

Date of Hearing: August 20, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 243 (Padilla) – As Amended July 3, 2025

Policy Committee:	Privacy and Consumer Protection	Vote:	11 - 1
	Judiciary		9 - 1

Urgency: No State Mandated Local Program: No Reimbursable: No

SUMMARY:

This bill imposes notification, reporting, and audit requirements on operators of companion chatbot platforms.

Specifically, among other provisions, this bill:

- 1) Requires the operator of a chatbot platform made available in California (“operator”) to take reasonable steps to prevent a companion chatbot on its platform from delivering rewards to users on a variable reinforcement schedule and encouraging increased engagement, usage, or response rates.
- 2) Requires an operator to display a clear and conspicuous disclosure at the beginning of every companion chatbot interaction, and on an ongoing basis as specified, informing the user that the chatbot is artificially generated and not a human.
- 3) Prohibits an operator from allowing a companion chatbot to engage with users unless the operator has implemented a protocol for responding to user expressions of suicidal ideation, suicide, or self-harm, as specified.
- 4) Requires an operator to submit an annual report to the Office of Suicide Prevention that includes the number of user interactions in which suicidal ideation was detected and the number of instances in which a companion chatbot initiated discussion of suicidal ideation or actions.
- 5) Requires an operator to submit its companion chatbot platform to regular audits conducted by an independent third party to verify compliance with the bill’s requirements, and requires the operator to post a high-level summary of the audit results on its website.
- 6) Requires operators to provide a clear disclosure, as specified, stating companion chatbots may not be appropriate for some minors.
- 7) Allows any person who suffers injury in fact as a result of a violation of the bill to file a civil lawsuit, and authorizes a prevailing plaintiff to recover injunctive relief, damages equal to the greater of actual damages or \$1,000 per violation, and reasonable attorney’s fees and costs.

FISCAL EFFECT:

- 1) Minor and absorbable costs (General Fund) to the California Department of Public Health (CDPH) for the Office of Suicide Prevention to collect and publish the required data. CDPH reports it can handle this responsibility with its existing personnel.
- 2) Cost pressures (Trial Court Trust Fund, General Fund) of an unknown but potentially significant amount to the courts to adjudicate cases filed under the new cause of action created by this bill. Actual costs will depend on the number of cases filed and the amount of court time needed to resolve each case. It generally costs approximately \$1,000 to operate a courtroom for one hour. Although courts are not funded on the basis of workload, increased pressure on the Trial Court Trust Fund may create a demand for increased funding for courts from the General Fund. The fiscal year 2025-26 state budget provides \$82 million ongoing General Fund to the Trial Court Trust Fund for court operations.

COMMENTS:

- 1) **Background.** A bot is a software application that runs automated tasks on a network and can interact with computer systems or network users. Bots can be designed for many uses, but colloquially, “bot” often refers to an application that gives information to a human user by providing automated responses through a chat or other communication system. People cannot always determine whether they are interacting with a bot or another person. For example, a customer using their bank’s customer service chat tool may believe they are communicating with another live person, when in fact the customer is communicating with a bot designed to provide bank information in response to prompts and questions from the customer. As generative artificial intelligence technology has advanced, bots have become capable of more sophisticated communication with people. Some bots – called companion chatbots – are designed to mimic real relationships and provide emotional and social support to people interacting with them.

In 2018, the Legislature enacted SB 1001 (Hertzberg), which prohibits using a bot to communicate with a person online with the intent to mislead the person about its artificial identity in order to incentivize a purchase or sale of goods or services in a commercial transaction or to influence a vote in an election. Current law shields a bot user from liability if there is a clear disclosure that the bot is a bot, not a live person.

- 2) **Purpose.** This bill imposes additional notification, reporting, and audit requirements on operators of companion chatbot platforms. The author reports these additional steps are needed because of the extreme harms that have been associated with use of companion chatbots, particularly by children and other vulnerable populations. According to the author:

According to experts, AI companion chatbots are uniquely addictive and can pose a significant risk to users—especially children who are more vulnerable to the isolating and addictive nature of these bots. When a teenager in Florida tragically ended his life after forming an unhealthy emotional attachment to a companion chatbot, it became evident just how dangerous this technology can be for children. This is one of many cases that have raised concerns about the potential risks of unregulated companion AI interactions with minors. As AI innovation progresses rapidly, our laws are falling behind and we lack

the necessary safeguards to ensure that this technology is developed responsibly.

As discussed in the analysis of this bill by the Assembly Committee on Judiciary, the bill's provisions requiring reporting about the content of companion chatbot conversations and requiring an operator to display certain information to users raise some constitutional concerns regarding First Amendment expression and compelled speech.

- 3) **Related Legislation.** AB 410 (Wilson) expands existing disclosure obligations for an automated bot that a reasonable person could believe is a human being, enforceable by specified public prosecutors. AB 410 is pending in the Senate Appropriations Committee.

AB 1064 (Bauer-Kahan) regulates companion chatbots and other artificial intelligence (AI) systems that are intended for use by children. AB 1064 is pending in the Senate Appropriations Committee.

AB 1405 (Bauer-Kahan) allows qualifying AI auditors to enroll with the Government Operations Agency and establishes minimum standards for such auditors. AB 1405 is pending in the Senate Appropriations Committee.

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