of healthcare resources. UM plays a vital role in health insurance plans, hospitals, and healthcare systems as a mechanism to determine the appropriate level of care with financial sustainability.
- O2 Artificial intelligence and other automated decision-making tools (collectively, "AI") are increasingly being used to improve efficiency, accuracy, and decision-making across the continuum of care. Traditionally, UM has relied on manual reviews of treatment requests, patient records, and clinical guidelines to determine whether services are medically necessary and appropriate. Al is increasingly being integrated into this process to automate routine tasks, analyze large volumes of data, and support real-time decision-making.
- **03** One of the primary applications of Al in utilization management is automated prior authorization. Al tools can review authorization requests using natural language processing (NLP) and machine learning algorithms to compare them against clinical guidelines, payor rules, and patient data.
- O4 Processing prior authorization requests places heavy administrative burdens on clinical staff. Yet a 2021 study by the Office of Insurance Commissioner found that 75% of health care service codes that required prior authorization were approved 100% of the time, raising questions regarding the necessity of requiring prior authorization for certain services. This trend may be accelerated with Al as software automation nearly eliminates the cost of deciding on a prior authorization for the organization that requires them, while increasing costs, delays, and stress for the patients and healthcare providers.
- **05** Al also plays a central role in predictive analytics. By analyzing historical claims, patient demographics, clinical records, and social determinants of health, Al models can forecast which patients may be at higher risk for hospital readmissions, emergency visits, or costly interventions.





06 While there are benefits to using AI in UM, there are also risks.

» Al models may function as "black boxes," making decisions based on complex algorithms that are not transparent to patients, providers, or even payors.

- » Al systems are developed by processing large amounts of data that may reflect historical disparities and inequities. There is a risk that Al systems can inherit or amplify biases present in historical claims data, electronic health records, or training datasets.
- » Al systems are not infallible. If human oversight is not provided, there is a risk that unsupervised Al systems could make erroneous decisions that impact the quality and accessibility of healthcare.
- » Automation bias may occur. There is risk of a tendency to over-rely on automated systems decisions, favoring the outputs from the AI system even when contradictory information exists. This overdependence can lead to errors, accidents, and poor decisions. As AI and automation become more integrated into decision-making, the risk grows, since people may stop critically evaluating outputs, assuming the system is always correct.

RECOMMENDATIONS

To promote transparency, fairness and accountability when AI is used to review prior authorization requests, the Task Force recommends the legislature implement the following requirements:

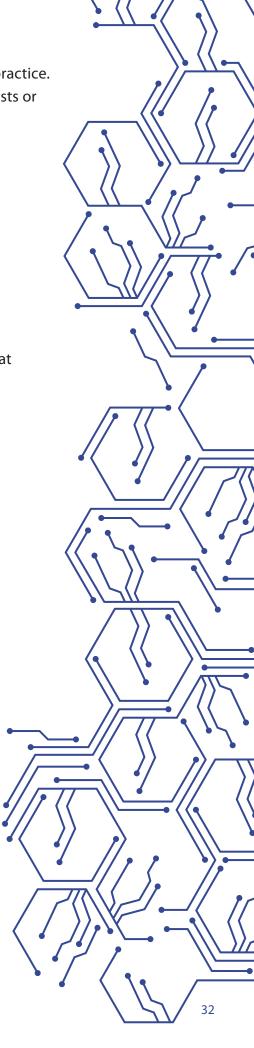
- O1 Al systems should not be deployed in prior authorization processes as a substitute for the professional judgment of healthcare workers to make adverse decisions on prior authorization requests. Systems should be designed and evaluated to improve the speed and accuracy of decisions on prior authorization requests in line with clinical decision-making. Implementation should include mechanisms to engage healthcare workers in identifying and mitigating risks to patient care and overall system integrity.
- **02** Al systems used by payors to process prior authorization requests should use the same or equivalent clinical review criteria that entity-employed licensed health professionals use to review prior authorization requests to ensure alignment in clinical decision-making.
- 03 Al systems should not be used as the sole means to deny, delay or modify health services based on a determination of medical necessity. Any adverse determination of a prior authorization request based on medical necessity,



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and any subsequent appeal review, should only be made by a licensed physician or licensed health professional working within their scope of practice. All systems may be used to facilitate approving prior authorization requests or to overturn prior denials without additional human review.

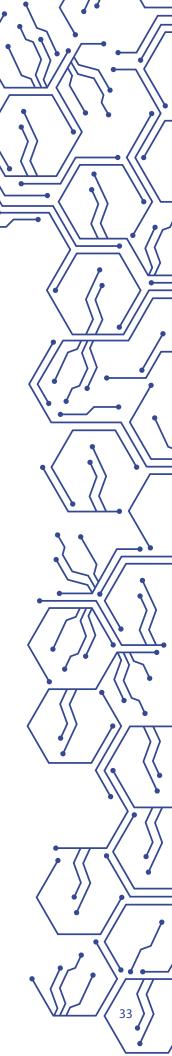
- **04** When an AI system is used to support a decision to deny, delay or modify health services based on a determination of medical necessity, the payor should produce clear, understandable explanations for its decision that is accessible to both patients and providers. Explanations should reference relevant clinical guidelines or decision criteria and be available in plain language.
- **05** Al systems deployed by payors to review prior authorization requests should be developed and evaluated with a specific focus on mitigating risks, such as algorithmic bias, and promoting health equity, ensuring that the deployment of these technologies does not exacerbate existing disparities in health care access, treatment, or outcomes.
- **06** Payors that deploy Al for review of prior authorization requests should conduct periodic impact assessments of their tools that:
 - » Identify and mitigate any potential unfair disparate impacts,
 - » Add or remove data streams from AI systems to ensure reviews continue to be appropriate and clinically up to date,
 - » Incorporate current clinical practice guidelines from nationally accepted clinical professional associations, and
 - » Assess the burden on healthcare providers and patients as well as the impact on medical care delays for patients.
- O7 Al systems used by payors to process prior authorization requests should be subject to independent auditing and reporting obligations to assess transparency, accuracy, and compliance with clinical standards. Regulators should work with payors to develop auditing standards and efficient processes to conduct audits in a consistent, low-cost manner. Audit results should be publicly reported or submitted to regulators to ensure accountability and allow oversight of decision-making processes.



Develop Guidelines for AI in the Workplace

FINDINGS

- O1 Al must be grounded in worker-centered principles. Al is rapidly transforming how employers hire, manage, and evaluate workers. Al tools are being used to screen resumes, score video interviews, optimize scheduling, and monitor productivity and safety. While these technologies can improve efficiency, they also introduce risks of bias, inequity, and over-surveillance. Workers are too often excluded from Al decision-making, even though including workers and unions leads to fairer and more effective adoption. Grounding Al policy in established worker-centered principles ensures that technology is deployed to enhance—not erode—job quality, fairness, and rights.
- on the job, as well as to predict attrition and evaluate performance. Used responsibly, these systems can help prevent injuries, improve scheduling, and support safer, healthier workplaces. The use of Al in hiring, training, and promotions could create opportunities for advancement and skills development if implemented fairly. However, many of these tools are deployed punitively, intensifying work and contributing to stress. Without guardrails, monitoring systems risk harming rather than supporting workers. Employers should pair Al adoption with training, reskilling, and career advancement opportunities, particularly in sectors most at risk of disruption such as retail, logistics, healthcare, and warehousing. Equity assessments are essential to prevent Al from reinforcing existing inequalities that disproportionately affect women, immigrants, workers of color, and other protected classes of workers.
- **O3 Transparency and accountability are essential for trust in** workplace AI. Workers often do not know when AI is being used to evaluate their performance or make employment-related decisions. This lack of transparency undermines trust and accountability. AI systems can mischaracterize skills, overlook creativity and collaboration, and perpetuate hidden biases. Continuous monitoring raises concerns about worker privacy and dignity, while black-box evaluation systems may discipline or terminate workers without explanation or a chance to appeal. Stronger requirements are needed to ensure that workers are informed, that AI never operates as the sole basis for discipline or termination, and that workers have access to relevant data and the right to challenge AI-driven decisions.



RECOMMENDATIONS

01 Create a multi-stakeholder workgroup to establish AI workplace principles.

The legislature should establish a multi-stakeholder advisory group made up of workers, unions, employers, business and community associations, government agencies and other stakeholders to develop guiding principles for the use of AI in the workplace. This group should build on the NIST AI Risk Management Framework, while balancing business priorities with worker-centered principles that protect fairness and opportunity. Workers would have a meaningful voice in shaping how AI is introduced, and employers would benefit from consistent, practical standards that provide clarity and predictability. The advisory group should establish guidelines for employers to determine how and when to conduct equity impact assessments to ensure that AI does not deepen existing inequalities for women, immigrants, workers of color, and other protected classes of workers. By working together, workers and employers can ensure that AI strengthens job quality, health and safety, and equity, while also supporting innovation, collaboration, and productivity.

- 02 Ensure AI enhances worker safety, health, and opportunity. Al tools should be used to improve—not compromise—workplace safety, ergonomics, and strengthen employee well-being. These systems are designed and deployed to prevent injuries, reduce risks, and support healthier workplaces. Where feasible, employers should align AI adoption with training, upskilling, reskilling, and advancement opportunities, with particular focus on workers in sectors most at risk of disruption. Policymakers should consider offering incentives, such as tax credits or grants, to support employers that invest in safe AI systems and workforce development.
- 03 Guarantee transparency and accountability in workplace AI. Employers must disclose when AI is being used in ways that directly affect employees, such as employee monitoring, discipline, termination, and promotion. Businesses should remain free to use AI in operational areas, including but not limited to inventory, logistics, or customer service, without additional disclosure requirements. Employers should explain what data is collected and how it is analyzed, and make clear the role AI plays in decision-making, while safeguarding confidential or proprietary business information, commercially sensitive details, intellectual property or vendor technology. Al systems should not be used as the sole basis for consequential employment decisions. Workers should have access to a summary of the data used in their evaluations and a straightforward process to challenge or appeal Al-driven outcomes. Compliance obligations should be scaled according to industry, sector, and business size, taking into account the technical and financial feasibility of employers, so that worker protections are upheld without imposing disproportionate burdens on smaller businesses. These measures will build trust, prevent misuse, and ensure that accountability always rests with

human decision-makers.

Disclose Use of AI by Law Enforcement

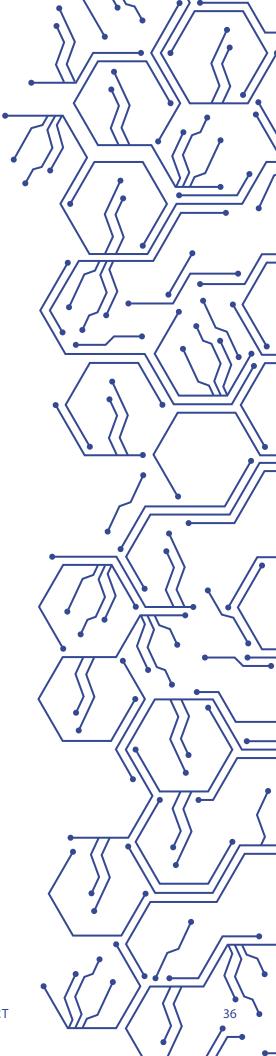
FINDINGS

- O1 There are many artificial intelligence tools available to law enforcement to streamline tasks and to provide data insights to emergency responders. Artificial intelligence tools allow law enforcement to make informed decisions. These systems have varying capacities for harm, but each system may have specific high-risk use cases if not mitigated with proper oversight and accountability. Law enforcement agencies enter contract agreements with vendors to deploy these technologies.
- **02** Al systems available to law enforcement are varied and include:
 - » Generative AI can write officer reports and transcribe audio feeds, which can reduce administrative burden. However, this technology poses a risk of AI hallucinations (including facts or incidents that did not occur), which is damaging if these reports containing false information are used in court. Furthermore, human observation is a necessary element in officer report writing. It is removed when artificial intelligence completes the task.
 - » Automated AI is available to law enforcement with predictive policing systems. They are trained on historical data that can be biased and target marginalized communities. These systems are used in determining police presence in particular neighborhoods and assessing whether individuals are likely to commit a crime.
 - » Automated license plate readers capture images and use AI to decipher numbers and letters on plates. This technology is an assistive tool in investigation proceedings. However, there are concerns about how the data is secured, retained, and shared.
 - » Facial recognition technology uses artificial intelligence to identify individuals by analyzing facial features. There are multiple reports about the misuse of the technology, such as the arresting misidentified individuals. Individuals of color, women, youth, and the elderly are more likely to be misidentified. Washington State's facial recognition law (Chapter 43.386 RCW) requires notice of implementation of such technology, accountability reports, and extensive testing.
- O3 Local jurisdictions and law enforcement agencies have set guidelines for the use of Al. For example, the City of Seattle's Security Ordinance sets standards for implementation of surveillance technology and the King County Prosecuting Attorney's Office has sent a notice to law enforcement partners that they will not accept officer reports that are Al-generated. However, specific standards of use and transparency requirements have not yet been introduced or broadly adopted.



RECOMMENDATIONS

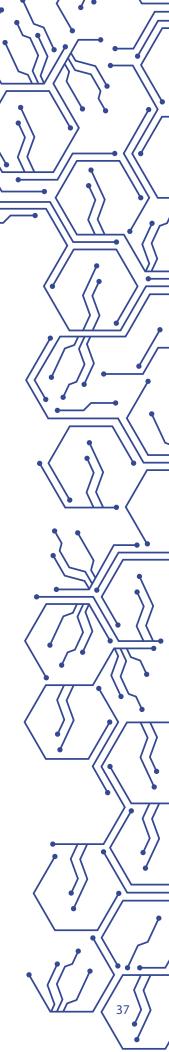
- 01 Require law enforcement agencies in the state to publicly disclose the use of artificial intelligence technologies. This would promote transparency and community trust. The specific disclosure can reflect the different capacity and capabilities of law enforcement agencies in the state (updated website, signposts, declaration of non-use, etc.).
 - » Disclosure will shed light on which AI systems are used by law enforcement to inform the development of best practices and measures to mitigate high risk use cases. This would help bolster public confidence in the deployment of AI technologies by law enforcement. Otherwise, the public will remain concerned about potential misuse of the technology, which can infringe on privacy and civil liberties.
- **02** Require officer attestation of completed review for inaccurate information in reports created or extensively modified with artificial intelligence. This can assist with ensuring accurate account of events and mitigate the risk of false information in reports.



Establish Grant Program for Al Innovation

FINDINGS

- 01 Washington is uniquely situated as a state that is known for incubating global technological innovations, developing talent within the technology industry as well as attracting talent from throughout the nation and the world. The state is home to many higher education programs that support emerging talent. This is emphasized within the artificial intelligence space. The Puget Sound metro area has a high concentration of Al-related jobs and is consistently highly ranked for startup ecosystems.
- **02** As other regions grow their technology industry, Washington must compete on a national and international scale to maintain its relevance as at tech hub. Talent development and access to capital to both create new technology innovation and deploy technology is limited and competitive.
- 03 Many small businesses encounter difficulty in securing funding for their AI startups because of issues relating to inequity of access. Bias stems from these inequities that places certain individuals at a disadvantage. Structural public funding from the state can be a potential remedy to these challenges to supplement existing private funding. Otherwise, it can create an issue for business creation and talent retention where entrepreneurs leave the state for other large metropolitan areas in pursuit of funding.
- O4 There is growth and activity outside of the Puget Sound metro area, within the state, when it comes to technology innovation. Small businesses and startup founders outside of the Puget Sound metro area are at a distinct disadvantage because of their location to access funding and other ecosystem supports. It creates an opportunity for the state to collaborate with private donors to meet the needs of these businesses.
- **05** There are challenges in the state that can be mitigated with artificial intelligence. Al, when deployed ethically, has the potential to be a solution for low-risk and high reward tasks such as wildfire tracking, cybersecurity, and public records requests which often require significant time and effort.
- 06 It is imperative that Washington takes advantage of the opportunity that artificial intelligence presents. Artificial intelligence has the capacity to transform various aspects of life and society. It is important that workers are centered in the integration of artificial intelligence. Artificial intelligence is projected to



shape the economy and create numerous jobs. It is important that these opportunities are anchored in Washington because of the strength of the talent within the state that is foundational to innovation and future success.

07 It is important that the people of Washington broadly benefit from artificial intelligence. It is a tool that can be leveraged for the benefit of the people. An incentivizing grant fund is a strong solution to pursue. The grants can prioritize technology that benefits the state and public broadly. This allows local municipalities and higher education institutes in Washington to benefit from potential funding and continue to support the strong research and development happening within the state.

RECOMMENDATIONS

- O1 The Task Force recommends that the legislature establish a grant program to promote the development of innovative AI services within Washington. This will provide opportunity for the state to actively bolster AI development with a statewide benefit. The distribution of these grants will provide necessary funding to startups, research institutions, and companies working on advances with broad public gain. By encouraging innovation, this grant program will drive economic expansion, attract private investment, and equip the state with cutting-edge tools to address its most pressing challenges.
- leverage funding from all available sources, including federal funding and private donations, and any state funding should be conditioned on a matching contribution from non-state funding sources. A sustained public private partnership will be fundamental in achieving the aims of such a grant program. When determining grantees, it is important to prioritize small businesses and technology with a statewide benefit. The grant applicants must be committed to ethical uses of Al and evaluate their technology for associated risks. These are key distinctions in supporting entrepreneurship in the state. These prioritizations ensure, as a state, we are tackling the issue of inequity and benefiting from the opportunity of artificial intelligence.

The Road Ahead

The Task Force will continue its work in 2026 in preparation for the release of its Final Report by July 1, 2026. Building on the recommendations in this Interim Report, the Task Force will work with experts, stakeholders and interested members of the public to determine what additional recommendations are needed to address the most pressing concerns for Washingtonians. These could include additional recommendations in education, labor, consumer protection, and healthcare. While there are many issues under consideration by the subcommittees, below are two subjects that the Task Force intends to examine.

COMPANION CHATBOTS

The Joint Ethical AI and Consumer Protection subcommittee, along with the Public Safety subcommittee, will look at issues raised by the increased use of companion chatbots. Companion chatbots are AI chatbots that are designed for sustained, interactive dialogue that goes beyond basic transactional tasks. Companion chatbots are engineered to simulate a personal relationship, often acting as a friend, mentor, or even a romantic partner. The use of these chatbots has grown significantly in 2025, driven by several factors. Technological advancements have enabled more sophisticated and coherent conversations through voice, video, and text. The increased demand for mental health support and social connection has also fueled their adoption. The use of these chatbots is growing due to their prominent placement in popular social media apps like Facebook, Instagram and Snapchat.

The rapid growth of companion chatbots raise issues related to accountability and consumer safety. Recent research shows that companion chatbots can have serious negative impacts on mental health, particularly for minors. Recently, there have been two lawsuits filed in which parents allege that their child's extensive engagement with chatbots led to their child's suicide. Companion chatbots also create data privacy concerns. The intimate nature of conversations with companion bots means users are sharing highly sensitive personal data, including their emotional state, personal history, and even medical information. This vast collection of data creates a significant privacy risk, as it could be vulnerable to breaches or be used for targeted advertising without explicit consent. Furthermore, the lack of a clear legal framework for holding an AI responsible for its actions means that when a chatbot causes harm or provides erroneous information, it is often unclear whether the user, the developer, or the model itself is liable.

In response to the threat to these chatbots, Attorney General Nick Brown recently joined a bipartisan coalition of 44 state attorneys general in calling on leading AI companies to protect children and vulnerable communities from the harms of companion chatbots. The Federal Trade Commission (FTC) reacted to widespread concern over the harm caused by conversational or companion chatbots on users' mental health, particularly children, by launching a formal inquiry into major AI and social media companies. California, New York, Illinois and Nevada have all passed laws aimed at preventing harm from companion AI chatbots.

CLIMATE AND ENERGY

The Innovation & Industry/Climate & Energy subcommittee will examine issues related to the enormous energy resources needed to power AI development and use and the increased investments in data centers in Washington State. The rapid expansion of data centers represents a massive influx of capital, primarily focused on Central Washington where historical tax incentives and cheap, abundant hydroelectric power have attracted major tech firms. Washington is one of the top 10 states for data center leasing, and Central Washington saw a threefold increase in net data center leasing activity in 2024.⁵⁸ This investment surge, accompanied by energy demands that would double or triple existing electrical loads, is significantly straining the state's energy and water infrastructure.⁵⁹ As of a recent estimate, data centers already consume nearly 6% of Washington's total electricity production, a share expected to rise rapidly as AI workloads are significantly more power-intensive than traditional cloud computing.⁶⁰

In response to the massive increase in data center development in Washington to power Al services, Governor Ferguson established a Data Center Workgroup to study the impacts of data centers on Washington State's economy, tax revenue, energy use, and the environment and provide policy recommendations by December 1, 2025.⁶¹

While data centers provide a crucial economic anchor and generate property tax revenue for rural communities, their unchecked growth jeopardizes the state's ambitious carbon-neutral goals by forcing utilities to consider extending the use of natural gas or other fossil fuels to meet the unprecedented demand. Furthermore, these centers' immense cooling requirements are placing serious stress on limited water resources. The environmental and resource strain is compounded by significant political and legal challenges involving Washington's Tribal Nations. The intense pressure on the power grid and water supply necessitates new infrastructure projects (generation, transmission, and water facilities) that frequently impinge upon treaty-protected resources and sacred cultural sites, particularly those along the Columbia River.

Appendix 1 | Voting Record

Recommendation #1 Adopt NIST Ethical Al Principles (Approved 8/21/2025)

Abstain Absent Name Nay Yay Magda Balazinska Х Matt Boehnke Χ Cherika Carter **Travis Couture** Sean DeWitz Scott Frank Kelly Fukai Ryan Harkins Χ Yuki Ishizuka Х Leah Koshiyama Х Crystal Leatherman Х Marko Liias Х Darrell Lowe Χ Beau Perschbacher Х Katy Ruckle Х Tee Sannon Χ Paula Sardinas Clyde Shavers Χ Vicky Tamaru 13 Total 1 1 4

Recommendation #2 Improve Transparency in AI Development (Approved 9/25/2025)

	х
	х
	х
	х
Х	
	х
Х	
2	2
	x

Recommendation #3 Promote Responsible AI Governance (Approved 9/25/2025)

Recommendation #4 Invest in K-12 STEM and Higher Education (Approved 9/25/2025)

Name	Yay	Nay	Abstain	Absent	Name	Yay	Nay	Abstain	Absent
Magda Balazinska	х				Magda Balazinska	х			
Matt Boehnke	Х				Matt Boehnke	Х			
Cherika Carter	Х				Cherika Carter	Х			
Travis Couture				Х	Travis Couture				х
Sean DeWitz	Х				Sean DeWitz	Х			
Scott Frank			Х		Scott Frank			Х	
Ryan Harkins	Х				Ryan Harkins	Х			
Yuki Ishizuka	Х				Yuki Ishizuka	Х			
Leah Koshiyama	Х				Leah Koshiyama	Х			
Crystal Leatherman	Х				Crystal Leatherman	Х			
Marko Liias	х				Marko Liias	х			
Darrell Lowe				Х	Darrell Lowe				х
Beau Perschbacher				Х	Beau Perschbacher				х
Katy Ruckle	Х				Katy Ruckle	Х			
Tee Sannon				Х	Tee Sannon				Х
Paula Sardinas	Х				Paula Sardinas	Х			
Clyde Shavers	Х				Clyde Shavers	Х			
Terrance Stevenson			Х		Terrance Stevenson	Х			
Vicky Tamaru	х				Vicky Tamaru	х			
Total	13	0	2	4	Total	14	0	1	4

Recommendation #5 Improve Transparency and Accountability in Healthcare Prior Authorizations (Approved 9/25/2025)

Recommendation #6 Develop Guidelines for AI in the Workplace (Approved 9/25/2025)

Name	Yay	Nay	Abstain	Absent	Name	Yay	Nay	Abstain	Absent
Magda Balazinska	х				Magda Balazinska	х			
Matt Boehnke				Х	Matt Boehnke	Х			
Cherika Carter	Х				Cherika Carter	Х			
Travis Couture				Х	Travis Couture				Х
Sean DeWitz	Х				Sean DeWitz	Х			
Scott Frank			Х		Scott Frank			Х	
Ryan Harkins	Х				Ryan Harkins	Х			
Yuki Ishizuka	Х				Yuki Ishizuka	Х			
Leah Koshiyama	Х				Leah Koshiyama	Х			
Crystal Leatherman	Х				Crystal Leatherman	Х			
Marko Liias	Х				Marko Liias	Х			
Darrell Lowe				Х	Darrell Lowe				Х
Beau Perschbacher	Х				Beau Perschbacher				Х
Katy Ruckle	Х				Katy Ruckle	Х			
Tee Sannon	Х				Tee Sannon				Х
Paula Sardinas	Х				Paula Sardinas	Х			
Clyde Shavers	Х				Clyde Shavers	Х			
Terrance Stevenson	Х				Terrance Stevenson			Х	
Vicky Tamaru	Х				Vicky Tamaru	Х			
Total	15	0	1	3	Total	13	0	2	4

Recommendation #7 Disclose Use of AI by Law Enforcement (Approved 8/21/2025)

Recommendation #8 Establish Grant Program for Al Innovation (Approved 9/25/2025)

Name	Yay	Nay	Abstain	Absent	Name	Yay	Nay	Abstain	Absent
Magda Balazinska	х				Magda Balazinska	х			
Matt Boehnke		Х			Matt Boehnke	Х			
Cherika Carter	х				Cherika Carter	Х			
Travis Couture				х	Travis Couture				х
Sean DeWitz	х				Sean DeWitz	Х			
Scott Frank			Х		Scott Frank			Х	
Kelly Fukai				Х	Ryan Harkins	Х			
Ryan Harkins	Х				Yuki Ishizuka	Х			
Yuki Ishizuka	Х				Leah Koshiyama	Х			
Leah Koshiyama	х				Crystal Leatherman	Х			
Crystal Leatherman	х				Marko Liias	Х			
Marko Liias		Х			Darrell Lowe				х
Darrell Lowe	х				Beau Perschbacher				х
Beau Perschbacher	Х				Katy Ruckle	Х			
Katy Ruckle	Х				Tee Sannon				Х
Tee Sannon		Х			Paula Sardinas	Х			
Paula Sardinas				х	Clyde Shavers	Х			
Clyde Shavers	х				Terrance Stevenson	Х			
Vicky Tamaru				Х	Vicky Tamaru	х			
Total	11	3	1	4	Total	14	0	1	4

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