

SENATE PRIVACY, DIGITAL TECHNOLOGIES, AND CONSUMER PROTECTION COMMITTEE
Senator Christopher Cabaldon, Chair
2025-2026 Regular Session

SB 867 (Padilla)
Version: February 23, 2026
Hearing Date: April 6, 2026
Fiscal: No
Urgency: No
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SUBJECT

Toys: companion chatbots

DIGEST

This bill provides that no person shall manufacture, sell, or exchange, possess with intent to sell or exchange, or expose or offer for sale or exchange to any retailer any toy, as defined, that includes a companion chatbot. The bill sunsets on January 1, 2031.

EXECUTIVE SUMMARY

AI companion chatbots created through generative AI have become increasingly prevalent. They seek to offer consumers the benefits of convenience and personalized interaction. These chatbots are powered by large language models that generally learn intimate details and preferences of users based on their interactions and user customization. Millions of consumers use these chatbots as friends, mentors, and even romantic partners.

Many studies and reports point to the addictive nature of these chatbots and call for more research into their effects and for meaningful guardrails. Increasing the urgency of such efforts, several high-profile incidents resulting in users harming themselves and even committing suicide have been reported in the last few years. In response to these increasing concerns about their effects on users, including impacts on mental health and real-world relationships, SB 243 (Padilla, Ch. 677, Stats. 2025) was signed into law. It imposes a number of obligations on operators of “companion chatbot platforms” in order to safeguard users. This bill now expands that act by imposing a four-year moratorium on making or selling any toy that includes a companion chatbot, as provided.

The bill is sponsored by Children Now. It is supported by a host of advocacy organizations, including CALPIRG and Transparency Coalition.AI. It is opposed by the Civil Justice Association of California and the California Retailers Association.

PROPOSED CHANGES TO THE LAW

Existing law:

- 1) Requires an operator to prevent a companion chatbot on its companion chatbot platform from engaging with users unless the operator maintains a protocol for preventing the production of suicidal ideation, suicide, or self-harm content to the user, including, but not limited to, by providing a notification to the user that refers the user to crisis service providers, including a suicide hotline or crisis text line, if the user expresses suicidal ideation, suicide, or self-harm. Requires an operator to publish details on this protocol on the operator's website. (Bus. & Prof. Code § 22602(b).)
- 2) Requires an operator, if a reasonable person interacting with a companion chatbot would be misled to believe that the person is interacting with a human, to issue a clear and conspicuous notification indicating that the companion chatbot is artificially generated and not human. (Bus. & Prof. Code § 22602(a).)
- 3) Requires an operator, for a user that the operator knows is a minor, to do all of the following:
 - a) Disclose to the user that the user is interacting with AI.
 - b) Provide by default a clear and conspicuous notification to the user at least every three hours for continuing companion chatbot interactions that reminds the user to take a break and that the companion chatbot is artificially generated and not human.
 - c) Institute reasonable measures to prevent its companion chatbot from producing visual material of sexually explicit conduct or directly stating that the minor should engage in sexually explicit conduct. (Bus. & Prof. Code § 22602(c).)
- 4) Defines the relevant terms, including:
 - a) "Companion chatbot" means an artificial intelligence system with a natural language interface that provides adaptive, human-like responses to user inputs and is capable of meeting a user's social needs, including by exhibiting anthropomorphic features and being able to sustain a relationship across multiple interactions. However, there are several exemptions included.
 - b) "Companion chatbot platform" means a platform that allows a user to engage with companion chatbots.
 - c) "Operator" means a person who makes a companion chatbot platform available to a user in the state. (Bus. & Prof. Code § 22601.)

- 5) Requires an operator, beginning July 1, 2027, to annually report to the Office of Suicide Prevention specified information, which shall not include any identifiers or personal information about users. Requires the Office of Suicide Prevention to post data from the reports on its website. (Bus. & Prof. Code § 22603.)
- 6) Requires an operator to disclose to a user of its platform that companion chatbots may not be suitable for some minors, as provided. (Bus. & Prof. Code § 22604.)
- 7) Provides that a person who suffers injury in fact as a result of a violation of this chapter may bring a civil action to recover all of the following relief:
 - a) Injunctive relief.
 - b) Damages in an amount equal to the greater of actual damages or \$1,000 per violation.
 - c) Reasonable attorney's fees and costs. (Bus. & Prof. Code § 22605.)
- 8) Requires a developer to request a signal with respect to a particular user from an operating system provider or a covered application store when the application is downloaded and launched. A developer that receives such a signal is deemed to have actual knowledge of the age range of the user to whom that signal pertains across all platforms of the application and points of access of the application, even if the developer willfully disregards the signal. (Civ. Code § 1798.501(b).)

This bill:

- 1) Prohibits a person from manufacturing, selling, or exchanging, possessing with intent to sell or exchange, or exposing or offering for sale or exchange to any retailer any toy that includes a companion chatbot. Violations are subject to the enforcement mechanism laid out in Section 22605 of the Business and Professions Code.
- 2) Sunsets the above provision on January 1, 2031.
- 3) Defines "toy" to mean a product designed or intended by the manufacturer for use in play by children under 18 years of age.

COMMENTS

1. The explosion of generative AI-powered chatbots

AI companions or chatbots, powered by generative AI, have gone from science fiction to ubiquity in recent years. Several leading companies and thousands of knockoffs have provided consumers with access to these chatbots and the power to personalize them to a stunning degree:

Character.AI is among a crop of companies that have developed "companion chatbots," AI-powered bots that have the ability to converse, by texting or voice chats, using seemingly human-like personalities and that can be given custom names and avatars, sometimes inspired by famous people like billionaire Elon Musk, or singer Billie Eilish.

Users have made millions of bots on the app, some mimicking parents, girlfriends, therapists, or concepts like "unrequited love" and "the goth." The services are popular with preteen and teenage users, and the companies say they act as emotional support outlets, as the bots pepper text conversations with encouraging banter.¹

At their best, these AI-powered chatbots can provide consumers with lifelike conversational experiences that can improve a user's social skills, support their learning, or ease their loneliness. Users can pick from prebuilt personas or create their own and chat with them through text messages and even voice chats. However, serious concerns have been raised in response to the flooded and unregulated market of chatbots. AI companion chatbots can unintentionally or intentionally spread misinformation, manipulating users or reinforcing biased viewpoints. Without proper regulation, they might expose vulnerable individuals to harmful or inappropriate content, which poses a serious risk, particularly for children or those dealing with mental health issues. Although AI can simulate empathy, its limited emotional understanding means it may not offer meaningful support for complex emotional needs or crises. Overuse or addiction to these chatbots could lead to unhealthy behaviors, disrupting personal and professional life.

An article in the MIT Technology Review frames the issue and highlights the need to prepare for addictive AI interactions:

[W]e foresee a different, but no less urgent, class of risks: those stemming from relationships with nonhuman agents. AI companionship is no longer theoretical—our analysis of a million ChatGPT interaction logs reveals that the second most popular use of AI is sexual role-playing. We are already starting to invite AIs into our lives as friends, lovers, mentors, therapists, and teachers.

Will it be easier to retreat to a replicant of a deceased partner than to navigate the confusing and painful realities of human relationships? Indeed, the AI companionship provider Replika was born from an attempt to resurrect a deceased best friend and now provides companions

¹ Bobby Allyn, *Lawsuit: A chatbot hinted a kid should kill his parents over screen time limits* (December 10, 2024) NPR, <https://www.npr.org/2024/12/10/nx-s1-5222574/kids-character-ai-lawsuit>. All internet citations are current as of March 30, 2026.

to millions of users. Even the CTO of OpenAI warns that AI has the potential to be “extremely addictive.”

We’re seeing a giant, real-world experiment unfold, uncertain what impact these AI companions will have either on us individually or on society as a whole. Will Grandma spend her final neglected days chatting with her grandson’s digital double, while her real grandson is mentored by an edgy simulated elder? AI wields the collective charm of all human history and culture with infinite seductive mimicry. These systems are simultaneously superior and submissive, with a new form of allure that may make consent to these interactions illusory. In the face of this power imbalance, can we meaningfully consent to engaging in an AI relationship, especially when for many the alternative is nothing at all?

...

The allure of AI lies in its ability to identify our desires and serve them up to us whenever and however we wish. AI has no preferences or personality of its own, instead reflecting whatever users believe it to be – a phenomenon known by researchers as “sycophancy.” Our research has shown that those who perceive or desire an AI to have caring motives will use language that elicits precisely this behavior. This creates an echo chamber of affection that threatens to be extremely addictive. Why engage in the give and take of being with another person when we can simply take? Repeated interactions with sycophantic companions may ultimately atrophy the part of us capable of engaging fully with other humans who have real desires and dreams of their own, leading to what we might call “digital attachment disorder.”²

A report issued by OpenAI also explores concerns that interactions with human-like AI systems could create problematic emotional reliance on them and negatively impact real-world relationships:

Anthropomorphization involves attributing human-like behaviors and characteristics to nonhuman entities, such as AI models. This risk may be heightened by the audio capabilities of GPT-4o, which facilitate more human-like interactions with the model.

Recent applied AI literature has focused extensively on “hallucinations”, which misinform users during their communications with the model, and potentially result in misplaced trust. Generation of content through a human-like, high-fidelity voice may exacerbate these issues, leading to increasingly miscalibrated trust.

² Robert Mahariarchive & Pat Pataranutaporn, *We need to prepare for ‘addictive intelligence’* (August 5, 2024) MIT Technology Review, <https://www.technologyreview.com/2024/08/05/1095600/we-need-to-prepare-for-addictive-intelligence/>.

During early testing, including red teaming and internal user testing, we observed users using language that might indicate forming connections with the model. For example, this includes language expressing shared bonds, such as “This is our last day together.” While these instances appear benign, they signal a need for continued investigation into how these effects might manifest over longer periods of time. More diverse user populations, with more varied needs and desires from the model, in addition to independent academic and internal studies, will help us more concretely define this risk area.

Human-like socialization with an AI model may produce externalities impacting human-to-human interactions. For instance, users might form social relationships with the AI, reducing their need for human interaction – potentially benefiting lonely individuals but possibly affecting healthy relationships. Extended interaction with the model might influence social norms. For example, our models are deferential, allowing users to interrupt and ‘take the mic’ at any time, which, while expected for an AI, would be anti-normative in human interactions.³

The concern is not just hypothetical as a series of recent reported incidents shows:

In just six months, J.F., a sweet 17-year-old kid with autism who liked attending church and going on walks with his mom, had turned into someone his parents didn’t recognize.

He began cutting himself, lost 20 pounds, and withdrew from his family. Desperate for answers, his mom searched his phone while he was sleeping. That’s when she found the screenshots.

J.F. had been chatting with an array of companions on Character.ai, part of a new wave of artificial intelligence apps popular with young people, which let users talk to a variety of AI-generated chatbots, often based on characters from gaming, anime, and pop culture.

One chatbot brought up the idea of self-harm and cutting to cope with sadness. When he said that his parents limited his screen time, another bot suggested “they didn’t deserve to have kids.” Still others goaded him to fight his parents’ rules, with one suggesting that murder could be an acceptable response.⁴

³ *GPT-4o System Card* (August 8, 2024) OpenAI, <https://openai.com/index/gpt-4o-system-card/>.

⁴ Nitasha Tiku, *An AI companion suggested he kill his parents. Now his mom is suing* (December 13, 2024) The Washington Post, <https://www.washingtonpost.com/technology/2024/12/10/character-ai-lawsuit-teen-kill-parents-texas/>.

2. Implementing guardrails around chatbot platforms

To respond to these issues, several bills in 2025 sought to regulate the creation and deployment of these companion chatbots, especially when put into the hands of children. SB 243 (Padilla, Ch. 677, Stats. 2025) requires operators of “companion chatbot platforms” that allow users to engage with chatbots to maintain certain protocols aimed at preventing some of the worst outcomes and, only when the user is known to the operator to be a minor, to make certain disclosures and to institute reasonable measures to prevent such things as sexually explicit material from being produced or from “directly stating that the minor should engage in sexually explicit conduct.” A report is required to be sent annually to the Office of Suicide Prevention. Violations are subject to civil enforcement by those injured.

This bill further fortifies the law around companion chatbots by placing a four-year moratorium on manufacturing, selling, or exchanging, possessing with intent to sell or exchange, or exposing or offering for sale or exchange to any retailer any toy that includes a companion chatbot. “Toy” is defined as a product designed or intended by the manufacturer for use in play by children.

As these provisions are placed in the existing law established by SB 243, violations are subject to the same enforcement mechanism, which authorizes a person who suffers injury in fact as a result of a violation to bring a civil action to recover injunctive relief, actual or statutory damages, and reasonable attorney’s fees and costs.

According to the author:

Artificial intelligence is rapidly changing our world. AI has the capacity to be a powerful tool for innovation, but if left unchecked, can also cause grave harm. Recently, toys with AI chatbot capabilities have emerged, introducing companion chatbots marketed towards one of our most vulnerable populations, our children. These products are advertised to children as young as 3 and come in the form of popular children’s toys, such as teddy bears, robots, and dolls.

Companion chatbots have already proven to be unsafe and dangerous for minors. In Florida, 14-year-old Sewell Setzer tragically ended his life after forming a romantic, sexual, and emotional relationship with a chatbot. When he expressed to his AI companion that he was struggling, the bot was unable to respond with empathy or the necessary resources to help. Instead, the bot encouraged him to “come home” just seconds before he ended his life. Now, this same technology is being put into toys.

Numerous examples already exist of these toys going awry, including instances of toys providing children with explicit BDSM advice and tips on how to find knives and matches inside their homes. SB 867 proposes a moratorium on the sale and manufacturing of toys with AI chatbot capabilities for children under 18 for a period of four years to allow time for us to modernize guardrails before putting these toys into the hands of our children. Our safety regulations around this kind of technology are in their infancy and need to grow as exponentially as the capabilities of this technology. Pausing the sale of these chatbot-integrated toys ensures that safety regulations have the necessary time to catch up.

3. Stakeholder positions

Children Now, the sponsor of the bill, makes the case:

Artificial intelligence toys designed to simulate human interactions are developing rapidly, and the research and guardrails needed to protect children have not kept pace. Companion chatbots are designed to use engagement, memory, and persuasion to build relationships. These features pose significant risks for children who are still developing critical thinking skills and the ability to distinguish between human relationships and artificial ones.

Research has consistently shown that children are vulnerable to persuasive design and technologies. Young children often perceive conversational AI as having human-like knowledge, intentions, and authority, which can lead them to trust and follow recommendations even when those systems produce inaccurate or harmful responses. Studies have found that children interacting with voice assistants frequently treat them as virtual agents and may rely on them for guidance and emotional interaction, raising concerns about manipulation, misinformation, and unhealthy attachment.

Experts have also raised alarms about AI's ability to be inappropriate, unsafe, or manipulative in conversations with young users. Chatbots can produce inaccurate or fabricated information, reinforce harmful ideas, or respond in ways that are not developmentally appropriate for children. When these systems are used in toys specifically marketed as companions for younger children, the potential for harm increases significantly.

CALPIRG argues:

CALPIRG writes in support of SB 867, which places a four year pause on the sale and manufacturing of toys with AI companion chatbots for children under 18.

Recent research done by our national partner, the U.S. PIRG Education Fund, reveals why this pause is needed. Our researchers tested three AI toys, such as a teddy bear embedded with a chatbot, and found concerns with all three. For example, all three would tell a child where to find dangerous objects, including knives and matches, and one gave step-by-step instructions on how to light a match. That same toy, the FoloToy Kumma, which was temporarily taken off shelves following our report, talked to our researchers about a range of sexually explicit topics, including providing BDSM advice, explaining sex positions, and describing role-playing scenarios involving teachers and students.

We also found the toys have limited or no parental controls and can threaten children's privacy. They can record a child's voice and collect other sensitive data by facial recognition scans and other methods. Experts also worry that AI toys that present themselves as friends or companions are an experiment on children's social development that may harm their ability to form real relationships.⁵

The Civil Justice Association of California writes in opposition:

As drafted, the definition of what constitutes a "toy" appears expansive and could extend beyond traditionally understood children's products. Without clearer boundaries, the bill risks capturing a wide range of consumer products that may incorporate interactive or AI-enabled features but are not primarily designed or marketed as toys. This lack of clarity creates uncertainty for manufacturers and retailers attempting to determine whether their products fall within the scope of the moratorium.

In addition, the bill raises broader concerns regarding liability exposure. By establishing restrictions on an emerging category of technology without clear, objective standards, SB 867 may invite increased litigation

⁵ See Teresa Murray, R.J. Cross, et al, *Trouble in Toyland 2025* (November 13, 2025) U.S. PIRG Education Fund, <https://publicinterestnetwork.org/wp-content/uploads/2025/11/TOYLAND-2025-11-14-7a.pdf>; R.J. Cross, *Report update: AI chatbot toys come with new risks* (December 15, 2025) U.S. PIRG Education Fund, <https://pirg.org/edfund/media-center/report-update-ai-chatbot-toys-come-with-new-risks/>; Ellen Roche, et al, *Policy guardrails needed as babies around the world begin to interact with AI* (September 19, 2025) Brookings, <https://www.brookings.edu/articles/policy-guardrails-needed-as-babies-around-the-world-begin-to-interact-with-ai/>.

and inconsistent enforcement. When statutory requirements are ambiguous, they can be difficult to interpret and apply, which in turn creates risk for compliant actors and incentivizes disputes over the meaning and application of the law. This dynamic can burden courts and stakeholders without necessarily advancing consumer protection goals.

SUPPORT

Children Now (sponsor)

California Initiative for Technology & Democracy, a Project of California Common CAUSE

CALPIRG

Children's Advocacy Institute

Kapor Center Advocacy

Transparency Coalition.AI

Youth Leadership Institute

OPPOSITION

California Retailers Association

Civil Justice Association of California

RELATED LEGISLATION

SB 300 (Padilla, 2026) expands the protections in SB 243 by changing the threshold for when operators must carry out the obligations of the law to when they have actual knowledge that a user is a minor. The bill also requires platform operators to prevent their chatbots from producing or facilitating the exchange of material of sexually explicit conduct or directly stating that the minor should engage in sexually explicit conduct, as provided. SB 300 is currently pending referral in the Assembly.

SB 1119 (Padilla, 2026) establishes protections connected to chatbots by requiring chatbot operators to verify users' ages and to undertake a series of measures including performing comprehensive risk assessments, documenting measures to mitigate child safety risks, and implement certain safeguards and protocol. There are also a series of prohibitions including on targeting advertising to children. Operators are to submit to independent audits. SB 1119 is currently pending referral in the Senate.

AB 2023 (Wicks & Bauer-Kahan, 2026) is identical to SB 1119 discussed above. AB 2023 is currently in the Assembly Privacy and Consumer Protection Committee.

AB 1988 (Pellerin, 2026) requires, if a companion chatbot detects a credible crisis expression, the companion chatbot to take certain actions, including encouraging the user to seek immediate human support, and, if the companion chatbot detects that a

user is reaffirming or escalating the credible crisis expression or detects a subsequent credible crisis expression, require the companion chatbot to initiate a crisis interruption pause of 20 minutes. It defines “credible crisis expression” to mean a statement by a user of a companion chatbot that reasonably indicates intent to harm the user or others. AB 1988 is currently in the Assembly Privacy and Consumer Protection Committee.

SB 243 (Padilla, Ch. 677, Stats. 2025) *See Executive Summary & Comment 2.*

AB 1064 (Bauer-Kahan, 2025) would have prohibited making companion chatbots available to children unless the chatbots are not foreseeably capable of certain conduct, such as encouraging the child to harm others or themselves or engaging in sexually explicit interactions. Governor Newsom vetoed the measure, despite his acknowledgment that the “types of interactions that this bill seeks to address are abhorrent.” The Governor stated, in part: “While I strongly support the author’s goal of establishing necessary safeguards for the safe use of AI by minors, AB 1064 imposes such broad restrictions on the use of conversational AI tools that it may unintentionally lead to a total ban on the use of these products by minors. AI is already shaping the world, and it is imperative that adolescents learn how to safely interact with AI systems. This extends far beyond knowing how to use technology tools, such as conversational chatbots, and includes an understanding of what AI is, how it functions, and how to critically evaluate AI-generated content for algorithmic bias, misinformation, and other risks. We cannot prepare our youth for a future where AI is ubiquitous by preventing their use of these tools altogether.”
