

AMENDED IN ASSEMBLY MAY 1, 2025

AMENDED IN ASSEMBLY APRIL 10, 2025

CALIFORNIA LEGISLATURE—2025–26 REGULAR SESSION

## ASSEMBLY BILL

**No. 1064**

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**Introduced by Assembly Member Bauer-Kahan  
(Coauthor: Assembly Member Pellerin)**

February 20, 2025

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An act to add Chapter 25.1 (commencing with Section 22757.20) to Division 8 of the Business and Professions Code, relating to artificial intelligence.

### LEGISLATIVE COUNSEL'S DIGEST

AB 1064, as amended, Bauer-Kahan. Leading Ethical AI Development (LEAD) for Kids Act.

The California AI Transparency Act requires a person that creates, codes, or otherwise produces a generative artificial intelligence system that has over 1,000,000 monthly visitors or users and is publicly accessible within the geographic boundaries of the state to make available an AI detection tool at no cost to the user that, among other things, allows a user to assess whether image, video, or audio content, or content that is any combination thereof, was created or altered by the covered provider's generative artificial intelligence system.

This bill, the Leading Ethical AI Development (LEAD) for Kids Act, would establish, and provide for the membership of, the LEAD for Kids Standards Board in the Government Operations Agency and require the Governor to appoint an executive officer of the board, subject to Senate confirmation, who would hold the office at the pleasure of the Governor. The act would require, on or before January 1, 2028, the



board to adopt regulations governing, among other things, criteria for determining the level of estimated risk of a covered product based on an analysis that weighs the likelihood and severity of reasonably foreseeable adverse impacts against the anticipated benefits of the covered product and denominating the risk levels, as prescribed. The act would define “covered product” to mean an artificial intelligence system that is intended to, or highly likely to, be used by children, used to process a child’s personal information, or applied directly to a child, but the bill would also require the board to adopt regulations governing criteria for developers to determine if an artificial intelligence system is a covered product.

The act would, among other things, require, on or before July 1, 2028, a developer to do certain things with respect to a covered product, including preparing and submitting to the board any risk level assessment required by regulation in order to determine the appropriate risk classification of the covered product. The act would authorize the board to refer violations of the act to the Attorney General and would authorize the Attorney General to recover a certain civil penalty, as prescribed. The act would authorize a child who suffers actual harm as a result of the use of a *high risk or prohibited risk* covered product, or a parent or guardian acting on behalf of that child, to bring a civil action to recover, among other relief, actual damages.

The act would create in the State Treasury the LEAD for Kids AI Fund into which any civil penalty recovered by the Attorney General pursuant to the act is deposited and would make the moneys in the fund available, only upon appropriation by the Legislature, for the purpose of administering the act.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Chapter 25.1 (commencing with Section
- 2 22757.20) is added to Division 8 of the Business and Professions
- 3 Code, to read:



1 CHAPTER 25.1. LEADING ETHICAL AI DEVELOPMENT (LEAD)  
2 FOR KIDS  
3

4 22757.20. This chapter shall be known as the Leading Ethical  
5 AI Development (LEAD) for Kids Act.

6 22757.21. For purposes of this chapter:

7 (a) “Adverse impact” means a significant negative impact to a  
8 child’s health, safety, privacy, educational opportunities or  
9 outcomes, or access to essential services or benefits.

10 (b) “Artificial intelligence” means an engineered or  
11 machine-based system that varies in its level of autonomy and that  
12 can, for explicit or implicit objectives, infer from the input it  
13 receives how to generate outputs that can influence physical or  
14 virtual environments.

15 (c) “Biometric information” has the meaning defined in Section  
16 1798.140 of the Civil Code.

17 (d) “Board” means the LEAD for Kids Standards Board created  
18 pursuant to this chapter.

19 (e) “Child” means a natural person under 18 years of age who  
20 resides in this state.

21 (f) “Companion chatbot” means a generative artificial  
22 intelligence system with a natural language interface that provides  
23 adaptive, human-like responses to user inputs and is intended to,  
24 or foreseeably will, be used to meet a user’s social needs, exhibits  
25 anthropomorphic features, and is able to sustain a relationship with  
26 the user across multiple interactions.

27 (g) “Consent” means affirmative, written agreement to a specific  
28 purpose that is disclosed in clear and conspicuous terms to the  
29 parent or guardian.

30 (h) “Covered product” means an artificial intelligence system  
31 that is intended to, or highly likely to, be any of the following:

32 (1) Used by children.

33 (2) Used to process a child’s personal information.

34 (3) Applied directly to a child.

35 (i) “Deployer” means a person, partnership, state or local  
36 governmental agency, corporation, or developer that uses a covered  
37 product for a commercial or public purpose.

38 (j) “Developer” means a person, partnership, state or local  
39 governmental agency, corporation, or deployer that designs, codes,  
40 substantially modifies, or otherwise produces a covered product.



(k) “Generative artificial intelligence” means artificial intelligence that can generate derived synthetic content, including text, images, video, and audio, that emulates the structure and characteristics of the artificial intelligence’s training data.

(l) “Incident” means a discreet occurrence of an adverse impact to a child caused by a covered product.

(m) “Personal information” has the meaning defined in Section 1798.140 of the Civil Code.

(n) “Risk” means the composite measure of an event’s likelihood of occurring and the magnitude or degree of any adverse impact of the corresponding event.

(o) “Risk level assessment” means a structured evaluation of a covered product’s known or reasonably foreseeable risks to children.

(p) “Social score” means an evaluation or classification of a child or group of children based on social behavior or personal characteristics for a purpose that is likely to result in an adverse impact to the child or children and is either of the following:

(1) Unrelated to the context in which the information relating to the social behavior or personal characteristics was gathered.

(2) Disproportionate or unjustified relative to the social behavior.

(q) “Substantially modify” means to create a new version, release, update, or other modification to a covered product that materially changes its uses or outputs.

(r) “System information label” means a consumer-facing label that includes information about a covered product’s purpose, functioning, data sources, and risk level.

(s) “Trade secrets” has the meaning defined in Section 3426.1 of the Civil Code.

22757.22. (a) (1) There is hereby established the LEAD for Kids Standards Board in the Government Operations Agency. The Governor shall appoint an executive officer of the board, subject to Senate confirmation, who shall hold the office at the pleasure of the Governor. The executive officer shall be the administrative head of the board and shall exercise all duties and functions necessary to ensure that the responsibilities of the board are successfully discharged.

(2) The board shall be composed of the following nine members:

(A) A member of academia appointed by the Governor and subject to Senate confirmation.



1 (B) An artificial intelligence developer or representative of a  
2 company that develops artificial intelligence systems appointed  
3 by the Governor and subject to Senate confirmation.

4 (C) A member of civil society appointed by the Governor and  
5 subject to Senate confirmation.

6 (D) An expert in technology ethics appointed by the Governor  
7 and subject to Senate confirmation.

8 (E) An expert in education appointed by the Governor and  
9 subject to Senate confirmation.

10 (F) A member of academia with expertise in artificial  
11 intelligence appointed by the Speaker of the Assembly.

12 (G) A member of academia with expertise in social science  
13 appointed by the Speaker of the Assembly.

14 (H) Two members appointed by the Senate Committee on Rules.

15 (3) A member of the board shall meet all of the following  
16 criteria:

17 (A) (i) A member shall be free of direct and indirect external  
18 influence and shall not seek or take instructions from another.

19 (ii) A member's employment by a company that develops  
20 artificial intelligence does not by itself constitute a violation of  
21 this subparagraph.

22 (B) A member shall not take an action or engage in an  
23 occupation, whether gainful or not, that is incompatible with the  
24 member's duties.

25 (C) A member shall not, either at the time of the member's  
26 appointment or during the member's term, have a financial interest  
27 in an entity that is subject to regulation by the board.

28 (4) A member of the board shall serve at the pleasure of the  
29 appointing authority but shall serve for no longer than eight  
30 consecutive years.

31 (b) (1) The board shall ensure that regulations adopted pursuant  
32 to this chapter are consistent with widely accepted standards for  
33 governance of artificial intelligence, taking into account  
34 technological standards, technological advances, scientific literature  
35 and advances, and societal changes as they pertain to risks posed  
36 to children by covered products.

37 (2) The board shall consult with individuals from the public and  
38 state agencies who possess expertise directly related to the board's  
39 functions, including technical, ethical, regulatory, and other  
40 relevant issue areas.



1 (c) On or before January 1, 2028, the board shall adopt  
2 regulations governing all of the following:

3 (1) Criteria for developers to determine if an artificial  
4 intelligence system is a covered product subject to this chapter.

5 (2) Criteria for determining the level of estimated risk of a  
6 covered product based on an analysis that weighs the likelihood  
7 and severity of reasonably foreseeable adverse impacts against the  
8 anticipated benefits of the covered product and denominating the  
9 risk levels pursuant to all of the following:

10 (A) “Prohibited risk,” which shall be applied to a covered  
11 product for which the costs of foreseeable adverse impacts likely  
12 outweigh the benefits and includes, but is not limited to, all of the  
13 following:

14 (i) A companion chatbot that can foreseeably do any of the  
15 following:

16 (I) Attempt to provide mental health therapy to the child.  
17 (II) Cause the child to develop a harmful ongoing emotional  
18 attachment to the companion chatbot.  
19 (III) Manipulate the child to engage in harmful behavior.

20 (ii) A covered product used to do any of the following:

21 (I) Collect or process a child’s biometric information for any  
22 purpose other than confirming a child’s identity, with the consent  
23 of the child’s parent or guardian, in order to grant access to a  
24 service, unlock a device, or provide physical access to an  
25 educational institution.

26 (II) Generate a social score.  
27 (III) (ia) Assess the emotional state of a child.  
28 (ib) This subclause does not apply to an assessment of the  
29 emotional state of a child in a medical setting with the consent of  
30 the child’s parent or guardian or that is needed to provide  
31 emergency care if the child’s parent or guardian is unavailable.

32 (IV) Scrape an image that the developer or deployer knows, or  
33 reasonably should know, is a child’s face from the internet or from  
34 surveillance footage without the consent of the child’s parent or  
35 guardian.

36 (B) “High risk,” which shall be applied to a covered product  
37 for which the benefits may outweigh the costs of foreseeable  
38 adverse impacts and includes, but is not limited to, a covered  
39 product that does any of the following:



1 (i) Performs a function related to pupil assessment or discipline,  
2 including, but not limited to, a covered product that determines  
3 access or admission, assigns children to educational institutions  
4 or programs, evaluates learning outcomes of children, assesses the  
5 appropriate level of education for a child, materially influences  
6 the level of education a child will receive or be able to access, or  
7 monitors and detects prohibited behavior of students during tests.

8 (ii) Target advertisements to children.

9 (iii) For a specific purpose that would otherwise qualify as a  
10 prohibited risk, as set forth in regulations adopted by the board, if  
11 the use is strictly necessary to ensure a child's mental or physical  
12 health or safety.

13 (C) "Moderate risk," which shall be applied to a covered product  
14 for which the benefits reasonably outweigh the costs of foreseeable  
15 adverse impacts.

16 (D) "Low risk," which shall be applied to a covered product for  
17 which there are few, if any, foreseeable adverse impacts.

18 (3) Guidance for developers to classify covered products  
19 according to risk level, as described in paragraph (2).

20 (4) Reasonable steps a developer of a prohibited risk covered  
21 product is required to take to ensure that children are not able to  
22 access the product.

23 (5) Requirements for predeployment and postdeployment  
24 assessments, including, but not limited to, an assessment of the  
25 purpose for which the covered product is intended, technical  
26 capabilities, limitations and functionality, specific adverse impacts,  
27 internal governance, and the timing for the development and  
28 submission to the board of those evaluations and assessments. The  
29 board shall also provide guidance consistent with Section 22757.28  
30 to avoid duplication of efforts with respect to any other state or  
31 federal laws that require similar documentation.

32 (6) Requirements for artificial intelligence information labels  
33 to ensure that, for each covered product, the public is able to access  
34 baseline information on the covered product, including the covered  
35 product's purpose, a description of how it works, its risk level,  
36 potential adverse impacts, and any other information necessary to  
37 assess the impact of the system on children.

38 (7) Standards for audits of covered products, including the  
39 timing of audits, qualifications and training of auditors, rules  
40 governing auditor independence and oversight, and audit reports



1 that auditors are required to provide to the board. The board shall  
2 also establish rules for the protection of trade secrets in connection  
3 with the performance of audits.

4 (8) The creation of an incident reporting mechanism that enables  
5 third parties to report potential incidents of adverse impacts  
6 resulting from the use of a covered product directly to a developer  
7 or the board.

8 (9) The creation of a publicly accessible registry for covered  
9 products that contains high-level summaries of audit reports,  
10 incident reports, system information labels, and any additional  
11 information specified by the board.

12 (10) (A) Registration fees for developers that do not exceed  
13 the reasonable regulatory costs incident to administering this  
14 chapter.

15 (B) A registration fee described by this paragraph shall be  
16 deposited into the LEAD for Kids AI Fund established pursuant  
17 to Section 22757.27.

18 22757.23. (a) On or before July 1, 2028, a developer shall do  
19 all of the following with respect to a covered product:

20 (1) Register the covered product using the registry developed  
21 by the board.

22 (2) Prepare and submit to the board any risk level assessment  
23 required by regulation in order to determine the appropriate risk  
24 classification of the covered product.

25 (3) Develop and implement system information label for the  
26 covered product, as required by regulation.

27 (b) In addition to the duties required under subdivision (a), all  
28 of the following apply:

29 (1) With respect to a covered product that poses a prohibited  
30 risk, the developer shall take reasonable steps to prevent children  
31 from accessing the product.

32 (2) With respect to a high-risk covered product, the developer  
33 shall conduct predeployment and postdeployment assessments  
34 pursuant to the requirements established by the board.

35 (c) With respect to incident reports, a developer shall do all of  
36 the following:

37 (1) Within 30 days of learning of an incident, file a report with  
38 the board with any required information.



1 (2) Within 30 days of the substantiation of the incident by the  
2 board, file a description of the incident on the developer's internet  
3 website.

4 (d) With respect to licensing the covered product to deployers,  
5 a developer shall do both of the following:

6 (1) Ensure that the terms of the license require it to be used in  
7 a manner that would not elevate the covered product's risk level  
8 to a higher level of risk.

9 (2) Revoke the license if the developer knows, or should know,  
10 that the deployer is using the covered product in a manner that is  
11 inconsistent with the terms required under paragraph (1).

12 (e) A developer shall not knowingly or recklessly use the  
13 personal information of a child to train a covered product unless  
14 the child, if the child is at least 13 years of age and less than 16  
15 years of age, or the child's parent or guardian, if the child is less  
16 than 13 years of age, has provided consent to the developer to use  
17 the child's personal information for that specific purpose.

18 (f) (1) On or after July 1, 2028, a developer shall submit a  
19 covered product it develops to an independent third party audit on  
20 a schedule determined by the board according to the risk level  
21 posed by the covered product.

22 (2) A developer whose covered product is subject to an audit  
23 shall provide the auditor with all necessary documentation and  
24 information for the auditor to perform the audit.

25 (3) If an auditor discovers substantial noncompliance with this  
26 chapter, the auditor shall promptly notify the board.

27 22757.24. (a) A deployer of a prohibited risk covered product  
28 shall implement any applicable procedures adopted by the  
29 developer to prevent a child from accessing the product.

30 (b) A deployer of a covered product shall publicly display  
31 developer license usage requirements. A deployer's usage  
32 requirements shall not change the covered product's risk level to  
33 a higher level of risk.

34 (c) With respect to incident reports, a deployer shall do both of  
35 the following:

36 (1) Within 30 days of learning of the incident, file a report with  
37 the board with any required information.

38 (2) Within 30 days of the substantiation of the incident by the  
39 board, file a description of the incident on the deployer's internet  
40 website.



(d) A deployer shall not enter a data sharing agreement that allows the developer to train a covered product with the personal information of a child unless the child, if the child is at least 13 years of age and less than 16 years of age, or the child's parent or guardian, if the child is less than 13 years of age, has provided consent to the deployer to use the child's personal information for that specific purpose.

22757.25. A developer or deployer, or any contractor or subcontractor of a developer or deployer, shall not do any of the following:

(a) Prevent an employee from disclosing information to the Attorney General pertaining to a reasonable belief supporting the existence of a potential violation of this chapter.

(b) Retaliate against an employee for disclosing information under subdivision (a).

(c) Make false or materially misleading statements related to its compliance with obligations imposed under this chapter.

22757.26. (a) The board may refer violations of this chapter to the Attorney General.

(b) With respect to violations related to the risk level classification of a covered product, the board may allow the developer to take corrective action if the board determines that the circumstances indicate that the erroneous classification was neither unreasonable nor in bad faith. If the developer fails to do so within 30 days, the board may refer the matter to the Attorney General.

~~(c) Upon receiving a referral from the board, the Attorney General may bring an action for all of the following:~~

*(c) The Attorney General may bring an action for a violation of this chapter either upon discovery of the violation or upon referral from the board, and may seek any of the following remedies:*

(1) A civil penalty of twenty-five thousand dollars (\$25,000) for each violation.

(2) Injunctive or declaratory relief.

(3) Reasonable attorney's fees.

(d) A child who suffers actual harm as a result of the use of a *high risk or prohibited risk* covered product, or a parent or guardian acting on behalf of that child, may bring a civil action to recover all of the following:

(1) Actual damages.



- 1 (2) Punitive damages.
- 2 (3) Reasonable attorney's fees and costs.
- 3 (4) Injunctive or declaratory relief.
- 4 (5) Any other relief the court deems proper.

5 22757.27. (a) There is hereby created in the State Treasury  
6 the LEAD for Kids AI Fund into which any civil penalty recovered  
7 by the Attorney General pursuant to Section 22757.26 shall be  
8 deposited.

9 (b) Moneys in the fund shall be available, only upon  
10 appropriation by the Legislature, for the purpose of administering  
11 this chapter.

12 22757.28. (a) A developer or deployer who is required to  
13 comply with another law of this state that requires risk assessment  
14 of a covered product that is equally or more stringent than this  
15 chapter need not comply with any duplicative requirements under  
16 this chapter.

17 (b) Before January 1, 2028, the board shall publish a description  
18 of the laws described by subdivision (a) and provide guidance to  
19 developers and deployers regarding compliance with subdivision  
20 (a).

21 (c) A developer or deployer that relies on the guidance provided  
22 under subdivision (b) is presumed to be compliant with subdivision  
23 (a).