



April 13, 2026

South Carolina Senate
Attn: Labor, Commerce and Industry Ad Hoc Subcommittee
Gressette Senate Office Building
1111 Gervais Street
Columbia, SC 29201

Re: SB 896 – “Chatbot Protection Act” (Oppose)

Dear Chair Bennet & Members of the Labor, Commerce and Industry Ad Hoc Subcommittee:

On behalf of the Computer & Communications Industry Association (CCIA), I write to respectfully oppose SB 896. 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 can therefore significantly impact CCIA members. CCIA and its members have a shared interest in protecting children and giving parents and adults simple but effective tools to provide a safe online environment for their families.

CCIA firmly believes that children are entitled to security and privacy online. Our members have designed and developed settings and parental tools to individually tailor younger users’ online use to their developmental needs. For example, various services allow parents to set time limits, provide enhanced privacy protections by default for known child users, and other tools allow parents to block specific sites entirely.² This is also why CCIA supports implementing digital citizenship curricula in schools, to not only educate children on proper social media use but also help teach parents how they can use existing mechanisms and tools to protect their children as they see fit.³

While CCIA shares the goal of increasing online safety, SB 896 raises significant concerns that could undermine these objectives and harm innovation in beneficial AI technologies.

The bill’s required disclosures violate the First Amendment.

SB 896 requires covered businesses to “evaluate its chatbot for potential risk of harm to users” and make such information “publicly available on its website.” Multiple federal Court of Appeals rulings have held that such mandatory disclosures constitute compelled speech in violation of the First Amendment.⁴ In 2024, the Ninth Circuit held that “requir[ing] the forced creation and disclosure of highly subjective opinions about content-related harms” constitutes

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>.

² Competitive Enterprise Inst., *Children Online Safety Tools*, <https://cei.org/children-online-safety-tools/> (last updated Feb. 19, 2025).

³ Jordan Rodell, *Why Implementing Education is a Logical Starting Point for Children’s Safety Online*, Disruptive Competition Project (Feb. 7, 2023), <https://project-disco.org/privacy/020723-why-implementing-education-is-a-logical-starting-point-for-childrens-safety-online/>.

⁴ See, e.g., *NetChoice v. Bonta*, 113 F.4th 1101 (9th Cir. 2024); *X Corp. v. Bonta*, 116 F.4th 888 (9th Cir. 2024).



“State attempts to indirectly censor the material available... online[] by delegating the controversial question... to the companies themselves.”⁵ Such requirements therefore “fall[] well short of satisfying strict First Amendment scrutiny” and are unconstitutional.⁶

Overly broad definitions will create compliance uncertainty.

The bill’s definitions are overly broad and would capture virtually every conversational AI system. The definition of “chatbot” includes any algorithmic or automated system that generates information through text, audio, image, or video in a manner that simulates interpersonal interactions or conversations. This sweeping language would apply to educational tutors, research assistants, language-learning tools, customer-service bots, productivity applications, and countless other legitimate uses, rather than being limited to high-risk companion systems. The bill applies to any chatbot provider with no size threshold, imposing the same compliance burdens on small startups and large platforms alike.

Furthermore, SB 896 determines a covered service’s responsibilities in part based on whether “the chatbot provider knows or reasonably should have known that based on knowledge of objective circumstances the user is a minor and the user’s parent or legal guardian did not provide affirmative consent”. It is, however, difficult to objectively determine when a controller “reasonably should have known” that a user is a minor if the controller does not have actual knowledge. Consequently, these standards risk being applied arbitrarily and inconsistently. Framing online services’ obligations in such vague terms leaves them unable to know whether they are violating the law, or what corrective measures they must take.

Prescriptive provisions are impractical and will degrade the user experience.

The affirmative consent requirements for processing personal data, using chat logs for model training, advertising, or profiling are impractical for real-world AI deployment. Requiring granular, stand-alone consent for ordinary interactions would create prohibitive user friction, disrupt standard AI functionality, and render many free or ad-supported services unviable. The outright ban on using chat logs to inform or customize advertisements eliminates business models that support innovation and broad access to AI tools. The arbitrary ten-year retention limit on chat logs and the prohibition on selling chat logs add further operational burdens without clear safety benefits.

The mandatory hourly disclosures that the user is interacting with a chatbot, combined with restrictions on implying confidentiality or equivalence to licensed professionals, are overly prescriptive and not user-friendly. These one-size-fits-all mandates ignore the wide variety of beneficial AI use cases and would degrade the user experience for millions of South Carolinians who rely on helpful conversational tools every day.

⁵ *NetChoice*, 113 F.4th at 1122.

⁶ *Id.*



Broad & punitive product liability provisions will inhibit competition and chill development.

The bill treats every chatbot as a product for strict product-liability purposes and imposes a broad duty to ensure the chatbot does not cause injury, paired with a private right of action that allows civil penalties of up to five thousand dollars per violation plus punitive damages. These provisions create enormous and unpredictable litigation risk that would chill the development and deployment of helpful AI across the board.

A more effective approach empowers users and parents through robust existing control tools, promotes digital literacy education, and supports targeted, risk-based industry standards rather than prescriptive design mandates that may drive users toward less-regulated alternatives.

The bill’s private right of action would result in the proliferation of frivolous lawsuits and questionable claims.

Creating a new private right of action would open the doors of state courthouses to plaintiffs advancing costly, time-intensive claims based on subjective criteria. The vague standards noted above necessitate fact-intensive inquiries that make courts reluctant — or unable — to dismiss claims until more facts can be gathered in the discovery phase. These new dynamics would significantly affect litigants’ incentives. If defendants are routinely forced past the motion to dismiss phase and into full discovery, the cost of litigation itself becomes a coercive force, encouraging settlements unrelated to the strength of the legal claims. Moreover, these costs would be passed on to South Carolina residents, disproportionately impacting smaller businesses and startups across the state.⁷

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For these reasons, CCIA respectfully urges the Subcommittee to oppose the “Chatbot Protection Act.” We appreciate the opportunity to share our views and stand ready to work with the Committee on any amendments that would better balance user safety with innovation, usability, and constitutional protections, such as narrowing the scope to true companion chatbots, aligning requirements with existing federal frameworks, and relying on industry-led best practices.

Sincerely,

Tom Mann
State Policy Manager, South
Computer & Communications Industry Association

⁷ Trevor Wagener, *State Regulation of Content Moderation Would Create Enormous Legal Costs for Platforms*, *Broadband Breakfast* (Mar. 23, 2021), <https://broadbandbreakfast.com/trevor-wagener-state-regulation-of-content-moderation-would-create-enormous-legal-costs-for-platforms/>.