

Date of Hearing: August 20, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 69 (McNerney) – As Amended June 23, 2025

Policy Committee:	Privacy and Consumer Protection	Vote:	14 - 0
	Judiciary		12 - 0

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

SUMMARY:

This bill requires the Department of Justice (DOJ) to establish and maintain a program to build internal expertise in artificial intelligence (AI), and requires DOJ to report annually to the Legislature beginning in 2027 about its work on AI.

Specifically, this bill requires the DOJ AI program to include:

- 1) Designating a team or office within DOJ that is responsible for AI-related legal and policy issues.
- 2) Recruiting or training legal and technical staff with specialized knowledge in AI, machine learning, and automated decision systems (ADS).
- 3) Collaborating with academic institutions, civil rights organizations, and technical experts to support evidence-based analysis of AI systems.
- 4) Collaborating with state agencies, including, but not limited to, the Department of Technology and the Government Operations Agency.

FISCAL EFFECT:

Costs (General Fund) to DOJ, likely in the millions of dollars annually. DOJ anticipates costs of \$3.8 million in fiscal year (FY) 2025-26 and \$7 million in FY 2026-27 and ongoing for 28 staff positions in its Public Rights Division, Criminal Law Division, Office of General Counsel, and Divisions of Operations, plus external consulting to provide AI expertise to DOJ's AI staff and provide ongoing training and education. DOJ reports it cannot implement this bill without an additional appropriation of funds.

COMMENTS:

- 1) **Background.** In recent years, AI technology has advanced considerably. It is now integrated into many facets of our daily lives through products, services, and government actions. In California, policymakers have struggled to achieve consensus on the optimal balance between ensuring transparency and consumer protection, and permitting the industry to continue to innovate unburdened by state regulations. In 2024, when he vetoed another Legislative attempt to regulate AI model developers, Governor Newsom announced he was convening a group of experts to propose a framework for regulating the generative AI

industry. In June 2025, the group released a report discussing key principles it believes should guide California AI policymaking. Most of the recommendations relate to regulation of AI developers and deployers, and do not address the need for building governmental expertise in AI. As listed below, the Legislature is considering many bills this session that seek to regulate AI and AI-related industries. Some of these bills authorize enforcement by public prosecutors, including DOJ.

- 2) **Related Legislation.** AB 979 (Irwin) requires the California Cybersecurity Integration Center to develop a playbook to facilitate information sharing across the AI community and strengthen defenses against emerging threats. AB 979 is pending in the Senate Appropriations Committee.

AB 1018 (Bauer-Kahan) establishes a regulatory scheme for developers and deployers of ADS used to make consequential decisions. AB 1018 is pending in the Senate Appropriations Committee.

AB 1064 (Bauer-Kahan) regulates companion chatbots and other 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 GovOps and establishes minimum standards for such auditors. AB 1405 is pending in the Senate Appropriations Committee.

SB 7 (McNerney) limits an employer's use of ADS in certain employment decisions and provides employees a right to appeal decisions made with ADS. SB 7 is pending in this committee.

SB 11 (Ashby), among other things, requires Judicial Council to review the impact of AI on evidence in court proceedings and develop any rules of court needed to help courts determine the provenance and veracity of evidence. SB 11 is pending in this committee.

SB 243 (Padilla) regulates operators of companion chatbots, requires operators to submit to third-party audits, and requires reporting to the Office of Suicide Prevention. SB 243 is pending in this committee.

SB 833 (McNerney) requires human oversight of AI systems and ADS used by state agencies to operate critical infrastructure. SB 833 is pending in this committee.

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