
SENATE COMMITTEE ON APPROPRIATIONS

Senator Anna Caballero, Chair
2025 - 2026 Regular Session

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 29, 2025

Consultant: Liah Burnley

Bill Summary: 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.

***** ANALYSIS ADDENDUM – SUSPENSE FILE *****

The following information is revised to reflect amendments
adopted by the committee on August 29, 2025

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

Author Amendments:

- Define "Companion chatbot" as a generative artificial intelligence system with a natural language interface that does all of the following:

- Maintains a persona that offers companionship, including friendship, romantic relationships, or sexual relationships, or purports to provide mental health therapy;
 - Provides adaptive, human-like responses to user inputs;
 - Generates outputs that are likely to elicit emotional responses in the user; and,
 - Is used to meet a user's social needs, exhibits anthropomorphic features, and is able to sustain a relationship with the user across multiple interactions.
- Clarify, that the definition of “covered product” means an AI system that can attempt to provide mental health therapy to the child without the direction of a mental health professional.
- Make technical, nonsubstantive changes.

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