



FLOOR ALERT: AB 1018 (BAUER-KAHAN) – OPPOSE; COST DRIVER VOTE NO ON AB 1018

AB 1018 still **fails** to address Industry's #1 concern that the scope be tailored to **high-risk tools that replace humans in making consequential decisions that have legal or similarly significant effect on the provision or denial of critical rights or services like housing, education, employment related decisions, as opposed to lower-risk tools that merely assist them in facilitating decisions.**

The amendments do NOT:

- ✗ Eliminate costly pre- / post - use notices, or the rights to correct/appeal (Industry's #2 priority).
- ✗ Provide for **AG-exclusive enforcement or a 60-day right to cure** in direct contrast to Colorado's AG-exclusive, cure-first, enforcement model (another Industry priority).
- ✗ Include local preemption (again, an Industry priority).
- ✗ Provide adequate flexibility or exemptions for the breadth of tools and outcomes captured
- ✗ Limit application to larger businesses, still carrying significant costs for both private businesses and public entities that undermine the utility of using ADS.

AB 1018 COMPLIANCE COSTS ARE STILL SIGNIFICANT. While amendments reduce some costs, businesses that deploy covered ADS would still incur potentially significant costs to comply with AB 1018 including costs to: identify covered systems, determine which decisions and outcomes trigger the statute, implement pre-decision and adverse-outcome notices, establish correction and appeal processes, modify IT and operational workflows, train personnel, maintain documentation, and manage ongoing legal and compliance risk.

COLORADO'S EXPERIENCE IS A WARNING, NOT A ROADMAP. After rushing a seriously flawed AI law in 2024, Colorado had to replace it with SB 26-189—a substantial retreat from its original approach that remains an untested regulatory experiment. Two years later, key implementation details are still being developed through their rulemaking process. **AB 1018 takes the same approach instead of learning from Colorado's mistakes.** California should not make its economy the test case for a regulatory experiment that Colorado has spent years trying to scale back and make “workable.” It is worth remembering that what may finally be “livable” in Colorado for some businesses will be an impediment to innovation and investment here in California, home to more AI companies than any other state.

VOTE NO ON AB 1018