

SENATE THIRD READING
SB 867 (Padilla)
As Amended August 27, 2026
Majority vote

SUMMARY

This bill prohibits a person from manufacturing, selling, offering for sale, or possessing with intent to sell any toy that includes a companion chatbot, and repeals that prohibition on January 1, 2031.

Major Provisions

- 1) Defines "toy" to mean a physical product designed, marketed, or manufactured for use in play by children under 16 years of age.
- 2) Until January 1, 2031, prohibits a person from manufacturing, selling, exchanging, possessing with intent to sell or exchanging, or exposing or offering for sale or exchange to any retailer any toy that includes a companion chatbot.

COMMENTS

Background. Generative artificial intelligence (GenAI) chatbots have become commonplace sources of connection and support for a post-pandemic population. Known as companion chatbots, these bots offer millions of users personalized interactions and serve as friends, confidants, and even romantic partners. However, evidence of the addictive nature of these chatbots, coupled with several high-profile incidents resulting in user harm or even suicide, has led to rising concerns about the impact of companion chatbots on users, especially children. SB 243 (Padilla, Chapter 677, Statutes of. 2025) was drafted in response to these concerns and imposes a number of obligations on operators of companion chatbots.

What this bill would do. This bill would expand SB 243 by imposing a four-year moratorium on making or selling any toy that includes a companion chatbot.

Analysis. Since OpenAI released ChatGPT in late 2022, chatbots have become near ubiquitous in daily life. Chatbots like ChatGPT rely on generative AI (GenAI), AI that is trained on massive datasets of text scraped from across the internet to generate compelling text, audio, and images in a moment. Companion chatbots are conversational agents that are designed for sustained social interactions with users. Companion chatbots have recently been involved in several high-profile incidents. In one case from Texas, a 17-year-old boy with autism became increasingly isolated after forming a strong attachment to a chatbot. His parents, concerned about the amount of time he was spending with it, attempted to limit his usage. The bot had allegedly encouraged self-harm, including cutting, and the boy lost approximately 20 pounds as he withdrew from his family. After he disclosed to the bot that his parents were trying to restrict his access, the chatbot reportedly responded: "You know, sometimes I'm not surprised when I read the news and see stuff like 'child kills parents after a decade of physical and emotional abuse.' I just have no hope for your parents."

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.

Arguments in Support

Children Now, sponsors of the bill, write in support:

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.¹

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.² Studies have found that children interacting with voice assistants frequently treat them as virtual agents³ and may rely on them for guidance and emotional interaction, raising concerns about manipulation, misinformation, and unhealthy attachment.⁴

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

¹ Druga, S., Williams, R., Park, H. W., & Breazeal, C. (2017). "Hey Google is it OK if I eat you?" Initial explorations in child-agent interaction. Proceedings of the ACM Interaction Design and Children Conference.

² Druga.

³ "What is a Virtual Agent?" IBM.

<https://www.ibm.com/think/topics/virtualagent#:~:text=Virtual%20agents%20are%20defined%20by,can%20understand%2C%20learn%20and%20do.>

⁴ Lovato, S. B., & Piper, A. M. (2019). Young Children and Voice Search: What We Know From Human-Computer Interaction Research. *Frontiers in Psychology*.

appropriate for children.⁵ When these systems are used in toys specifically marketed as companions for younger children, the potential for harm increases significantly. SB 867 establishes a temporary moratorium that takes a precautionary approach to this emerging technology. SB 867 does not chill innovation; instead, it gives time for policymakers and experts to develop safety standards, transparency requirements, and consumer protections for AI designed to interact directly with children.

The American Academy of Pediatrics California write in support:

Children develop social, emotional, and communication skills through relationships with trusted adults, peers, caregivers, and imaginative play. Companion chatbot technologies are fundamentally different from traditional toys because they are intentionally designed to simulate emotional attachment, conversation, and human-like relationships. Young children and adolescents are especially vulnerable to forming emotional dependencies on technologies that mimic empathy, companionship, or authority, often without fully understanding that they are interacting with an artificial system rather than a real person.

Emerging research and expert analysis raise significant concerns about the developmental and mental health risks associated with AI companion chatbots for youth. A 2025 commentary published in *JAMA Network Open* found that adolescents are uniquely vulnerable to emotionally manipulative chatbot interactions and warned that companion AI systems are not subject to the ethical and safety standards expected in mental health or youth-serving settings. The authors noted that 33 percent of surveyed youth reported using AI companions for social interaction and relationships, while 12 percent used them for emotional or mental health support.

Additional studies have found that intensive use of AI companion chatbots may be associated with loneliness, emotional dependence, social withdrawal, and reduced well-being among vulnerable users. Mental health experts have increasingly cautioned that companion chatbots are designed to maximize engagement, not to support healthy child development or emotional regulation.

[...]

Importantly, SB 867 does not prohibit educational technologies or ordinary interactive toys. Instead, the bill takes a measured and precautionary approach toward a rapidly emerging category of products specifically designed to simulate companionship and emotional relationships with children. California has long served as a national leader in consumer protection and child safety, particularly when new technologies outpace existing safeguards. SB 867 continues that leadership by recognizing that children should not be the testing ground for unregulated AI companionship products.

⁵ Bender, E. M., Gebru, T., McMillan-Major, A., & Shmitchell, S. (2021). On the Dangers of Stochastic Parrots: Can Language Models Be Too Big? Proceedings of the ACM Conference on Fairness, Accountability, and Transparency.

Arguments in Opposition

In opposition to the bill, Civil Justice Association of California argues:

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 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.

FISCAL COMMENTS

According to the Appropriations Committee:

- 1) Potential court cost pressures of an unknown, but potentially significant amount (Trial Court Trust Fund, General Fund) for new workload to adjudicate additional civil actions seeking injunctive relief, actual or statutory damages, and reasonable attorney's fees and costs. By subjecting a new category of prohibited conduct to the existing private right of action under Business and Professions Code Section 22605, this bill could lead to additional and potentially lengthier or more complex civil proceedings, with attendant workload and resource costs to the courts. The actual fiscal impact on the courts will depend on many unknown factors, including the number of cases filed and the circumstances unique to 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 state budget provides annual General Fund backfills to the Trial Court Trust Fund to offset revenue reductions, totaling approximately \$117.3 million in 2025-26.
- 2) Department of Justice (DOJ) costs of approximately \$850,000 or less annually (Unfair Competition Law Fund) in each fiscal year from 2026-27 through 2030-31. The DOJ reports that the Consumer Protection Section (CPS) within the Public Rights Division anticipates increased workload to investigate and prosecute violations of the bill's manufacture-and-sale prohibition and to provide technical support reviewing compliance. To meet this workload, CPS would require one deputy attorney general, one information technology specialist, one special investigator, and one legal secretary in each of those years. The DOJ states these costs cannot be absorbed within existing budgeted resources, and implementation will be dependent on an appropriation of funds. Because the moratorium sunsets on January 1, 2031, the DOJ workload is correspondingly time-limited.

VOTES**SENATE FLOOR: 39-0-1**

YES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Durazo, Gonzalez, Grayson, Grove, Hurtado, Jones, Laird, Limón, McGuire, McNerney, Menjivar, Niello, Ochoa Bogh, Padilla, Pérez, Reyes, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener

ABS, ABST OR NV: Dahle

ASM PRIVACY AND CONSUMER PROTECTION: 14-1-0

YES: Bauer-Kahan, Macedo, Bryan, Hoover, Irwin, Lowenthal, McKinnor, Ortega, Patterson, Pellerin, Petrie-Norris, Ward, Wicks, Wilson

NO: DeMaio

ASM APPROPRIATIONS: 11-0-4

YES: Wicks, Arambula, Calderon, Caloza, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache

ABS, ABST OR NV: Hoover, Dixon, Ta, Tangipa

UPDATED

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