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California Halts AI Legislation, while Advancing Social Media Restrictions

Last week, the California legislature witnessed significant advancements in tech policy bills aimed at further regulating social media platforms. However, measures that would have imposed stricter scrutiny on artificial intelligence (AI) were ultimately terminated for the year.

This legislative activity occurred within the context of over 1,000 bills undergoing the suspense hearing process, during which the Senate and Assembly appropriations committees made swift and secretive decisions on the fate of bills with significant fiscal impact. This year, lawmakers faced an additional challenge due to California's aggravated state budget deficit of $32 billion.

Many tech bills that survived underwent narrowing amendments in response to intense opposition from the industry. Specific details regarding the changes made were not immediately disclosed. These surviving measures will now have to undergo the same scrutiny and review process in the opposite chamber around September.

Among the notable surviving tech bills was a revised version aimed at holding social media platforms accountable for addiction and harm caused to children (S.B. 287). This bill, which had been placed on the suspense file and effectively killed last year, underwent revisions to align it more closely with the interests of tech lobbyists. The revised legislation, approved on Thursday, allows local and state prosecutors to sue social media platforms but is limited in scope to children under 16 years old.

In contrast, bills concerning AI did not fare as well. One measure seeking to position California as a leading force in AI regulation for business use (A.B. 331) was killed by the Assembly Appropriations Committee. This bill included a provision for private legal action against algorithmic discrimination. Another narrower AI bill focused on oversight of AI use within state government bodies (S.B. 313) was also held back.

These AI proposals faced strong opposition from business groups concerned about potential stifling of innovation in this rapidly growing field. The regulatory landscape surrounding AI remains dynamic, with state agencies preparing to draft rules on automation, and the federal government considering the establishment of an AI agency.

However, the lack of legislative action is likely to facilitate the ongoing rulemaking activities of the California Privacy Protection Agency and the California Civil Rights Department, allowing them to proceed without conflicting new laws.

Meanwhile, other measures aimed at regulating Big Tech made progress towards a floor vote. One such bill (S.B. 60) would enable state residents to seek court orders for the removal of harmful content related to controlled substances from social media sites.

Another measure (S.B. 74) seeking to ban TikTok on state-issued devices also advanced, with lawmakers removing a requirement for reporting exceptions when using the app for public outreach or cybersecurity research. This measure aligns with similar attempts by other states to ban TikTok and would extend to any other apps operated or headquartered in countries of concern.

Lawmakers also passed a bill (S.B. 244) allowing consumers to repair cellphones and other devices without being restricted to manufacturer services. This bill, sponsored by Sen. Susan Eggman, forms part of a broader consumer advocate push for unrestricted device repair options. Tech and business groups, however, remain opposed, arguing that sharing device details undermines intellectual property rights.

Additionally, the Senate Appropriations Committee approved a bill to strengthen California's regulation of data brokers (S.B. 362). Sen. Josh Becker delayed the implementation date to 2026, allowing consumers to delete personal information collected by registered brokers through a centralized deletion mechanism on the state privacy agency's website.

Lawmakers also addressed other tech-related areas. A contentious bill (A.B. 316) requiring a human driver for self-driving trucks survived the suspense hearing, despite opposition from the autonomous vehicle industry, which argues that such a requirement would impede progress and road safety.

Regarding facial recognition technology regulation, efforts to further regulate its use by law enforcement (A.B. 642) were terminated, indicating a clear direction after a previous ban expired in January. A bill reinstating the ban (A.B. 1034) has already passed the California Assembly and awaits action in the Senate.

Proposals aimed at regulating cryptocurrency also moved forward, with legislation seeking to license the industry (A.B. 39) and impose restrictions on cryptocurrency kiosks (S.B. 401) approved with some modifications.

The recent legislative developments in California reflect the ongoing struggle to balance regulating social media platforms and harnessing the potential of artificial intelligence. While tech policy bills focused on social media regulations advanced, measures targeting AI faced setbacks and were ultimately dropped for the year. The influence of industry opposition and the state's challenging budget deficit played significant roles in shaping the fate of these bills. However, amidst these dynamics, certain bills managed to survive and progress, including those addressing the liability of social media platforms and promoting consumer rights in device repairs and data privacy. The future of AI regulation remains uncertain, with concerns about stifling innovation and the need for effective oversight. As California continues its efforts to navigate the ever-evolving tech landscape, the impacts of these legislative decisions will be closely watched, and the state's stance on social media, AI, facial recognition technology, and cryptocurrency regulation will continue to shape the broader national and global discourse in these domains.