February 6, 2026

House Economic Development & Technology Committee
Hawaii State Capitol
415 South Beretania St.
Honolulu, HI 96813

Re: HB 2500 – "Relating to Artificial Intelligence" (Oppose)

Dear Chair Ilagan and Members of the House Economic Development & Technology Committee:

On behalf of the Computer & Communications Industry Association (CCIA), I write in respectful opposition to HB 2500 in advance of the House Economic Development & Technology Committee hearing on February 6, 2026. CCIA is an international, not-for-profit trade association representing a broad cross-section of communications and technology firms.[1] Proposed regulations on the interstate provision of digital services, therefore, can have a significant impact on CCIA members.

The Association's members have engaged in advancing ethical AI by establishing and implementing proprietary responsibility frameworks, conducting academic research that promotes privacy-by-design, and safeguarding AI against motivated attackers seeking to extract training data. CCIA understands lawmakers' concerns regarding the potential risks posed by artificial intelligence systems and looks forward to working with the Legislature to find reasonable solutions. However, HB 2500 raises the following concerns:

HB 2500's definitions would create uncertainty and risk.

HB 2500 currently lacks sufficiently precise definitions to allow businesses to confidently determine their compliance obligations. The bill's definition of 'algorithmic decision system' is overly expansive, unintentionally bringing routine business practices under burdensome regulatory requirements.

The language in HI HB 2500 uses an extremely broad criterion, including regulating systems that "assist" or "inform" human decisions. This imprecise wording encompasses far more than high-risk, autonomous decision-making technologies. Because the bill covers any tool that merely "influences" decisions, it would likely regulate common business features like company profile pages that job seekers browse, resume database searches, and recommendation systems. These are essentially information lookup tools that pose no risk to workers or users and cannot autonomously discriminate in hiring. Nevertheless, the current language would probably subject them to compliance requirements intended for high-risk AI applications.

[1] For more than 50 years, CCIA has promoted open markets, open systems, and open networks. CCIA members employ more than 1.6 million workers, invest more than $100 billion in research and development, and contribute trillions of dollars in productivity to the global economy. A list of CCIA members is available at https://www.ccianet.org/members.

Under the present draft, these everyday operational tools would fall under HI HB 2500's scope, leaving businesses vulnerable to substantial fines and litigation expenses from Attorney General enforcement actions. Such penalties could devastate smaller companies and potentially create pathways for increased liability under Hawaii's consumer protection and anti-discrimination laws. To prevent these harmful consequences, the bill needs to be narrowed to address only high-risk scenarios. Regulations should focus on ADS that independently make final decisions with legal or similarly significant effects, rather than merely support, significant decisions with legal or comparable effects. This includes actually granting or refusing employment, instead of vaguely defined "material legal or similarly significant effect" on access to such opportunities.

Mandatory impact assessments will harm small businesses and Hawaii's innovation economy.

Impact assessments, especially at the frequency required by HB 2500, are expensive, time-consuming exercises that overburden burgeoning startups. This creates a "compliance moat" that protects larger, more established incumbents while bankrupting startups that cannot afford the tremendous compliance cost to write a risk report for every software update. Requiring an assessment before deployment and after any "intentional and substantial modification" slows down the iterative nature of software development, where updates happen weekly or daily. These requirements will raise costs substantially in both the developer and deployer space, leading to less innovation in the state.

Other states have recognized ongoing concerns with these approaches.

In 2024, Colorado enacted legislation that mirrors the language in HB 2500. While SB24-205[2] was signed by Governor Jared Polis, he explicitly warned in his signing statement that the law "creates a complex compliance regime" and asked lawmakers and stakeholders to "finetune the provisions and ensure that the final product does not hamper development and expansion of new technologies".[3] He admitted being concerned about the impact on the industry and noted that the state puts itself at a competitive disadvantage by moving before the federal government.

Colorado attempted to amend the regulation this past year in a special legislative session, but was unable to come to a substantive agreement on how to appropriately amend the law, leading to another extension of an already two-year-long implementation deadline. Effective AI regulation is a complicated undertaking that requires broad-based collaboration to ensure viable adoption.

Joint and several liability unjustly increases developer liability for downstream uses.

[2] S.B. 24-205, 74th Gen. Assemb., Reg. Sess. (Colo. 2024)
[3] Letter from Gov. Polis to the Colorado General Assembly regarding Senate Bill 24-20. (May 17, 2024), *available at* https://drive.google.com/file/d/1i2cA3IG93VViNbzXu9LPgbTrZGqhyRgM/view.

HB 2500 fundamentally misunderstands the AI supply chain by holding developers accountable for downstream deployment decisions they can neither see nor control. Developers build general-purpose models for diverse applications, but lose all visibility once licensed. Imposing joint liability is like holding spreadsheet manufacturers responsible when companies use Excel to commit fraud—it punishes toolmakers for users' choices. Effective regulation places liability on the party best positioned to mitigate risk, which in AI deployment is virtually always the deployer who chooses where to use a model, what data to feed it, and how to interpret outputs. Developers cannot conduct meaningful impact assessments for unknown future use cases, creating a "compliance impossibility" where they bear legal responsibility for harms in contexts they cannot control.

This liability standard creates unmanageable legal risk that will drive developers to either severely lock down models (eliminating beneficial uses in healthcare, finance, and employment) or exit Hawaii's market entirely—particularly devastating for open-source developers who lack resources to police every implementation. Joint and several liability is reserved for actors whose negligence is inextricably linked to harm, but here discriminatory outcomes typically result from deployers' specific configurations, data inputs, or inadequate oversight, factors entirely separate from the model's architecture. HB 2500 blurs the distinction between building a tool and misusing it, weakening deployer accountability by allowing them to transfer both blame and financial liability upstream to developers with deeper pockets.

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We encourage Committee members to resist advancing legislation that is not adequately tailored and discourages innovation. We appreciate the Committee's consideration of these comments and stand ready to provide additional information as the Legislature considers proposals related to technology policy.

Sincerely,

Aodhan Downey
State Policy Manager, Western Region
Computer & Communications Industry Association