

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1570 (Delegate Young)
Government, Labor, and Elections

State Government - Governmental Procedures - Development and Review of Standards

This bill requires units of State government to follow specified procedures and rely on specified data and tools when developing “standards,” as defined by the bill. When developing standards, units of State government must, among other things, use a “decision-support algorithm” and resolve disputes through independent third-party technical reviews, as specified.

Fiscal Summary

State Effect: State expenditures (all funds) likely increase beginning in FY 2027, potentially significantly, to the extent State entities must procure “decision-support algorithms” and third-party experts to independently review their standards and resolve disputes. However, a reliable estimate is not feasible, as discussed below. Revenues are not directly affected.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Bill Summary:

Definitions

“Standards” means operational, technical, or procedural benchmarks used to guide implementation processes.

“Decision-support algorithm” means a computer program used by a unit of State government to improve decision making that is evaluated by a technical expert before being used.

Development of Standards

In developing standards, a unit of State government must:

- rely only on feasible, transparent, and reproducible data;
- incorporate first-hand knowledge, including best practices and real-world experiences;
- seek consensus among stakeholders;
- resolve disputes through independent third-party technical review using recognized research and expertise and reference to recognized international standards;
- avoid relying on technical experts found to be biased, as determined by independent reviews;
- take into account (1) transformative large-scale economic efficiency; (2) scientific standards; (3) cultural practices; (4) comparative advantages; and (5) structured input from multidisciplinary experts; and
- use a decision-support algorithm.

Any initial standards adopted by a unit of State government must be based on existing codes and regulations (unless otherwise specified), confirm existing practices and standards, and clearly define goals, risks, and methods. They must be reviewed periodically using current technological best practices and independent peer input.

Current Law: Current law does not specify, in broad terms, how State agencies must develop standards. The bill does not specify that artificial intelligence (AI) systems must be used in the development of standards, but “decision-support algorithms” are used in such systems. For a discussion of the status of AI in the State and the nation, please see the **Appendix – Artificial Intelligence**.

State Expenditures: Several of the bill’s requirements likely result in increased expenditures, but any such effect varies to the extent agencies develop or reassess their standards. Several State agencies advise that the bill does not have a material fiscal or operational effect on them. For other agencies, the bill requires the use (and therefore the procurement of) “decision-support algorithms, which are presumed to comprise AI systems. To the extent that the bill requires State entities to procure sophisticated AI systems to develop standards, expenditures (all funds) for State agencies may increase, potentially significantly. However, to the extent that agencies can use “off-the-shelf” AI

systems to inform their standard-setting processes, existing resources may be sufficient to comply with that requirement.

In addition, the bill prohibits the use of technical experts found to be biased, as determined by an independent review. Finally, the bill requires agencies to resolve disputes that arise during the standard-setting process using independent third-party technical reviews. Therefore, agencies may need to procure third-party experts to (1) assess the level of bias in technical experts they use to develop standards and (2) resolve disputes that arise during the standard-setting process. A reliable estimate of any such procurement costs is not feasible because it depends on whether agencies suspect that their technical experts are biased and whether disputes arise during the standard-setting process that must be resolved.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Department of Information Technology; Department of Commerce; Alcohol, Tobacco, and Cannabis Commission; Comptroller's Office; Maryland State Department of Education; Baltimore City Community College; University System of Maryland; Morgan State University; Maryland Department of the Environment; Department of General Services; Department of Housing and Community Development; Department of Natural Resources; Maryland Department of Transportation; Maryland Energy Administration; Office of People's Counsel; Public Service Commission; Department of Legislative Services

Fiscal Note History: First Reader - March 9, 2026
jg/mcr

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Appendix – Artificial Intelligence

Artificial Intelligence – Generally

Artificial intelligence (AI) is a broad field of computer science that deals with the creation of “intelligent” systems that can reason, learn, and act autonomously. There are many different branches of AI, each with its own focus and set of techniques, such as machine learning, neural networks, robotics, expert systems, fuzzy logic, and natural language processing. AI research has been successful in developing algorithms for solving a wide range of problems, from game playing to conversation simulation.

AI use has expanded significantly in recent years. Many of the largest technology companies have each developed their own AI systems and have integrated the systems into their respective companies’ products and services. AI’s ability to quickly synthesize and summarize vast amounts of data and apply the results have made it a useful tool in modern society while also raising questions about its use. The following list briefly describes a few of the impacts of and issues surrounding AI.

- Related to education, AI may have potential benefits to help tutor or otherwise provide additional resources to assist students in their studies. However, some students use AI to cheat on their schoolwork;
- Related to energy use, the significant power draw necessary to run the data systems that host AI systems has contributed to localized energy shortages and increased energy costs;
- Regarding environmental issues, these data centers require a significant amount of water for cooling and increasingly have been using freshwater resources for this purpose;
- Related to criminal justice, AI image and video generation systems can be used to make “deep fake” pictures and videos that may be difficult or impossible to differentiate from actual events;
- AI’s reliance on information from the internet has raised concerns regarding the accuracy of AI-generated content as well as copyright infringement and data privacy.
- Related to health, AI is being used to assist doctors in developing medical diagnoses, but is also being used by insurance companies to screen requests for care and claims;
- Related to labor and employment, the expansion of AI has led to concerns about employees being replaced by AI systems as a means to save money on labor costs.

Governance at the State Level

The State defines AI as a machine-based system that (1) can, for a given set of human-defined objectives, make predictions, recommendations, or decisions influencing real or virtual environments; (2) uses machine and human-based inputs to perceive real and virtual environments and abstracts those perceptions into models through analysis in an automated manner; and (3) uses model inference to formulate options for information or action. At the State level, AI is governed primarily by the Department of Information Technology (DoIT) and the Governor's AI Subcabinet. This governance structure was established by Chapter 496 of 2024 and, broadly speaking:

- requires DoIT to adopt policies and procedures, in consultation with the Governor's AI Subcabinet, concerning the development, procurement, deployment, use, and ongoing assessment of systems that employ high-risk AI by a unit of State government;
- prohibits units of State government from procuring or deploying a new system that employs AI unless the system complies with the policies and procedures adopted by DoIT;
- requires each unit of State government to conduct a data inventory to identify data that meets criteria established by the Chief Data Officer and that is (1) necessary for the operations of the unit or otherwise required to be collected as a condition to receive federal funds or by federal or State law and (2) in a form prescribed by the Chief Data Officer, including when the data is used in AI; and
- requires each unit of State government to conduct an inventory of systems that employ high-risk AI.

Most recently, DoIT and the subcabinet have released the [2025 Maryland AI Enablement Strategy & AI Study Roadmap](#), which includes plans for studying opportunities, risks, and next steps associated with the use of AI in State services. Additionally, in November 2025, the Governor's Office announced a [State partnership](#) with two AI companies to integrate certain AI systems into a portion of the State's workforce.

Other Recent State Laws and Policies

In addition to the direct governance effectuated by Chapter 496, various other laws and policies address some of the issues posed by AI.

Chapter 105 of 2025 established the Workgroup on AI Implementation to monitor issues and make recommendations related to AI, including (1) the regulation of AI used in decisions that significantly impact the livelihood and life opportunities of individuals in the State; (2) deployer and developer obligations related to labor and employment and

protection of individual privacy rights; (3) protection of consumer rights; (4) current private sector use of AI; (5) general AI disclosures for all consumers; (6) enforcement authority for the Office of the Attorney General's Consumer Protection Division; and (7) the impact of the use of AI in the determination of government benefits. The first report from the workgroup is due July 1, 2026.

Chapter 747 of 2025 requires a carrier (*i.e.*, insurance company or another organization that provides health benefit plans), pharmacy benefits manager, or a private review agent that uses AI, algorithms, or other software tools for utilization review (including working through an entity that uses such tools) to ensure that such tools are used in a specified manner. Notably, the Act specifies that an AI, algorithm, or other software tool may not deny, delay, or modify health care services and that carriers must submit in their quarterly appeals and grievance reports whether an AI, algorithm, or other software tool was used in making an adverse decision.

Chapter 17 of the 2025 special session established an AI Evidence Clinic Pilot Program in the Administrative Office of the Courts to provide expertise in AI to the circuit courts and the District Court in the form of expert testimony on the authenticity of electronic evidence that a court determines may have been created or altered using AI.

Regarding education, the Maryland State Department of Education has begun an [AI initiative](#) to develop policies and procedures for AI use by students and teachers. Additionally, Chapter 237 of 2025 specifies that, for school years 2025-2026 through 2027-2028, certain requirements for the procurement and use of digital tools to assure equivalent access to technology for students with disabilities do not apply to digital tools that use AI.

Federal Action

The National Artificial Intelligence Initiative Act of 2020 became law on January 1, 2021. The aim of the Act is to promote U.S. leadership in AI research and development with the goal of accelerating the nation's economic prosperity and national security through the development and use of trustworthy AI in the public and private sectors and preparation of the workforce for the inevitable integration of AI systems. This multi-agency initiative has included work by the U.S. Department of Energy, in consultation with the National Institute of Standards and Technology, to develop the AI Risk Management Playbook as a reference guide to support responsible and trustworthy AI use and development. Though not a binding document, the playbook addresses common AI risks and steps that AI leaders, practitioners, and procurement teams can take to manage data privacy and bias risks.

Other Executive Orders guiding and governing AI use of the federal level signed during the previous administration were revoked under the current administration. Moreover, an

[Executive Order signed in December 2025](#) generally expresses the federal government's attempt to preempt State AI laws and regulations, directs certain federal agencies to penalize states that are found to not be in compliance with the preemption, and directs certain federal entities to prepare a legislative recommendation establishing a uniform federal policy framework for AI that preempts state AI laws.