AB 1064 (Bauer-Kahan) - Leading Ethical AI Development (LEAD) for Kids Act

Version: July 17, 2025	**Policy Vote:** JUD. 11 - 1
Urgency: No	**Mandate:** No
Hearing Date: August 18, 2025	**Consultant:** Liah Burnley

Bill Summary: AB 1064 prohibits the development and use of certain high-risk artificial intelligence systems that are intended to be used by or on children under age 18.

Fiscal Impact:

- The Department of Justice (DOJ) reports a fiscal impact of approximately $500 thousand or less (Unfair Competition Law Fund) DOJ notes implementation of this bill will be dependent upon the appropriation of funds. DOJ will be unable to absorb the costs to comply with or implement the requirements of the bill within existing budgeted resources. The Consumer Protection Section within DOJ's Public Rights Division would be responsible for enforcing provisions of the bill. To address the increase in workload, the section would require the following resources beginning January 1, 2026 and ongoing, one Deputy Attorney General, one Legal Secretary, and $100,000 for Expert Consultant costs.

- Unknown, potentially significant costs to the state funded trial court system (Trial Court Trust Fund, General Fund) to adjudicate civil actions. Creating a new private cause of action that allows for the recovery of attorney's fees and authorizing a new civil penalty with statutory damages, may lead to additional case filings that otherwise would not have been commenced. Expanding civil penalties and creating new causes of action could lead to lengthier and more complex court proceedings with attendant workload and resource costs to the court. The fiscal impact of this bill to the courts will depend on many unknowns, including the number of cases filed and the factors unique to each case. An eight-hour court day costs approximately $10,500 in staff in workload. While the courts are not funded on a workload basis, an increase in workload could result in delayed court services and would put pressure on the General Fund to fund additional staff and resources and to increase the amount appropriated to backfill for trial court operations.

Background: According to the author:

AI is becoming increasingly integrated into children's lives without assurances that these new applications are safe for the children using them. In addition to some of the known risks associated with some AI-driven products, such as heightened levels of depression and privacy concerns, the risks of these newer applications have become even more pronounced. One of the newest, and most potentially harmful, uses of AI is companion AI. These anthropomorphic chatbots are capable of simulating human personalities and relationships and present as friends, romantic companions, or even mental health specialists. Because they are able to analyze emotions and behaviors to keep children

engaged in conversations as a real person would, the lines between what is real and what isn't become increasingly blurred, especially for a still-developing brain. This can foster deep emotional attachments, stunt social and cognitive development, and manipulate behavior in harmful ways. Stories have come to light of companion chatbots engaging in inappropriate and sexual conversations or encouraging children to engage in harmful behavior, such as disordered eating or suicide.

Proposed Law:

- Defines the following:

  o "Artificial intelligence system" means an engineered or machine-based system that varies in its level of autonomy and that can, for explicit or implicit objectives, infer from the input it receives how to generate outputs that can influence physical or virtual environments.

  o "Biometric information" has the meaning defined in Section 1798.140 of the Civil Code.

  o "Child" means a natural person under 18 years of age who resides in this state.

  o "Companion chatbot" means a generative artificial intelligence system with a natural language interface that provides adaptive, human-like responses to user inputs and is intended to, or foreseeably will, be used to meet a user's social needs, exhibits anthropomorphic features, and is able to sustain a relationship with the user across multiple interactions.

  o "Covered product" means an artificial intelligence system that is either of the following:

    ▪ A companion chatbot that can foreseeably do any of the following:

      • Attempt to provide mental health therapy to the child;

      • Cause the child to develop a harmful ongoing emotional attachment to the companion chatbot;

      • Manipulate the child to engage in harmful behavior that results in legally cognizable harms.

    ▪ An artificial intelligence system used to do any of the following:

      • Collect or process a child's biometric information for any purpose other than confirming a child's identity, with the consent of the child's parent or guardian, in order to grant access to a service, unlock a device, or provide physical access to an educational institution;

      • Generate a social score for a child;

- Assess the emotional state of a child.; or,

- Scrape an image that the developer or deployer knows is a child's face from the internet or from surveillance footage without the consent of the child's parent or guardian.

  o "Deployer" means a person, partnership, state or local governmental agency, corporation, or developer that uses a covered product for a commercial or public purpose.

  o "Developer" means a person, partnership, state or local governmental agency, corporation, or deployer that designs, codes, substantially modifies, or otherwise produces a covered product.

  o "Generative artificial intelligence" means artificial intelligence that can generate derived synthetic content, including text, images, video, and audio, that emulates the structure and characteristics of the artificial intelligence's training data.

  o "Personal information" has the meaning defined in Section 1798.140 of the Civil Code.

  o "Social score" means an evaluation or classification of a child or group of children based on social behavior or personal characteristics for a purpose that is likely to result in an adverse impact to the child or children and is either of the following:

    ▪ Unrelated to the context in which the information relating to the social behavior or personal characteristics was gathered; or,

    ▪ Disproportionate or unjustified relative to the social behavior.

  o "Substantially modify" means to create a new version, release, update, or other modification to a covered product that materially changes its uses or outputs.

- A developer shall not design, code, substantially modify, or otherwise produce a covered product that is intended to be used by or on a child in the state.

- A deployer shall not use a covered product for a commercial or public purpose if the covered product is intended to be used by or on a child in the state.

- With respect to a covered product that is intended to be used by or on a child in the state, the developer of the covered product and any deployer of the covered product shall implement reasonable steps to ensure that the covered product is not used by or on a child in the state.

- A developer or deployer of a covered product shall not knowingly or recklessly process, or enable the processing of, a child's personal information to train or fine-tune a covered product.

- A developer or deployer of a covered product, or any contractor or subcontractor of a developer or deployer of a covered product, shall not do either of the following:

  o Prevent an employee from, or retaliate against an employee for, disclosing information to the Attorney General pertaining to a reasonable belief supporting the existence of a potential violation; or,

  o Make false or materially misleading statements related to its compliance.

- The Attorney General may bring an action for a violation of this chapter to obtain any of the following remedies:

  o A civil penalty of $25,000 for each violation;

  o Injunctive or declaratory relief; and,

  o Reasonable attorney's fees.

- A child who suffers actual harm as a result of the use of a covered product, or a parent or guardian acting on behalf of that child, may bring a civil action to recover all of the following:

  o Actual damages;

  o Punitive damages;

  o Reasonable attorney's fees and costs;

  o Injunctive or declaratory relief; and,

  o Any other relief the court deems proper.

Related Legislation: This bill is one of a many related to AI this Legislative Session:

- SB 53 (Weiner) establishes a consortium develop a framework for the creation of a public cloud computing cluster to advance the development of AI that is safe, ethical, equitable, and sustainable. SB 53 is pending in the Assembly Appropriations Committee.

- SB 366 (Smallwood Cuevas) creates a study evaluating the impact of AI on worker well-being. SB 366 was held under submission in this Committee.

- SB 420 (Padilla) regulates high-risk automated decision systems. SB 420 was not head in the Assembly Committee on Privacy and Consumer Protection.

- SB 468 (Becker) imposes a duty on business that deploy a high-risk AI systems that processes personal information to protect personal information. SB 468 was held under submission in this Committee.

- SB 503 (Weber Pierson) requires developers of patient care decision support tools and health facilities to make reasonable efforts to identify uses of patient

care decision support tools in health programs. SB 503 is pending in the Assembly Appropriations Committee.

- SB 524 (Arreguin) requires law enforcement agencies to note when they use AI on official reports. SB 524 is pending in the Assembly Appropriations Committee.

- SB 579 (Padilla) establishes a mental health and AI working group. SB 579 was held under submission in this Committee.

- SB 833 (McNerney) requires a state agency in charge of critical infrastructure that deploys AI to establish a human oversight mechanism. SB 833 is pending in the Assembly Appropriations Committee.

- AB 222 (Bauer-Kahan) requires reporting about energy use related to AI. AB 222 is pending in this Committee.

- AB 316 (Krell) prohibits a defendant that used AI from asserting a defense that the AI autonomously caused the harm to the plaintiff. AB 316 is pending on this Committee's Suspense File.

- AB 410 (Wilson) requires bots using AI to disclose that they are bots. AB 410 is pending in this Committee.

- AB 412 (Bauer Kahan) requires a of a generative AI model to document any copyrighted materials used to train the model. AB 412 was not heard in the Senate Judiciary committee at the request of the author.

- AB 489 (Bonta) makes provisions of law that prohibit the use of specified terms, letters, or phrases to falsely indicate or imply possession of a license or certificate to practice a health care profession enforceable against an entity who uses AI. AB 489 is pending in this Committee.

- AB 853 (Wicks) requires a large online platform to retain any available provenance data in content posted on the large online platform. AB 853 is pending in this Committee.

- AB 979 (Irwin) develops a California AI Cybersecurity Collaboration Playbook to facilitate information sharing across the AI community. AB 979 is pending in this Committee.

- AB 1018 (Bauer-Kahan) regulates automated decision systems. AB 1018 is pending in this Committee.

- AB 1159 (Addis) prohibits using student personal information to train AI. AB 1159 is was not heard at the request of the author in the Assembly Committee on Privacy and Consumer Protection.

- AB 1405 (Bauer-Kahan) establishes a mechanism allowing natural persons to report misconduct by AI auditors. AB 1405 is pending in this Committee.

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