
UNFINISHED BUSINESS

Bill No: SB 813
Author: McNerney (D), et al.
Amended: 8/26/26
Vote: 21

SENATE JUDICIARY COMMITTEE: 10-0, 4/29/25

AYES: Umberg, Allen, Arreguín, Ashby, Caballero, Durazo, Laird, Stern,
Valladares, Wiener

NO VOTE RECORDED: Niello, Wahab, Weber Pierson

SENATE APPROPRIATIONS COMMITTEE: 5-2, 1/22/26

AYES: Caballero, Cabaldon, Grayson, Richardson, Wahab

NOES: Seyarto, Dahle

SENATE FLOOR: 31-7, 1/27/26

AYES: Allen, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon,
Caballero, Cervantes, Cortese, Durazo, Gonzalez, Grayson, Hurtado, Laird,
Limón, McGuire, McNerney, Menjivar, Padilla, Pérez, Reyes, Richardson,
Rubio, Smallwood-Cuevas, Stern, Umberg, Valladares, Wahab, Weber Pierson,
Wiener

NOES: Alvarado-Gil, Choi, Dahle, Grove, Jones, Seyarto, Strickland

NO VOTE RECORDED: Niello, Ochoa Bogh

ASSEMBLY FLOOR: Passed, 8/30/26

SUBJECT: Independent verification organizations

SOURCE: Author

DIGEST: This bill requires the Government Operations Agency (GovOps) to create and publish requirements, procedures, and qualification criteria for independent verification organizations (IVOs), as specified, and requires IVOs to submit an annual report to GovOps and the Legislature, as specified. GovOps is

required to convene working groups to solicit input in identifying standards and relevant procedures, requirements, and criteria.

Assembly Amendments recast the responsibilities of GovOps and IVOs, add reporting requirements for IVOs, and make various conforming changes, among other provisions.

ANALYSIS:

Existing law:

- 1) Establishes GovOps within the state government. (Government (Gov.) Code § 12800.)
- 2) Establishes the Department of Technology within GovOps, and charges it with the approval and oversight of information technology projects. (Gov. Code §§ 11545, 11546.)
- 3) Defines “artificial intelligence” (AI) as 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. (Gov. Code § 11546.45.5(a)(1).)

This bill:

- 1) Defines the following terms:
 - a) “Covered AI audit” means an audit conducted to assess internal controls, processes, or systems implemented for an AI system or model that are necessary for compliance with state law.
 - b) “Independent verification organization” or “IVO” means an AI auditor that is designated by GovOps as having demonstrated expertise in assessing the risks posed by an AI system or model and identifying the metrics and methodologies that form the basis for that assessment.
- 2) Requires GovOps, on or before January 1, 2028, to do the following:
 - a) Develop application requirements for designation as an IVO, as specified.
 - b) Develop procedures for determining whether to suspend or terminate the designation of an IVO, as specified.
 - c) Develop criteria for determining whether an AI auditor qualifies as a designated IVO, as specified.
 - d) Publish any requirements or criteria, as specified, in a publicly accessible format on GovOp’s internet website.

- e) Publish a statement on GovOp's internet website prominently disclosing the publication of the requirements or criteria that do not constitute recommendation or endorsement by the state of any AI system and model.
 - f) Regularly review requirements and criteria identified pursuant to this chapter and revise them as appropriate to reflect changes in applicable state law, technological developments, widely recognized industry standards, and emerging best practices.
- 3) Requires GovOps to consult with various entities and organizations, as specified, in carrying out the aforementioned duties.
 - 4) Requires GovOps to convene working groups to solicit stakeholder input and provide a report to the Legislature on the findings of the working groups, as specified.
 - 5) Requires a designated IVO to annually submit a report to GovOps and the Legislature, as specified.

Background

As AI models and applications become more sophisticated and integrated into our daily lives, they introduce new safety and security risks. AI-powered chatbots, phishing, identity theft, and deepfakes create novel threats to personal security and assets. Additionally, over-reliance on AI systems without adequate human oversight in critical infrastructure or emergency response could lead to cascading failures during unusual circumstances. While these technologies offer tremendous benefits, ensuring the highest level of due care on the part of AI developers and deployers is of paramount importance.

This bill requires GovOps to create and publish requirements, procedures, and qualification criteria for IVOs, and to convene working groups to solicit stakeholder input in the identification of standards and the development and revision of procedures and criteria, as specified, with reporting to the Legislature. The bill requires IVOs to submit an annual report to GovOps and the Legislature, as specified.

This bill is supported by Encode and Anthropic. It is opposed by the Business Software Alliance.

Comment

According to the author:

“California is a world leader in AI development, so it is incumbent on our state to ensure that the use of artificial intelligence is safe and beneficial. To do so, it 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. With the public-private governance concept, we can advance high-level standards to improve consumer awareness and safety.”

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

According to the Senate Appropriations Committee:

- **Department of Justice (DOJ):** Unknown, potentially significant workload cost pressures (General Fund) to designate MROs as required by this bill.
- **Trail Courts:** Unknown, potentially cost pressures to the state funded trial court system (Trial Court Trust Fund, General Fund) to adjudicate civil actions affected by this bill. By creating a rebuttable presumption if certain requirements are met, this bill may encourage litigants to bring their claims that otherwise would not have, and could lead to 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 unknown factors, 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. If court days exceed 10, costs to the trial courts could reach hundreds of thousands of dollars. In 2023–24, over 4.8 million cases were filed statewide in the superior courts. Filings increased over the past year, driven mostly by misdemeanors and infractions, and civil limited cases. The increase in filings from the previous year is greater than 5% for civil limited and unlimited, appellate division appeals, juvenile delinquency, misdemeanors and infractions, and probate. 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. The Governor’s 2025-26 budget proposes a \$40 million ongoing increase in discretionary funding from the General Fund to help pay for increased trial court operation costs beginning in 2025-26.

According to the Assembly Appropriations Committee:

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.

SUPPORT: (Verified 8/30/26)

Anthropic
Encode
Fathom

OPPOSITION: (Verified 8/30/26)

Business Software Alliance

ARGUMENTS IN SUPPORT: Anthropic writes:

While AI audits assess internal controls necessary for compliance with state law, Independent Verification Organizations have the expertise to technically assess advanced AI models themselves. Qualified independent evaluators like IVOs have the competence to assess capabilities of advanced models and their potential to pose

catastrophic risks. This independent evaluation step to “check the homework” of an AI developer is a critical element for safety.

There is more work to be done to ensure AI developers are required to put safe guardrails in place that are evaluated by independent third party experts. We stand ready to collaborate with policymakers to get this right. We strongly support California taking this simple but important step to designate IVOs and thereby helping to create an ecosystem of independent evaluators who are capable of assessing potential risks of the world’s most powerful models.

ARGUMENTS IN OPPOSITION: The Business Software Alliance writes:

AI is changing the way we live and work, and it has real-world benefits. Realizing the potential of AI requires trusting that the technology is developed and deployed responsibly. Crafting AI legislation that promotes responsible uses of AI and protects against misuse is one of the most important technology issues today. As policymakers consider how to regulate AI, it is important that new requirements are risk-based, workable in practice, and interoperable with national and international approaches.

BSA supports strong, risk-based AI governance that protects consumers and gives companies clear, workable obligations. However, we continue to oppose SB 813 because:

- Creating a state-specific independent verification organization (IVO) framework remains premature given the evolving AI assurance ecosystem;
- The bill does not establish adequate safeguards to ensure the competence and credibility of state-designated IVOs;
- California should build on international and national standards and accreditation processes rather than establish a separate, state-specific regime;
- The bill gives undefined “identified standards” significance in civil litigation, creating uncertainty and potentially making voluntary audits a de facto expectation; and

- Long-used accountability tools, like impact assessments and risk management programs, can help ensure companies develop and deploy AI responsibly, without creating the concerns caused by third-party audits.

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