THE SENATE
THIRTY-THIRD LEGISLATURE, 2025
STATE OF HAWAII

# S.B. NO. 640

JAN 17 2025

# A BILL FOR AN ACT

RELATING TO ARTIFICIAL INTELLIGENCE.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

SECTION 1. The legislature finds that modern chatbots are now advanced enough to engage with users in highly human-like conversations, making it difficult for users to determine if they are speaking with a chatbot or a real person. Many chatbots are also designed to mimic human behaviors and conversations, and can be used to effectively influence people in a variety of ways, from advertising to spreading misinformation, and can even manipulate users into revealing personal information such as their social security or bank account numbers. Additionally, chatbots are intended to learn and adapt through their interactions with users. As chatbots gather information from users, they become better able to help their developers achieve specific objectives, such as keeping users engaged or encouraging them to make a purchase.

The legislature finds that there are few regulations requiring that companies or individuals make users aware that they are interacting with a chatbot. This lack of transparency

means that individuals may mistakenly believe they are conversing with a licensed professional, such as a doctor, financial advisor, or therapist, when they are actually speaking with a chatbot. The legislature believes that consumers have a right to know when they are engaging with a chatbot or other technology that mimics human interaction.

Accordingly, the purpose of this Act is to require corporations, organizations, or individuals engaging in commercial transactions to inform consumers when the consumers are communicating or otherwise interacting with a chatbot or other technology that mimics human interaction.

SECTION 2. Chapter 481B, Hawaii Revised Statutes, is amended by adding a new part to be appropriately designated and to read as follows:

**"PART .**

**ARTIFICIAL INTELLIGENCE CHATBOTS**

**§481B- Definitions.** As used in this part:

"Artificial intelligence chatbot" or "chatbot" means a software application, web interface, or computer program designed to have textual or spoken conversations that uses a generative artificial intelligence system capable of maintaining

a conversation with a user in a manner that uses natural language and simulates the way a natural person would behave as a conversational partner.

"Class action" includes the definition as provided in rule 23 of the Hawaii rules of civil procedure.

"Consumer" means a natural person who, primarily for personal, family, or household purposes, purchase, attempts to purchase, or is solicited to purchase goods or services or who commits money, property, or services as a personal investment.

"De facto class action" has the same meaning as in section 480-1.

**§481B- Disclosure required.** (a) No corporation, organization, or individual engaging in a commercial transaction or trade practice of any kind shall use an artificial intelligence chatbot or other technology that is capable of mimicking human behavior and that engages in a textual or spoken conversation with a consumer in a manner that may mislead or deceive a reasonable person to believe they are engaging with a natural person without first disclosing to the consumer in a clear and conspicuous fashion that the consumer is interacting

with a chatbot or other form of technology capable of mimicking human behavior.

(b) Any violation of this section shall be considered an unfair or deceptive act or practice under this chapter.

**§481B- Suits by persons injured; amount of recovery; injunctions.** (a) Except as provided by subsection (b), any person who is injured by a violation of this part may:

(1) Sue for damages sustained by the person, and, if the judgment is for the plaintiff, the plaintiff shall be awarded a sum no less than $1,000 or threefold damages sustained by the plaintiff, whichever sum is greater, and reasonable attorneys' fees together with the costs of the suit; and

(2) Bring proceedings to enjoin the unlawful practices, and, if the decree is for the plaintiff, the plaintiff shall be awarded reasonable attorneys' fees together with the costs of the suit.

(b) The remedies provided in subsection (a) shall be applied in class action and de facto class action lawsuits or proceedings; provided that:

(1) The minimum $1,000 recovery provided in subsection (a) shall not apply in a class action or de facto class action lawsuit;

(2) That portion of threefold damages in excess of compensatory damages shall be apportioned and allocated by the court in its exercise of discretion so as to promote effective enforcement of this part and deterrence from violation of its provisions; and

(3) Damages awarded shall not exceed $10,000,000.

(c) The remedies provided in this section are cumulative and may be brought in one action.

(d) In addition to any other remedy provided by law, the attorney general may file a petition for injunctive relief against any corporation, organization, or individual who violates this part.

**§481B- Penalties.** Any corporation, organization, or individual found to be in violation of this part shall be subject to a civil penalty of no more than $5,000,000."

SECTION 3. This Act shall take effect upon its approval.

# S.B. NO. 640

INTRODUCED BY: _____

# S.B. NO. 640

**Report Title:**
Artificial Intelligence; Chatbots; Unfair or Deceptive Practices; Penalties

**Description:**
Requires corporations, organizations, or individuals engaging to commercial transactions or trade practices to clearly and conspicuously notify consumers when the consumer is interacting with an artificial intelligence chatbot or other technology capable of mimicking human behaviors. Authorizes private rights of action. Establishes statutory penalties.

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