

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023

H.B. 1036
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HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH40574-LRa-133C

Short Title: AI Task Force/Funds. (Public)

Sponsors: Representative Hawkins.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT CREATING THE NORTH CAROLINA ARTIFICIAL INTELLIGENCE TASK
3 FORCE AND APPROPRIATING FUNDS FOR THAT PURPOSE.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.(a)** The North Carolina Artificial Intelligence Task Force (Task Force)
6 is established and charged to do the following:

- 7 (1) Serve as a vehicle to connect the General Assembly with public and industry
8 artificial intelligence (AI) stakeholders on AI issues. This includes, but is not
9 limited to, inviting industry leaders to brief the Task Force, conducting site
10 visits to locations around North Carolina, and forming an Industry Advisory
11 Group for stakeholders with a vested interest in AI technology.
- 12 (2) Hear from AI experts from State and local governments who provide
13 informational briefings and review AI laws and proposed legislation and
14 regulations from other jurisdictions.
- 15 (3) Receive the input of public and industry AI stakeholders and offer a clear
16 starting point for conversations with the General Assembly about regulation
17 and AI growth and innovation in North Carolina so that this State maintains
18 its position as a premier destination for technology, business, and innovation.
- 19 (4) Develop and provide expertise about AI legislation that can guide the wider
20 membership.
- 21 (5) Shape a cohesive vision for AI policy and regulation in North Carolina in
22 order to improve the business environment, reduce regulatory uncertainty, and
23 attract and develop a fast-growing sector of the American economy.
- 24 (6) Study AI systems developed, employed, or procured by State agencies.

25 **SECTION 1.(b)** The Task Force shall include the following voting members, as
26 follows:

- 27 (1) Four members of the House of Representatives (with no more than two from
28 the majority party in that chamber), and one member of the public, appointed
29 by the Speaker of the House of Representatives.
- 30 (2) Four members of the Senate (with no more than two from the majority party
31 in that chamber), and one member of the public, appointed by the President
32 Pro Tempore of the Senate.
- 33 (3) Five members of the public from the information technology industry and
34 business sector having expertise in the field of AI, appointed by the Governor.
- 35 (4) Five members having expertise in different areas impacted by AI, elected by
36 a majority of the members appointed above at the first organizational meeting.



1 **SECTION 1.(c)** The Task Force shall include the following nonvoting members:

- 2 (1) Three persons appointed by the State Board of Education having knowledge
3 in the fields of privacy or information technology.
4 (2) Three academic representatives from the fields of science or technology from
5 The University of North Carolina appointed by the President of the UNC
6 System.
7 (3) Three persons who are representatives of major private sector AI developers
8 and end users, including, but not limited to, technology companies, health care
9 systems, and enterprise users.
10 (4) Two members representing independent colleges and universities appointed
11 by the President of the North Carolina Independent Colleges and Universities.
12 (5) Two members representing large cities, two members representing midsize
13 cities, and two members representing small towns appointed by the North
14 Carolina League of Municipalities.

15 **SECTION 1.(d)** The Task Force shall include the following ex officio members, or
16 the member's designee:

- 17 (1) The State Chief Information Officer, Department of Information Technology.
18 (2) The State Chief Privacy Officer, Department of Information Technology.
19 (3) The Secretary of the Department of Administration.
20 (4) The Secretary of the Department of Commerce.
21 (5) The Secretary of the Department of Public Safety.
22 (6) The Secretary of the Department of Transportation.

23 **SECTION 1.(e)** The Task Force shall conduct its work through four Working
24 Groups. Each Working Group shall include voting, nonvoting, and ex officio members as
25 assigned and organized by the cochairs of the Task Force.

26 **SECTION 2.(a)** The Task Force Working Groups shall do the following:

- 27 (1) The Working Group on Innovation shall study and develop a cohesive vision
28 for AI policy and regulation in North Carolina to improve the business
29 environment, reduce regulatory uncertainty, and attract and develop the AI
30 sector.
31 (2) The Working Group on Standards and Ethics will review the need for
32 standards, and a code of ethics, for artificial intelligence systems in State
33 government.
34 (3) The Working Group on Risks will review high-risk automated decision
35 systems that are used currently or may be used in State government.
36 (4) The Working Group on Individual Rights will consider how the use of
37 artificial intelligence systems in State government impacts the liberty,
38 finances, livelihood, and privacy interests of the citizens of this State and how
39 to prevent any unfair discrimination caused by using AI.

40 **SECTION 2.(b)** The following definitions apply in this act:

- 41 (1) Artificial intelligence (AI). – An artificial system:
42 a. That performs tasks under varying and unpredictable circumstances
43 without significant human oversight or can learn from experience and
44 improve such performance when exposed to data sets;
45 b. Is developed in any context, including, but not limited to, software or
46 physical hardware, and solves tasks requiring human-like perception,
47 cognition, planning, learning, communication, or physical action; or
48 c. Is designed to (i) think or act like a human, including, but not limited
49 to, a cognitive architecture or neural network, or (ii) act rationally,
50 including, but not limited to, an intelligent software agent or embodied
51 robot that achieves goals using perception, planning, reasoning,

1 learning, communication, decision making, or action. The term
2 includes machine learning that is designed to approximate a cognitive
3 task.

4 (2) Automated decision system. – A computational process derived from artificial
5 intelligence, data analytics, machine learning, or statistical modeling that
6 issues simplified output, including a score, classification, or recommendation,
7 that is used to assist or replace human discretionary decision making and
8 materially impacts natural persons. The term does not include a spam email
9 filter, firewall, antivirus software, identity and access management tools,
10 calculator, database, data set, or other compilation of data.

11 (3) High-risk automated decision system. – An automated decision system that is
12 used to assist or replace human discretionary decisions that have a legal or
13 similarly significant effect, including decisions that materially impact access
14 to, or approval for, housing or accommodations, education, employment,
15 credit, health care, and criminal justice.

16 **SECTION 2.(c)** Each State agency in the executive, judicial, and legislative
17 branches, upon the Task Force's written request, shall submit an inventory of high-risk automated
18 decision systems to the Task Force. Each inventory shall provide the following information:

19 (1) The name and vendor of each high-risk automated decision system, the
20 capabilities of the system, and the types of data inputs the system uses.

21 (2) The purpose and proposed use of the system.

22 (3) How the data inputs are generated, collected, and processed.

23 (4) Types of data the system generates.

24 (5) Whether the system has been tested by an independent third party, has bias,
25 and has been tested for bias.

26 (6) The fiscal impacts of the system.

27 **SECTION 2.(d)** Each State agency in the executive, judicial, and legislative
28 branches, upon the Task Force's written request, shall complete an impact inventory of all
29 high-risk automated decision systems that have been proposed for use, development, or
30 procurement by, or are being used, developed, or procured by, any State agency. The impact
31 inventory shall include a description of the following:

32 (1) Any decision the automated decision system can make or support and the
33 intended benefits of that use and any alternatives to that use.

34 (2) The results of any research assessing the efficacy and relative benefits of the
35 uses and alternatives of the automated decision system.

36 (3) The categories of data and personal information the automated decision
37 system uses to make its decisions.

38 (4) The measures in place, if any, to mitigate the risks, including cybersecurity
39 risk and the risk of inaccurate, unfairly discriminatory, or biased decisions, of
40 the automated decision system. Such measures may include, but are not
41 limited to, any of the following: (i) performance metrics to gauge the accuracy
42 of the system, (ii) cybersecurity controls, (iii) privacy controls, (iv) risk
43 assessments or audits for potential risks, and (v) measures or processes in
44 place to contest an automated decision. This information is not a public record
45 under Chapter 132 of the General Statutes but may be released to the public
46 as determined by the chairs.

47 **SECTION 3.(a)** The President Pro Tempore of the Senate and the Speaker of the
48 House of Representatives shall each appoint a cochair for the Task Force. A quorum of the Task
49 Force is a majority of its members. Members of the Task Force shall receive per diem,
50 subsistence, and travel allowances in accordance with G.S. 120-3.1 or G.S. 138-5, as appropriate.
51 The appointing authority shall fill vacancies.

1 **SECTION 3.(b)** Subject to the approval of the Legislative Services Commission, the
2 Task Force may meet in the State Legislative Building or the Legislative Office Building. The
3 Legislative Services Commission, through the Legislative Services Officer, shall assign
4 professional staff to assist in the work of the Task Force. The House of Representatives' and the
5 Senate's Directors of Legislative Assistants shall assign clerical staff, and the expenses relating
6 to the clerical employees shall be borne by the Task Force. The Task Force, while in the discharge
7 of its official duties, may exercise all of the powers provided under the provisions of G.S. 120-19
8 and G.S. 120-19.1 through G.S. 120-19.4, including the power to request all officers, agents,
9 agencies, and departments of the State to provide any information, data, or documents within
10 their possession, ascertainable from their records, or otherwise available to them, and the power
11 to subpoena witnesses.

12 **SECTION 3.(c)** The Task Force shall submit its recommendations and any
13 legislative proposals to the 2025 General Assembly. The Task Force shall terminate upon filing
14 the report.

15 **SECTION 4.** Effective July 1, 2024, there is appropriated from the General Fund to
16 the General Assembly for the North Carolina Artificial Intelligence Task Force the sum of two
17 hundred fifty thousand dollars (\$250,000) for the 2024-2025 fiscal year to carry out the Task
18 Force's charge as enacted by this act.

19 **SECTION 5.** This act is effective when it becomes law.