SB 719 (Cabaldon)
Version: January 6, 2026
Hearing Date: January 13, 2026
Fiscal: Yes
Urgency: No
CK

SUBJECT

Department of Technology: inventory: high-risk automated decision systems

DIGEST

This bill extends the requirement for the California Department of Technology (CDT) to conduct annual inventories of all high-risk automated decision systems (ADS) that have been proposed for use, development, or procurement by, or are being used, developed, or procured by, any state agencies and to submit a report of the comprehensive inventories to the Legislature. These requirements become inoperative on January 1, 2032.

EXECUTIVE SUMMARY

ADS, especially those powered by AI, are being increasingly deployed in a multitude of contexts, including employment, housing, education, and health care. Major transparency and fairness concerns have been raised about the use of ADS to make consequential decisions, essentially determinations with significant legal or other material effect on people's lives.

Existing law required CDT to conduct a comprehensive inventory of all high-risk ADS in use, or proposed for use, by state agencies by September 1, 2024 and a report of the inventory was due to the Legislature by January 1, 2025. CDT submitted that report last year, finding zero instances where high-risk ADS were proposed for use, development, or procurement by, or were being used, developed, or procured by, any state agency. This bill now requires annual inventories and reporting on those inventories until 2032.

This bill is author sponsored. No timely support or opposition has been received by this Committee. This bill will be heard by the Senate Governmental Organization Committee the same day as this Committee, and as such the votes from that Committee are not available at the time this analysis is published.

<u>PROPOSED CHANGES TO THE LAW</u>

Existing law:

1) Requires the California Department of Technology (CDT), on or before September 1, 2024, to conduct a comprehensive inventory of all high-risk ADS that have been proposed for use, development, or procurement by, or are being used, developed, or procured by, any state agency. It defines the relevant terms:
   a) "ADS" means a computational process derived from machine learning, statistical modeling, data analytics, or artificial intelligence that issues simplified output, including a score, classification, or recommendation, that is used to assist or replace human discretionary decisionmaking and materially impacts natural persons. "Automated decision system" does not include a spam email filter, firewall, antivirus software, identity and access management tools, calculator, database, dataset, or other compilation of data.
   b) "High-risk automated decision system" means an ADS that is used to assist or replace human discretionary decisions that have a legal or similarly significant effect, including decisions that materially impact access to, or approval for, housing or accommodations, education, employment, credit, health care, and criminal justice. (Gov. Code § 11546.45.5.)

2) Requires CDT, on or before January 1, 2025, and annually thereafter, to submit a report of the comprehensive inventory described above to the Assembly Committee on Privacy and Consumer Protection and the Senate Committee on Governmental Organization, as specified. The requirement for submitting a report becomes inoperative on January 1, 2029. (Gov. Code § 11546.45.5(d).)

This bill requires CDT to conduct annual inventories and to submit reports of those inventories to the Legislature until January 1, 2032.

<u>COMMENTS</u>

1. <u>Considerations for development and deployment of ADS</u>

With recent dramatic advances in the capabilities of AI systems, the need for regulatory frameworks for accountability and responsible development and deployment have become ever more urgent. This is especially true with respect to AI-powered ADS that are used to make, or assist in making, decisions that have a legal or other significant effect.

ADS introduce several concerning issues when deployed across various sectors. Bias and discrimination represent perhaps the most significant problem, as AI systems

frequently reflect and amplify historical biases present in their training data. This can lead to unfair outcomes based on protected characteristics like race, gender, and socioeconomic status, particularly in sensitive domains such as hiring, lending, housing allocation, and criminal justice.

The lack of transparency in many AI systems compounds these concerns. These technologies often function as "black boxes" where the rationale behind specific decisions remains obscure even to their developers. This opacity makes it exceptionally difficult for affected individuals to understand why they were denied government benefits, were passed over for a job opportunity, or received an unfavorable outcome. Such obscurity directly challenges meaningful accountability when harmful outcomes inevitably occur.

Accuracy and reliability issues also persist even in sophisticated AI systems. These technologies can make confident but incorrect predictions, with errors often disproportionately affecting already marginalized groups.

Accountability gaps emerge when determining responsibility for AI-caused harms. The complex relationship between developers, deployers, and users makes liability difficult to establish. Legal frameworks consistently lag behind rapidly advancing technological capabilities, creating environments where harms can occur without clear recourse.

To gain an understanding of how these ADS were being deployed by state agencies, AB 302 (Ward, Ch. 800, Stats. 2023) required CDT, in coordination with other interagency bodies, to conduct, on or before September 1, 2024, a comprehensive inventory of all high-risk ADS that have been proposed for use, development, or procurement by, or were being used, developed, or procured by, state agencies. The goal was to simply provide transparency into state use of these systems before further regulating their use. The law requires the comprehensive inventory to include a description of, among other things, the categories of data and personal information the ADS uses to make its decisions. CDT was required, on or before January 1, 2025, and annually thereafter, to submit a report of the above-described comprehensive inventory to the Legislature.

CDT released its report last year. Despite the explosion of ADS deployment across the nation, CDT reported that zero agencies, of the over 200 agencies polled, were deploying or proposing to deploy high-risk ADS.

2. Continued transparency for state-deployed ADS

This bill requires CDT to conduct annual inventories and to submit reports on them to the Legislature until January 1, 2032. According to the author:

> Organizations such as the GovAI Coalition and the NewDEAL Forum AI
> Task Force are systematically documenting best practices from California's

local agencies and peer jurisdictions nationwide. As evidence
accumulates—both through implementation case studies demonstrating
improved public service delivery and through emerging principles for
responsible AI integration—pressure will mount for statewide
deployment of these systems.

A recent NewDEAL Forum report on AI in governance articulates this
imperative clearly: governments at every level cannot remain passive
observers fixated solely on regulation. State and local leaders must
urgently model people-first AI governance to ensure the future of
government serves the public good.

According to the January 2025 report from CDT, "as required by GC
11546.45.5, CDT collected and reviewed data to assemble a high-risk
algorithmic decision-making systems (ADS) inventory. Of the 198 of 204
State agencies providing responses, no high-risk ADS were reported."

Concurrently, the CDT is developing an innovative Project Delivery
Lifecycle for systems procurement that emphasizes minimum viable
products and iterative scaling—an approach that will accelerate the
deployment of AI solutions to address critical processing bottlenecks.
Given the imminent adoption of high-risk ADSs across state operations,
the Legislature has a fundamental responsibility to maintain rigorous
oversight. SB 719 refines previously established accountability
mechanisms for high-risk ADS.

SUPPORT

None known

OPPOSITION

None known

RELATED LEGISLATION

Pending Legislation:

SB 420 (Padilla, 2025) regulates the use of high-risk ADS. This includes requirements on
developers and deployers to perform impact assessments on their systems. This bill
establishes the right of individuals to know when an ADS has been used, details about
the systems, and an opportunity to appeal ADS decisions, where technically feasible. SB
420 is currently in the Assembly Privacy and Consumer Protection Committee.

SB 468 (Becker, 2025) imposes a duty on a business that deploys a high-risk artificial intelligence system, or high-risk ADS, that processes personal information to protect that information and requires such a deployer to maintain a comprehensive information security program that meets specified requirements. SB 468 is currently in the Senate Appropriations Committee.

AB 1018 (Bauer-Kahan, 2025) regulates the use of ADS. It places obligations on developers and deployers of such systems designed or used to make or facilitate "consequential decisions." AB 1018 is currently on the Senate Floor.

Prior Legislation:

SB 7 (McNerney, 2025) would have regulated the use of ADS in the employment setting. Among other things, the bill would have required specified notice to affected employees and applicants and placed limitations and outright restrictions on ADS utilization in the employment context. The bill was vetoed by Governor Newsom, who stated in part:

> I share the author's concern that in certain cases unregulated use of ADS by employers can be harmful to workers. However, rather than addressing the specific ways employers misuse this technology, the bill imposes unfocused notification requirements on any business using even the most innocuous tools. This proposed solution fails to directly address incidents of misuse.

SB 892 (Padilla, 2024) would have required CDT to develop and adopt regulations to create an ADS procurement standard, as specified, and prohibited a state agency from procuring ADS, entering into a contract for ADS, or any service that utilizes ADS, until CDT has adopted regulations creating an ADS procurement standard, as specified. SB 892 was vetoed by Governor Newsom, who stated in his veto message that aspects of the bill would disrupt ongoing work, "including existing information technology modernization efforts, which would lead to implementation delays and higher expenses for critical projects."

AB 302 (Ward, Ch. 800, Stats. 2023) *See* Comment 1.

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