

Date of Hearing: August 5, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 813 (McNerney) – As Amended July 2, 2026

Policy Committee: Privacy and Consumer Protection

Vote: 11 - 2

Urgency: No

State Mandated Local Program: No

Reimbursable: No

SUMMARY:

This bill requires the Business and Consumer Services Agency (BCSA), on or before July 1, 2027, to establish the California Artificial Intelligence Standards and Safety Commission (Commission) to develop and publish voluntary standards for the assessment of artificial intelligence (AI) systems and models by AI auditors.

Specifically, this bill:

- 1) Establishes a seven-member commission within BCSA, with five members appointed by the Governor, one by the Speaker of the Assembly, and one by the Senate Rules Committee, and including the Attorney General or the Attorney General's designee. Members serve four-year terms and may be reappointed.
- 2) Requires the Commission to establish two tiers of standards: minimum compliance standards, which assess whether an AI system's or model's operational effectiveness and internal controls meet requirements under applicable state law, and advanced safety standards, which assess whether a system or model substantially exceeds minimum compliance requirements and incorporates emerging best practices.
- 3) Requires the Commission to develop procedures for determining whether to suspend or terminate the registration of an AI auditor, and criteria for determining whether an AI auditor qualifies as an independent verification organization (IVO) qualified to apply advanced safety standards.
- 4) Requires the Commission to publish standards, procedures, and criteria on BCSA's internet website, regularly review and revise them, align them with existing audit frameworks to the extent practicable, convene working groups to solicit stakeholder input, and authorizes voluntary pilot programs.
- 5) Provides that the chapter does not establish liability solely for failure to comply with a published standard, and that an audit performed in accordance with a published standard is relevant to, but not conclusive of, a civil action alleging that an AI system or model caused harm.
- 6) Provides that this bill becomes operative only if AB 1405 of the 2025-26 Regular Session is enacted, and that if AB 1709 of the 2025-26 Regular Session is enacted and establishes an e-Safety Advisory Commission, that commission assumes the duties established by this bill.

FISCAL EFFECT:

- 1) Ongoing costs of an unknown amount, but likely totaling tens of millions of dollars to BCSA (General Fund). BCSA and the Commission will need to contract with AI experts to transform the information and feedback provided by a workgroup into standards. Additionally, BCSA will need to create a portal for independent experts to submit advanced safety standards and procure sufficient workspace for new staff. Additional staff will be needed to manage the commission, facilitate commission and workgroup meetings, and manage the expert contract. New staff will also be required to move the standards through the Administrative Procedure Act (APA) rulemaking process, coordinate with Department of General Services (DGS) staff to apply the standards to their registration list and update the standards as the industry changes or implementation necessitate. Lastly, new staff will be required to support the new and additional IT, human resources, and administrative needs. These costs are contingent: this bill becomes operative only if AB 1405 (Bauer-Kahan) is enacted, and the commission-establishment provisions become inoperative if AB 1709 (Lowenthal) is enacted, in which case comparable workload would shift to that body, resulting in no fiscal impact on the BSCA.
- 2) Minor costs to the Department of Justice (DOJ) (General Fund) for the Attorney General or a designee to serve on the commission, likely absorbable within existing resources. DOJ notes that if AB 1709 also chapters, the department's costs for this bill will change to an estimated \$617,000 in the first fiscal year, and \$1.12 million annually ongoing.

COMMENTS:

- 1) **Purpose.** According to the author:

[I]t is imperative that we establish strong yet workable standards — standards created by independent, third-party experts and academics who can nimbly adapt to evolving technology. SB 813 is an innovative and pragmatic approach to ensuring that artificial intelligence is developed responsibly.

- 2) **Background.** Independent auditing has repeatedly emerged in California AI legislation as a mechanism for verifying compliance with legal requirements, but no independent auditing requirement for AI systems has yet been enacted. Prior versions of several measures, including SB 53 (Wiener), Chapter 138, Statutes of 2025, which established the Transparency in Frontier Artificial Intelligence Act (TFAIA), contained third-party audit requirements that were removed before enactment.

Industry opposition raises concerns over the absence of a framework establishing who may conduct audits, what standards auditors must apply, and how auditor independence, competence, and accountability are ensured.

The Commission this bill establishes within BCSA would develop minimum compliance standards, which assess whether an AI system's operational effectiveness and internal controls meet requirements under applicable state law and advanced safety standards, and which assess whether a system substantially exceeds minimum requirements and reflects emerging best practices. IVOs — auditors designated as qualified to apply advanced safety standards — would perform the higher-tier assessments. The framework is voluntary: this bill does not require any developer or deployer to undergo an audit, and expressly does not

establish liability solely for failure to comply with a published standard. This bill is designed to operate with AB 1405 (Bauer-Kahan), which would establish a registry of AI auditors, and this bill becomes operative only if AB 1405 is enacted. Illinois enacted a frontier AI law this year requiring annual independent compliance audits of large developers, and a pending federal discussion draft would establish a national center that licenses IVOs, a concept shared with this bill. BCSA is itself new: the Governor's 2025 reorganization divided the former Business, Consumer Services and Housing Agency into two agencies, and BCSA launched on July 1, 2026. This bill places the Commission, and the associated standards-development workload, in an agency in its first year of operation.

The California Department of Technology (CDT) has no obligations under this bill; nevertheless, it has raised serious concerns about the interaction between this measure and SB 53. Pursuant to SB 53, CDT is required to make recommendations to the State Legislature about whether and how to update definitions related to AI frontier models, and for the California Office of Emergency Services (CalOES) to receive critical safety incident reports submitted by frontier developers and authorizes it to adopt regulations related to critical safety incident reporting that would assess, detect, or mitigate catastrophic risk. While the primary focus of TFAIA was AI frontier models, this bill covers all AI systems and models, including frontier models. CDT notes the overlapping subject matter in this bill and SB 53, arguing it will likely produce inconsistent or competing recommendations and standards and could cause confusion for state agencies, departments, and industry. Additionally, although the bill requires the Commission to consult, as appropriate, with various stakeholders including relevant federal, state, and local agencies, CDT contends that there is most likely an overlap between the Commission's and TFAIA's stakeholder outreach groups. This may result in uncoordinated and disjointed engagement efforts by two state bodies working on similar issues which may result in conflicting policy input and stakeholder fatigue.

- 3) **Support and Opposition.** This bill is sponsored by Fathom and supported by AI safety and consumer advocacy organizations, the Omidyar Network, and the Little Hoover Commission, which has recommended that California establish a central entity to oversee AI policy. Supporters contend the bill builds durable institutional infrastructure that can evolve with technology rather than prescribing technical requirements in statute. TechNet and the Valley Industry and Commerce Association oppose the bill, contending a state-specific standards regime contributes to an interstate patchwork and risks inconsistency with audit frameworks under concurrent negotiation in other measures. The California Chamber of Commerce, in an oppose-unless-amended position, contends a seven-member commission cannot possess the domain expertise to develop standards across all affected sectors.
- 4) **Related Legislation.** AB 2023 (Wicks) and SB 1119 (Padilla), pending in the Senate and Assembly Appropriations Committees, respectively, establish an independent auditing framework for companion chatbot operators under professional standards adopted by the Attorney General.