Testimony of the Department of Commerce and Consumer Affairs

Before the
House Committee on Economic Development & Technology
Friday, February 6, 2026
8:30 a.m.
Via Videoconference
and
Conference Room 423

On the following measure:
H.B. 2500, RELATING TO ARTIFICIAL INTELLIGENCE

Chair Ilagan and Members of the Committee:

My name is Radji Tolentino, and I am an Enforcement Attorney with the Department of Commerce and Consumer Affairs' Office of Consumer Protection. The Department supports the intent of this bill and offers comments.

The purpose of this bill is to require transparency and accountability for algorithmic decision systems by mandating disclosures to deployers and affected individuals, establishing rights and procedures to access and correct data used by these systems, requiring disclosures for generative artificial intelligence, and providing for joint and several liability for developers and deployers when the use of an algorithmic system results in a legal violation. The bill also purports to assign enforcement authority to the Attorney General, including rulemaking; however, the enforcement responsibility is not exclusive to the Attorney General, and as drafted, the Office of Consumer Protection is authorized to undertake civil enforcement actions for violations of this law.

Artificial intelligence is now routinely used to make decisions about housing, employment, credit, insurance, and other essential services. When these decisions are made by automated systems, Hawaii residents should have clear explanations and meaningful ways to challenge unfair outcomes.
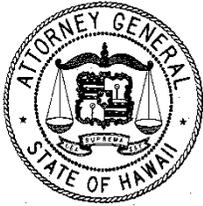
Utah and Colorado passed similar laws in 2024 after recognizing that transparency and accountability in high-risk AI systems are basic consumer protections. This bill reflects that growing consensus and ensures Hawaii residents are not exposed to unchecked automated decision-making. If this bill passes, Hawaii consumers would have direct power over how AI affects them and a legal right to see and fix the personal data and assumptions AI systems use to make big decisions about their lives.

H.B.2500 protections also cover everything from fingerprints to how a person behaves and requiring companies to list exactly which traits most influenced an AI's decision. Most importantly, this measure makes both the AI's creator and the company using it legally accountable for harm through joint and several liability, providing stronger protections for consumers.

The risks this bill addresses are not theoretical. In April 2024, a federal court in Massachusetts approved a $2.275 million settlement against a national tenant screening company whose algorithm unfairly denied housing to people using rental vouchers, including African American and Hispanic renters. The system failed to account for vouchers that cover most of the rent, leading to wrongful denials. As part of the settlement, the company was required to change how it screens tenants and limit future use of its algorithm unless it is independently validated. This case shows how opaque AI systems can build in bias and block access to housing without clear explanations or accountability.

Should the Committee wish to pass this bill, OCP respectfully requests an appropriation to support enforcement, including funding for a technologist position. A technologist would provide essential expertise to help attorneys and investigators understand how AI systems function, how data is used and weighted, and whether automated decisions comply with the law. This role would be critical for evaluating technical evidence, identifying unfair or deceptive practices, drafting targeted subpoenas, and effectively enforcing the statute in a rapidly evolving and highly technical area.

Thank you for the opportunity to testify on this bill.

ON THE FOLLOWING MEASURE:
H.B. NO. 2500, RELATING TO ARTIFICIAL INTELLIGENCE.

BEFORE THE:
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & TECHNOLOGY

DATE:	Friday, February 6, 2026	**TIME:**	8:30 a.m.
LOCATION:	State Capitol, Room 423		
TESTIFIER(S):	Anne E. Lopez, Attorney General, or Ashley M. Tanaka, or Christopher J.I. Leong, Deputy Attorneys General		

Chair Ilagan and Members of the Committee:

The Department of the Attorney General (Department) supports the intent of this bill and provides the following comments.

This bill adds a new chapter to the Hawaii Revised Statutes to: (1) require developers of algorithmic decision systems to provide certain disclosures to deployers and to individuals who are or will be affected by decisions made, informed, or influenced by such systems; (2) provide individuals with rights and procedures to access and correct data used by algorithmic decision systems; (3) impose disclosure requirements for generative artificial intelligence systems; (4) provide for joint and several liability, under certain conditions, for developers and deployers of algorithmic decision systems when a deployer's use of a developer's system results in a violation of law; and (5) require the Attorney General to adopt rules to implement and enforce this new chapter.

The Department supports the purpose of this bill. We are deeply concerned about the potential for artificial intelligence to collect personal data from Hawaii's residents and to use that data in ways that deny access to essential services. We believe there is a very strong government interest in protecting Hawaii's residents from unfair or deceptive acts or practices involving algorithmic decision systems that use artificial intelligence.

The Department has begun discussing this bill with the Department of Commerce and Consumer Affairs Office of Consumer Protection (OCP) regarding the potential for shared enforcement jurisdiction under the proposed chapter. Should this bill advance, the Department anticipates that appropriations and additional positions would be necessary to support effective implementation and enforcement.

Thank you for the opportunity to provide comments.

Testimony Presented Before the
House Committee on Economic Development and Technology
Friday, February 06, 2026 at 8:30 a.m.
By
Garret T. Yoshimi, Vice President for Information Technology/Chief Information Officer
University of Hawai'i System

HB 2500 – RELATING TO ARTIFICIAL INTELLIGENCE.

Chair Ilagan, Vice Chair Hussey and Members of the Committee:

The University of Hawaiʻi (UH) in its role as the lead for the state's Broadband Equity Access and Deployment (BEAD) program, offers the following comments on HB2500.

UH supports the Legislature's efforts to strengthen consumer protections and expand broadband access consistent with the state's Connect Kākou initiative to ensure every resident of Hawaiʻi has access to broadband internet - plus the skills and devices they need to use the Internet. As an integral part of that initiative, UH leads Hawaiʻi's BEAD program effort funded by $149.5 million in federal funds.

UH respectfully notes that proposed state policy requirements may interact with federal program rules governing the BEAD program implementation. The BEAD program is named in the December 11, 2025 Executive Order, Ensuring a National Policy Framework for Artificial Intelligence, that includes a requirement that the NTIA shall provide that states with "onerous AI laws pursuant to section 4 of this order are ineligible for non-deployment funds, to the maximum extent allowed by Federal law." UH recommends continued coordination with federal program guidance to ensure that state policy objectives can be advanced while preserving eligibility for federal broadband funding.

Thank you for the opportunity to provide comments on HB 2500.

PRESIDENTIAL ACTIONS

ENSURING A NATIONAL POLICY FRAMEWORK FOR ARTIFICIAL INTELLIGENCE

Executive Orders

December 11, 2025

By the authority vested in me as President by the Constitution and the laws of the United States of America, it is hereby ordered:

Section 1. Purpose. United States leadership in Artificial Intelligence (AI) will promote United States national and economic security and dominance across many domains. Pursuant to Executive Order 14179 of January 23, 2025 (Removing Barriers to American Leadership in Artificial Intelligence), I revoked my predecessor's attempt to paralyze this industry and directed my Administration to remove barriers to United States AI leadership. My Administration has already done tremendous work to advance that objective, including by updating existing Federal regulatory frameworks to remove barriers to and encourage adoption of AI applications across sectors. These efforts have already delivered tremendous benefits to the American people and led to trillions of dollars of investments across the country. But we remain in the earliest days of this technological revolution and are in a race with adversaries for supremacy within it. To win, United States AI companies must be free to innovate without cumbersome regulation. But excessive State regulation thwarts this imperative. First, State-by-State regulation by definition creates a patchwork of 50 different regulatory regimes that makes compliance more challenging, particularly for start-ups. Second, State laws are increasingly responsible for requiring entities to embed ideological bias within models.

For example, a new Colorado law banning "algorithmic discrimination" may even force AI models to produce false results in order to avoid a "differential treatment or impact" on protected groups. Third, State laws sometimes impermissibly regulate beyond State borders, impinging on interstate commerce.

My Administration must act with the Congress to ensure that there is a minimally burdensome national standard — not 50 discordant State ones. The resulting framework must forbid State laws that conflict with the policy set forth in this order. That framework should also ensure that children are protected, censorship is prevented, copyrights are respected, and communities are safeguarded. A carefully crafted national framework can ensure that the United States wins the AI race, as we must. Until such a national standard exists, however, it is imperative that my Administration takes action to check the most onerous and excessive laws emerging from the States that threaten to stymie innovation.

Sec. 2. Policy. It is the policy of the United States to sustain and enhance the United States' global AI dominance through a minimally burdensome national policy framework for AI.

Sec. 3. AI Litigation Task Force. Within 30 days of the date of this order, the Attorney General shall establish an AI Litigation Task Force (Task Force) whose sole responsibility shall be to challenge State AI laws inconsistent with the policy set forth in section 2 of this order, including on grounds that such laws unconstitutionally regulate interstate commerce, are preempted by existing Federal regulations, or are otherwise unlawful in the Attorney General's judgment, including, if appropriate, those laws identified pursuant to section 4 of this order. The Task Force shall consult from time to time with the Special Advisor for AI and Crypto, the Assistant to the President for Science and Technology, the Assistant to the President for Economic Policy, and the Assistant to the President and Counsel to the President regarding the emergence of specific State AI laws that warrant challenge.

Sec. 4. Evaluation of State AI Laws. Within 90 days of the date of this order, the Secretary of Commerce, consistent with the Secretary's authorities under 47 U.S.C. 902(b), shall, in consultation with the Special Advisor for AI and Crypto, the Assistant to the President for Economic Policy, the Assistant to the President for Science and Technology, and the Assistant to the President and Counsel to the President, publish an evaluation of existing State AI laws that identifies onerous laws that conflict with the policy set forth in section 2 of this order, as well as laws that should be referred to the

Task Force established pursuant to section 3 of this order. That evaluation of State AI laws shall, at a minimum, identify laws that require AI models to alter their truthful outputs, or that may compel AI developers or deployers to disclose or report information in a manner that would violate the First Amendment or any other provision of the Constitution. The evaluation may additionally identify State laws that promote AI innovation consistent with the policy set forth in section 2 of this order.

Sec. 5. Restrictions on State Funding. (a) Within 90 days of the date of this order, the Secretary of Commerce, through the Assistant Secretary of Commerce for Communications and Information, shall issue a Policy Notice specifying the conditions under which States may be eligible for remaining funding under the Broadband Equity Access and Deployment (BEAD) Program that was saved through my Administration's "Benefit of the Bargain" reforms, consistent with 47 U.S.C. 1702(e)–(f). That Policy Notice must provide that States with onerous AI laws identified pursuant to section 4 of this order are ineligible for non-deployment funds, to the maximum extent allowed by Federal law. The Policy Notice must also describe how a fragmented State regulatory landscape for AI threatens to undermine BEAD-funded deployments, the growth of AI applications reliant on high-speed networks, and BEAD's mission of delivering universal, high-speed connectivity.

(b) Executive departments and agencies (agencies) shall assess their discretionary grant programs in consultation with the Special Advisor for AI and Crypto and determine whether agencies may condition such grants on States either not enacting an AI law that conflicts with the policy of this order, including any AI law identified pursuant to section 4 or challenged pursuant to section 3 of this order, or, for those States that have enacted such laws, on those States entering into a binding agreement with the relevant agency not to enforce any such laws during the performance period in which it receives the discretionary funding.

Sec. 6. Federal Reporting and Disclosure Standard. Within 90 days of the publication of the identification specified in section 4 of this order, the Chairman of the Federal Communications Commission shall, in consultation with the Special Advisor for AI and Crypto, initiate a proceeding to determine whether to adopt a Federal reporting and disclosure standard for AI models that preempts conflicting State laws.

Sec. 7. Preemption of State Laws Mandating Deceptive Conduct in AI Models. Within 90 days of the date of this order, the Chairman of the Federal Trade Commission shall, in consultation with the Special Advisor for AI and Crypto, issue a policy statement on the

application of the Federal Trade Commission Act's prohibition on unfair and deceptive acts or practices under 15 U.S.C. 45 to AI models. That policy statement must explain the circumstances under which State laws that require alterations to the truthful outputs of AI models are preempted by the Federal Trade Commission Act's prohibition on engaging in deceptive acts or practices affecting commerce.

Sec. 8. Legislation. (a) The Special Advisor for AI and Crypto and the Assistant to the President for Science and Technology shall jointly prepare a legislative recommendation establishing a uniform Federal policy framework for AI that preempts State AI laws that conflict with the policy set forth in this order.

(b) The legislative recommendation called for in subsection (a) of this section shall not propose preempting otherwise lawful State AI laws relating to:

(i)   child safety protections;

(ii)   AI compute and data center infrastructure, other than generally applicable permitting reforms;

(iii) State government procurement and use of AI; and

(iv)   other topics as shall be determined.

Sec. 9. General Provisions. (a) Nothing in this order shall be construed to impair or otherwise affect:

(i) the authority granted by law to an executive department or agency, or the head thereof; or

(ii) the functions of the Director of the Office of Management and Budget relating to budgetary, administrative, or legislative proposals.

(b) This order shall be implemented consistent with applicable law and subject to the availability of appropriations.

(c) This order is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, or entities, its officers, employees, or agents, or any other person.

(d) The costs for publication of this order shall be borne by the Department of Commerce.

                 DONALD J. TRUMP

THE WHITE HOUSE,

   December 11, 2025.

HAWAI'I
PACIFIC
HEALTH

KAPI'OLANI
PALI MOMI
STRAUB BENIOFF
WILCOX

Friday, February 6, 2026; 8:30 a.m.
Conference Room 423 & Video Conference

House Committee on Economic Development & Technology

To: Representative Greggor Ilagan, Chair
        Representative Ikaika Hussey, Vice Chair

From: Michael Robinson
        Vice President, Government Relations & Community Affairs

**Re: HB 2500 – Comments With Concerns
        Relating To Artificial Intelligence**

My name is Michael Robinson, and I am the Vice President of Government Relations & Community Affairs at Hawai'i Pacific Health. Hawai'i Pacific Health is a not-for-profit health care system comprised of its four medical centers – Kapi'olani, Pali Momi, Straub and Wilcox and over 70 locations statewide with a mission of creating a healthier Hawai'i.

I am submitting comments with concerns about HB 2500 which requires developers of algorithmic decision systems to disclose information to deployers and affected individuals. The bill allows individuals to access and correct data used by these systems and sets disclosure rules for generative AI. Developers and deployers are jointly liable for violations, with enforcement handled by the attorney general.

Many AI tools in use build on existing manually programmed workflows or electronic tools which do not require disclosure today. In the health care field, Providers and health systems are responsible for the output regardless of whether it is AI generated or not. Disclosure to the patient does not change this fact and adds unnecessary administrative burdens. For example, providers and health systems are required to review and approve artificial intelligence generated remote communication such as MyChart messages before they can be sent or shared with a patient. AI use for note taking and shared with a patient in MyChart is similar to a student, staff, or scribe drafting a reply for review. Use of a student or scribe is not required for disclosure. Additionally, AI tools to remind patients of scheduled visits or care gaps improve on existing manually programmed tools which do not require disclosure.

Providing an individual with notice regarding the developer, trade name and version, nature of the decision, contact information within 30 days, including all the facts used in the analysis is unfeasible, if not impossible. It would be impossible to obtain such information from vendors as it may be considered intellectual property.

In the health care sphere, patients already have the right to correct their chart. Any inaccurate information may be corrected through the Health Information Management (HIM) platform. HIM analysts perform rigorous checks to verify that AI-generated outputs, such as automated medical codes or diagnostic suggestions, accurately reflect the original clinical documentation.

Thank you for the opportunity to provide comments on this measure.

P. O. Box 893315
Mililani, HI 96789
Telephone (808) 997-5876

Alison H. Ueoka
President

TESTIMONY OF MICHAEL TANOUE

COMMITTEE ON ECONOMIC DEVELOPMENT & TECHNOLOGY
Representative Greggor Ilagan, Chair
Representative Ikaika Hussey, Vice Chair

Friday, February 6, 2026
8:30 a.m.

HB 2500

Chair Ilagan, Vice Chair Hussey, and members of the Committee on Economic Development & Technology, my name is Michael Tanoue, counsel for the Hawaii Insurers Council. The Hawaii Insurers Council is a non-profit trade association of property and casualty insurance companies licensed to do business in Hawaii. Member companies underwrite approximately forty percent of all property and casualty insurance premiums in the state.

Hawaii Insurers Council (HIC) **opposes** HB 2500 to the extent that it applies to Property & Casualty insurers licensed under HRS Chapter 431 and Chapter 386.

This bill seeks to establish a regulatory framework for the development and use of algorithmic decision systems and artificial intelligence (AI). Although HIC understands and appreciates the intent to ensure transparency in the development and deployment of AI, licensed insurers are already regulated and overseen by the Insurance Commissioner. The Insurance Commissioner has already proactively taken action regarding licensed insurers' use of AI by issuing Memorandum 2025-13A, "The Use of Artificial Intelligence Systems in Insurance," on December 10, 2025. This memorandum was based on model language developed by the National Association of Insurance Commissioners (NAIC). Both the Insurance Commissioner and the NAIC have the insight and ability to develop a regulatory framework on the use of AI specifically for the insurance industry. In line with this regulatory oversight, the memorandum includes directives that decisions or actions by licensed insurers "must comply with all applicable insurance laws and regulations," including "those laws that address unfair trade practices and regulations."

Because licensed insurers already operate under a regulatory framework on the use of AI developed by the Insurance Commissioner, HIC respectfully requests that Property & Casualty insurers licensed under HRS Chapters 431 and 386 be exempted from the requirements of this bill.

Thank you for the opportunity to submit testimony.

February 6, 2026 at 8:30 am
Conference Room 423

House Committee on Economic Development and Technology

To: Chair Greggor Ilagan
        Vice Chair Ikaika Hussey

From: Paige Heckathorn Choy
        Vice President, Government Affairs
        Healthcare Association of Hawaii

Re: **Submitting Comments with Concerns**
        HB 2500, Relating to Artificial Intelligence

The Healthcare Association of Hawaii (HAH), established in 1939, serves as the leading voice of healthcare on behalf of 170 member organizations who represent almost every aspect of the health care continuum in Hawaii.   Members include acute care hospitals, skilled nursing facilities, home health agencies, hospices, assisted living facilities and durable medical equipment suppliers. In addition to providing access to appropriate, affordable, high-quality care to all of Hawaii's residents, our members contribute significantly to Hawaii's economy by employing over 30,000 people statewide.

Thank you for the opportunity to provide **comments with concerns** regarding this measure. Our members appreciate the intent of this measure, and we share a commitment to using any artificial intelligence or algorithmic decision-making tool appropriately. However, as written, this measure would prohibit or undermine the use of current tools that are being used responsibly and with oversight by clinicians.

Hospitals and health systems in Hawaii are approaching artificial intelligence carefully, with facilities adopting internal governance policies guided by industry best practices, existing privacy laws and oversight from national accrediting bodies such as The Joint Commission. These frameworks already require that any tools be used as clinical supports, not as substitutes for professional judgment. Further, hospitals are implementing safeguards such as requiring patient consent for AI-driven tools such as ambient listening or documentation support.

Our concern is that this measure may regulate too broadly and potentially undermine current tools that are used responsible, and stifle potential innovations with future technology. We are also concerned that this measure places significant operational and compliance burdens on providers, even though hospitals do not control the design, training data, or underlying logic of most AI tools.

Finally, we note that there is a separate measure on the Senate side (SB 2281) that also seeks to regulate artificial intelligence in health care, which adds to the uncertainty over the use of these tools in Hawaii healthcare setters.

Thank you for the opportunity to provide our concerns with this measure.

Phone: (808) 521-8961 | Fax: (808) 599-2879 | HAH.org | 707 Richards Street, PH2 - Honolulu, HI 96813

Affiliated with the American Hospital Association, American Health Care Association, National Association for Home Care and Hospice, American Association for Homecare and Council of State Home Care Associations

TESTIMONY BY CHUNG I. CHANG
STRATEGIC BROADBAND COORDINATOR
TO THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & TECHNOLOGY
ON
HOUSE BILL 2500

February 6, 2026
8:30AM
Room 423 and Videoconference

RELATING TO ARTIFICIAL INTELLIGENCE

Chair Ilagan, Vice Chair Hussey, and Members of the Committee:

The Hawai'i Broadband Office (HiBO), offers the following comments on HB2500.

HiBO supports the Legislature's efforts to strengthen consumer protections and expand broadband access, which align with the State's Digital Equity Plan and long-term connectivity goals.

HiBO respectfully notes that certain state policy requirements may interact with federal program rules governing BEAD implementation. The BEAD program includes detailed federal compliance conditions that must be satisfied for the State to remain eligible to receive and retain federal funding. Federal guidance has emphasized the importance of maintaining alignment between state requirements and federal program parameters, and additional statutory requirements could introduce potential implementation risks, including impacts to provider participation, deployment timelines, or federal funding compliance.

HiBO recommends continued coordination with federal program guidance to ensure that state policy objectives can be advanced while preserving eligibility for federal broadband funding. HiBO remains committed to working collaboratively with the Legislature, community stakeholders, industry partners, and federal agencies to support successful broadband deployment and long-term digital equity outcomes across Hawaii.

Should the committee decide to pass this bill, we recommend the following amendments:

1. **Create a clear safe harbor for federally funded programs**
   [NEW] SECTION __. Federally Funded Programs.

(a) This chapter shall not apply to any algorithmic decision system used in connection with a federally funded or federally administered program, including but not limited to broadband infrastructure, digital equity, disaster recovery, or economic development programs, to the extent that application of this chapter would conflict with federal law, federal policy, or federal funding conditions.
(b) Compliance with applicable federal requirements governing transparency, nondiscrimination, or accountability shall be deemed sufficient to satisfy any analogous obligation under this chapter.
(c) No state agency shall impose additional requirements under this chapter as a condition of participation in a federally funded program unless expressly authorized by federal law

2. **Clarify the scope of "essential government services" to not include:**
   - Competitive grant awards;
   - Infrastructure deployment prioritization;
   - Program administration activities involving discretionary policy judgment;
   - Funding decisions governed primarily by federal statutes, regulations, or guidance.

3. **Deployer Notice Requirements – Limitation (AMENDED)**
   Deployer notice and post-decision disclosure requirements shall apply only where:
   (1) An algorithmic decision system is the primary and determinative factor in a final decision; (2) The decision directly alters an individual's legal rights or obligations; (3) The decision is not subject to meaningful human review.

These clarifications preserve the bill's consumer-protection goals while ensuring that Hawaii's regulatory framework remains compatible with national policy and federal funding programs.

Mahalo for your consideration of our comments.

Friday, February 6, 8:30 AM
State Capitol, Conference room 423

House Committee on Economic Development & Technology

To: Representative Greggor Ilagan, Chair
               Representative Ikaika Hussey, Vice Chair

From: Ian Ross
               Public Affairs Director
               ianross@wcchc.com | (808)652-3380

RE: COMMENTS ON HOUSE BILL 2500 - RELATING TO ARTIFICIAL INTELLIGENCE

Aloha and mahalo for the opportunity to provide comments on House Bill 2500.

Waianae Coast Comprehensive Health Center (WCCHC) is a Federally Qualified Health Center dedicated to improving the health and well-being of the West Oʻahu community by providing accessible and affordable comprehensive medical care. With 53 years of service, WCCHC is committed to providing comprehensive healthcare by addressing social determinants of health.

WCCHC supports the intent of HB 2500 to protect patients and promote transparency in the use of artificial intelligence in health care. We agree that appropriate guardrails are important as AI continues to evolve and be integrated into care delivery. However, as written, we have concerns about how this measure may unintentionally capture benign clinical decision support tools or overburden community health centers relative to large hospital systems.

The measure's broad definitions of "algorithmic decision systems" risk treating advanced analytics and value-based care tools the same as automated decision engines, even when humans retain full control and accountability. Community health centers presently rely on analytics for population health, prevention, care coordination, and value-based care, all while not replacing clinical judgment. Applying the proposed regulatory framework to these tools could slow innovation that directly improves access, outcomes, and efficiency.

Additionally, this measure proposes directing the Attorney General to adopt rules and enforcement. This would presumably add new layers of state-level oversight, documentation, and reporting requirements on top of existing federal regulatory frameworks that FQHCs already comply with. Without clear exemptions or alignment with federal oversight, it risks creating excessive administrative burdens that diverts resources away from patient care.

Finally, HB 2500 may potentially be misaligned with ongoing federally supported transformation initiatives, including programs such as the Rural Health Transformation effort, that are accelerating analytics driven care, digital health enablement, and workforce efficiency. State policies that constrain or delay the use of these tools may impede these programs.

WCCHC respectfully requests clearer distinctions between patient-facing or autonomous AI systems and decision support or population health analytics, along with alignment to existing federal frameworks, to avoid unintended impacts.

Thank you for the opportunity to provide testimony.

February 5, 2025

Representative Greggor Ilagan
Chair, House Committee on Economic Development and Technology
Hawaii State Capitol
415 South Beretania Street, Room 423
Honolulu, HI 96813

RE: HB 2500 (Hartsfield) – Related to Artificial Intelligence - Oppose

Dear Chair Ilagan and Members of the Committees,

On behalf of TechNet, we respectfully oppose HB 2500, which would establish a broad regulatory and liability framework governing the development and deployment of automated decision systems across nearly every sector of Hawaii's economy.

TechNet is the national, bipartisan network of technology CEOs and senior executives that promotes the growth of American innovation by advocating a targeted policy agenda at the federal and 50-state level. TechNet's diverse membership includes 100 dynamic American businesses ranging from startups to the most iconic companies on the planet and represents five million employees and countless customers in the fields of information technology, artificial intelligence, e-commerce, the sharing and gig economies, advanced energy, transportation, cybersecurity, venture capital, and finance.

While we share the Legislature's commitment to preventing discrimination and ensuring responsible use of technology, HB 2500 is overly broad, operationally unfeasible, and would create liability exposure for both developers and deployers of automated tools.

Overly Broad Scope for Low-Risk and Routine Uses
HB 2500 purports to focus on consequential decisions, yet as drafted would capture a vast array of routine and lower-risk uses of technology that merely assist human decision-making rather than replace it. The bill applies across industries and business sizes and would regulate tools already in widespread use—many of which improve efficiency, accuracy, and fairness.

This sweeping scope risks discouraging beneficial technologies that expand access to services, enhance fraud detection, improve clinical outcomes, and reduce human bias. Regulations that fail to distinguish high-risk use cases from routine assistive tools ultimately undermine the very goals they seek to advance.

<u>Unworkable Notice, Appeal, and Review Requirements</u>
HB 2500 imposes pre-use notice, post-decision explanations, rights to correct data, opt-out mechanisms, and appeal or review processes tied to the use of automated decision systems. Taken together, these requirements are not operationally feasible in real-world settings where such systems are embedded throughout workflows and used intermittently or indirectly.

Individualized notice and appeal obligations can quickly become impractical or impossible to administer, particularly in employment, health care, financial services, and fraud prevention contexts, without delivering meaningful benefit to individuals.

<u>Liability Allocation</u>
Most concerning, HB 2500 establishes a novel and broad liability framework by imposing joint and several liability on both developers and deployers for violations of any law deemed to be "facilitated" by the deployer's use of an automated decision system.

This approach marks a significant departure from traditional fault-based liability principles. Developers could be held liable for downstream uses they do not control, while deployers might be responsible for design or training decisions outside their knowledge or authority. The bill's limited misuse carve-out imposes an impractical burden on developers to prove unforeseeable misuse and exhaustive preventative measures.

Uncertainty around the allocation of responsibility between developers and deployers creates chilling effects, discourages collaboration, and deters adoption of tools that could otherwise improve fairness and accountability. HB 2500 amplifies these concerns by hard-wiring joint liability into statute rather than encouraging clear, role-appropriate accountability.

<u>States with Similar Proposals</u>
As currently written, HB 2500 appears to partly rely on the recently passed Colorado AI Act (CAIA). In 2024, Colorado and Connecticut worked toward passing similar AI legislation to avoid creating a patchwork of state-level regulations on cutting-edge technology, although Connecticut's legislation ultimately did not pass. We must point out that the CAIA, in its current form, is not ready for implementation and could hinder the responsible development and growth of new technologies. This concern was acknowledged by Colorado Governor Jared Polis when he instructed the legislature to collaborate with stakeholders to ensure that the CAIA does not obstruct innovation or impact the state's economy before it takes effect in 2026.

Like the CAIA, we have concerns with the obligations, scope, and enforcement of HB 2500. As such, the potentially negative impacts to Hawaii under such a

regulatory framework would be similar to what is expected in Colorado should the CAIA come into effect in its current form.

<u>Risk of Chilling Innovation</u>
Finally, HB 2500 would create a highly punitive and unpredictable compliance environment that pushes organizations away from automated tools and back toward purely human decision-making—despite ample evidence that human-only systems are equally, if not more, prone to bias and inconsistency.

Properly designed and deployed automated systems can enhance transparency, traceability, and error correction. Regulation that broadly penalizes their use, rather than targeting genuinely high-risk applications, risks entrenching the very problems the bill seeks to solve.

We support evidence-based efforts to prevent discrimination and promote responsible technology use. However, HB 2500 is overly expansive, imposes unworkable procedural requirements, and adopts a liability framework that is both unprecedented and misaligned with how automated systems are developed and used in practice.

For these reasons, we respectfully oppose HB 2500 and urge the Legislature to pursue a more targeted, risk-based approach that focuses on high-risk use cases and assigns responsibility consistent with control and fault.

If you have any questions regarding our position, please contact Robert Boykin at rboykin@technet.org or 408.898.7145.

Sincerely,

Robert Boykin
Executive Director for California and the Southwest
TechNet

STATE PRIVACY&SECURITY COALITION

February 5, 2026

The Honorable Greggor Ilagan, Chair
The Honorable Ikaika Hussey, Vice Chair
House Committee on Economic Development & Technology
Hawaii State Capitol
415 South Beretania Street
Honolulu, HI 96817

RE: <u>HB 2500 - Relating To Artificial Intelligence</u>

Chair Ilagan, Vice Chair Hussey, and Members of the Committee:

The State Privacy & Security Coalition ("SPSC"), a coalition of more than 30 companies and seven trade associations across the retail, technology, telecommunications, payment card, and healthcare sectors, appreciates the opportunity to provide testimony on House Bill 2500.

We recognize the Legislature's goal of ensuring responsible deployment of artificial intelligence ("AI") and automated decision-making tools. As drafted, however, HB 2500 adopts a prescriptive and one-size-fits-all approach that fails to distinguish between low-risk applications and high-stakes decision-making, resulting in compliance burdens disproportionate to actual risk. Most critically, the bill's joint and several liability provision would hold model developers accountable for downstream uses outside their control, raising serious concerns for open-source developers and the broader AI community. And likewise, that joint and several liability provision would hold deployers liable for outcomes of an algorithmic decision system that are outside their control, even in cases where a developer failed to properly follow its disclosure obligations under this bill. Accordingly, and for these reasons provided below, we must respectfully ask the Committee to defer HB 2500.

- **"Algorithmic decision systems" is defined so broadly that it regulates routine and low-risk software rather than high-risk use cases.** The definition captures any system that generates scores, classifications, or recommendations, or assists human decision-making. As a result, it risks sweeping in ordinary analytics, fraud-detection tools, scheduling software, and internal dashboards. These tools are commonly used to support human judgment, not replace it, and do not independently determine legal or economic outcomes. In other words, the bill fails to distinguish between decision-support tools and systems that autonomously determine access to rights or opportunities. Identical compliance burdens, therefore, apply regardless of actual risk or impact on individuals.

- **Developer disclosure obligations require speculation about downstream uses and misuses beyond reasonable operational control.** The bill requires developers to analyze and disclose "reasonably foreseeable uses or misuses" of an algorithmic decision system, even though developers typically do not control how systems are configured, combined, or deployed by downstream users. A single system may be used across

multiple industries, each with distinct regulatory obligations and risk profiles. The bill provides no limiting principles for how far such an analysis must extend or how likelihood should be assessed. Developers are thus incentivized to over-disclose hypothetical risks, reducing the usefulness of disclosures while increasing legal liability.

- **<u>Consumer-facing disclosure requirements mandate explanations that many systems cannot accurately provide.</u>** HB 2500 requires deployers to disclose the types and sources of personal characteristics used and to identify the twenty characteristics that most substantially influenced an output. Many algorithmic systems, however, rely on thousands of signals or probabilistic weighting rather than discrete or independently influential variables. Attempting to rank inputs risks producing explanations that are misleading or technically inaccurate. Such disclosures may confuse consumers rather than enhance transparency and expose deployers to enforcement actions despite good-faith compliance efforts.

- **<u>Joint and several liability is imposed without regard to control, fault, or causation.</u>** The bill holds developers and deployers jointly and severally liable for violations of any law facilitated by the deployer's use of an algorithmic decision system, even where the developer did not control the data, deployment context, or challenged decision. Assigning liability to developers for downstream decisions creates compliance obligations that developers cannot realistically satisfy, given limited visibility into how systems are configured and used after deployment. In practice, this weakens accountability by shifting responsibility away from the parties best positioned to prevent harm and creates unbounded legal liability untethered from actual control.

  Likewise, deployers would be held liable under the bill for violations of law entirely within the control of developers. Deployers, which range from the biggest technology companies to the smallest local businesses, often have no insight into how the software they use is developed or what data went into training its algorithms. A local gardening business that seeks to use an off-the-shelf tool to evaluate insurance coverage or schedule employees could be held responsible for the actions or disclosure failures of a billion-dollar developer. Just as with developers, assigning liability to deployers for upstream decisions creates compliance obligations that deployers cannot realistically satisfy, given limited visibility into how systems are configured prior to being brought to market.

Finally, it is important to note that HB 2500 resembles Colorado's Senate Bill 24-205 ("the Colorado AI Act") in several key respects. Colorado's law moved from introduction to enactment in just thirty-seven days, making it the first state to pass a comprehensive statute regulating AI.[1] Governor Jared Polis signed the legislation with reservations, warning that it created a complicated compliance regime and that its broad duties and unresolved definitions risked

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[1] *See An Act Concerning Regulation of the Use of Certain Artificial Intelligence Systems*, S.B. 24-205, 2024 Leg., Reg. Sess. (approved May 17, 2024), available at https://leg.colorado.gov/bills/sb24-205.

confusion across the AI ecosystem if not refined before taking effect.[2] Those concerns have since proven well founded. More than two years after enactment, Colorado's AI Act has yet to take effect, and last year the legislature returned to the law only to delay its effective date to June 30, 2026, without resolving the core issues identified at enactment.[3] That experience highlights the risks of advancing prescriptive AI legislation before key definitions and obligations are fully understood. Indeed, such concerns warrant careful consideration as the Committee considers HB 2500.

<p align="center">*   *   *</p>

HB 2500 relies on broad definitions, mandates disclosures that are difficult to implement in practice, and assigns liability untethered from control over how systems are used. Together, these provisions create significant compliance issues without a corresponding increase in consumer protection. For these reasons, SPSC respectfully urges the Committee to defer HB 2500.

We appreciate the time and effort the Committee has devoted to this legislation and thank you for your consideration of our comments. Please do not hesitate to contact us with any questions or concerns.

Respectfully submitted,

Andrew A. Kingman
Counsel, State Privacy & Security Coalition

William C. Martinez
Counsel, State Privacy & Security Coalition

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[2] *See* Jared Polis, *Signing Statement on S.B. 24-205*, Colorado Artificial Intelligence Act (May 17, 2024), https://drive.google.com/file/d/1i2cA3IG93VViNbzXu9LPgbTrZGqhyRgM/view.

[3] *See Increase Transparency for Algorithmic Systems*, S.B. 25B-004, 2025 Colo. Sess. Laws (approved Aug. 28, 2025), available at https://leg.colorado.gov/bills/sb25b-004.
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February 6, 2026

House Economic Development & Technology Committee
Hawaii State Capitol
415 South Beretania St.
Honolulu, HI 96813

Re: HB 2500 – "Relating to Artificial Intelligence" (Oppose)

Dear Chair Ilagan and Members of the House Economic Development & Technology Committee:

On behalf of the Computer & Communications Industry Association (CCIA), I write in respectful opposition to HB 2500 in advance of the House Economic Development & Technology Committee hearing on February 6, 2026. 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, therefore, can have a significant impact on CCIA members.

The Association's members have engaged in advancing ethical AI by establishing and implementing proprietary responsibility frameworks, conducting academic research that promotes privacy-by-design, and safeguarding AI against motivated attackers seeking to extract training data. CCIA understands lawmakers' concerns regarding the potential risks posed by artificial intelligence systems and looks forward to working with the Legislature to find reasonable solutions. However, HB 2500 raises the following concerns:

HB 2500's definitions would create uncertainty and risk.

HB 2500 currently lacks sufficiently precise definitions to allow businesses to confidently determine their compliance obligations. The bill's definition of 'algorithmic decision system' is overly expansive, unintentionally bringing routine business practices under burdensome regulatory requirements.

The language in HI HB 2500 uses an extremely broad criterion, including regulating systems that "assist" or "inform" human decisions. This imprecise wording encompasses far more than high-risk, autonomous decision-making technologies. Because the bill covers any tool that merely "influences" decisions, it would likely regulate common business features like company profile pages that job seekers browse, resume database searches, and recommendation systems. These are essentially information lookup tools that pose no risk to workers or users and cannot autonomously discriminate in hiring. Nevertheless, the current language would probably subject them to compliance requirements intended for high-risk AI applications.

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[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.

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Under the present draft, these everyday operational tools would fall under HI HB 2500's scope, leaving businesses vulnerable to substantial fines and litigation expenses from Attorney General enforcement actions. Such penalties could devastate smaller companies and potentially create pathways for increased liability under Hawaii's consumer protection and anti-discrimination laws. To prevent these harmful consequences, the bill needs to be narrowed to address only high-risk scenarios. Regulations should focus on ADS that independently make final decisions with legal or similarly significant effects, rather than merely support, significant decisions with legal or comparable effects. This includes actually granting or refusing employment, instead of vaguely defined "material legal or similarly significant effect" on access to such opportunities.

Mandatory impact assessments will harm small businesses and Hawaii's innovation economy.

Impact assessments, especially at the frequency required by HB 2500, are expensive, time-consuming exercises that overburden burgeoning startups. This creates a "compliance moat" that protects larger, more established incumbents while bankrupting startups that cannot afford the tremendous compliance cost to write a risk report for every software update. Requiring an assessment before deployment and after any "intentional and substantial modification" slows down the iterative nature of software development, where updates happen weekly or daily. These requirements will raise costs substantially in both the developer and deployer space, leading to less innovation in the state.

Other states have recognized ongoing concerns with these approaches.

In 2024, Colorado enacted legislation that mirrors the language in HB 2500. While SB24-205[2] was signed by Governor Jared Polis, he explicitly warned in his signing statement that the law "creates a complex compliance regime" and asked lawmakers and stakeholders to "finetune the provisions and ensure that the final product does not hamper development and expansion of new technologies".[3] He admitted being concerned about the impact on the industry and noted that the state puts itself at a competitive disadvantage by moving before the federal government.

Colorado attempted to amend the regulation this past year in a special legislative session, but was unable to come to a substantive agreement on how to appropriately amend the law, leading to another extension of an already two-year-long implementation deadline. Effective AI regulation is a complicated undertaking that requires broad-based collaboration to ensure viable adoption.

Joint and several liability unjustly increases developer liability for downstream uses.

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[2] S.B. 24-205, 74th Gen. Assemb., Reg. Sess. (Colo. 2024)
[3] Letter from Gov. Polis to the Colorado General Assembly regarding Senate Bill 24-20. (May 17, 2024), *available at* https://drive.google.com/file/d/1i2cA3IG93VViNbzXu9LPgbTrZGqhyRgM/view.

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HB 2500 fundamentally misunderstands the AI supply chain by holding developers accountable for downstream deployment decisions they can neither see nor control. Developers build general-purpose models for diverse applications, but lose all visibility once licensed. Imposing joint liability is like holding spreadsheet manufacturers responsible when companies use Excel to commit fraud—it punishes toolmakers for users' choices. Effective regulation places liability on the party best positioned to mitigate risk, which in AI deployment is virtually always the deployer who chooses where to use a model, what data to feed it, and how to interpret outputs. Developers cannot conduct meaningful impact assessments for unknown future use cases, creating a "compliance impossibility" where they bear legal responsibility for harms in contexts they cannot control.

This liability standard creates unmanageable legal risk that will drive developers to either severely lock down models (eliminating beneficial uses in healthcare, finance, and employment) or exit Hawaii's market entirely—particularly devastating for open-source developers who lack resources to police every implementation. Joint and several liability is reserved for actors whose negligence is inextricably linked to harm, but here discriminatory outcomes typically result from deployers' specific configurations, data inputs, or inadequate oversight, factors entirely separate from the model's architecture. HB 2500 blurs the distinction between building a tool and misusing it, weakening deployer accountability by allowing them to transfer both blame and financial liability upstream to developers with deeper pockets.

*   *   *   *   *

We encourage Committee members to resist advancing legislation that is not adequately tailored and discourages innovation. We appreciate the Committee's consideration of these comments and stand ready to provide additional information as the Legislature considers proposals related to technology policy.

Sincerely,

Aodhan Downey
State Policy Manager, Western Region
Computer & Communications Industry Association

IN SUPPORT OF HB2500, WITH RECOMMENDATIONS

RELATING TO ARTIFICIAL INTELLIGENCE AND ALGORITHMIC DECISION SYSTEMS

Rep Greggor Ilagan, Chair
Rep Ikaika Hussey, Vice Chair
Members
Committee on Economic Development and Technology

Hearing: February 6, 2026, 8:30 a.m.

Aloha Chair and Members of the Committee:

I submit this testimony **in support of HB2500**, with recommendations, because of its critical role in establishing transparency, accountability, and individual rights related to algorithmic decision systems and artificial intelligence.

HB2500 provides essential protections by requiring disclosures by developers and deployers of algorithmic decision systems, granting individuals rights to access and correct data, and establishing enforcement authority. These provisions are especially important as artificial intelligence systems increasingly influence decisions affecting people's lives.

For Native Hawaiians, however, the stakes are particularly high.

Why Algorithmic Decision Systems Matter to Native Hawaiians

Algorithmic decision systems are already used—or are likely to be used—in areas such as:

- Education
- Housing and homelessness services
- Health care access
- Child welfare
- Environmental and land-use decisions
- Allocation of public resources

While these systems are often described as objective or neutral, they are shaped by:

- The data they rely upon
- The assumptions embedded in their design
- The values of those who develop and deploy them

For Native Hawaiians, there is a real risk that such systems may **misrepresent Indigenous realities, reinforce historical inequities, or cause harm without transparency or recourse**.

Indigenous Knowledge and Intellectual Property Concerns

Algorithmic and generative artificial intelligence systems may be trained on or reproduce:

- Hawaiian language materials
- Oral histories and moʻolelo
- Cultural practices, images, and chants
- Academic or archival materials derived from Native Hawaiian sources

Even when such materials are digitized or publicly accessible, they are **not culturally unrestricted**. Indigenous knowledge is often collectively held, intergenerational, and governed by cultural protocol rather than Western intellectual property law.

HB2500's focus on individual data rights is important, but **collective cultural harms may fall outside traditional individual remedies**.

Need for Culturally Informed Oversight

Without Native Hawaiian expertise involved in oversight and enforcement:

- Harmful uses of AI may go unrecognized
- Disclosure requirements may not capture cultural impacts
- Enforcement decisions may lack necessary context

To avoid repeating historical patterns where external systems govern Native Hawaiian lives without Native Hawaiian voice, culturally informed review is essential.

Recommendation: Consultation with the Office of Hawaiian Affairs

I respectfully recommend that implementation and enforcement of HB2500 include **consultation with the Office of Hawaiian Affairs (OHA)** when algorithmic decision systems:

- Use Native Hawaiian data
- Affect Native Hawaiian communities
- Implicate Hawaiian culture, identity, or knowledge systems

OHA can provide expertise that helps regulators:

- Identify risks to Indigenous intellectual property
- Evaluate community-level impacts
- Ensure that transparency and accountability mechanisms are meaningful for Native Hawaiians

Conclusion

HB2500 is a forward-looking and necessary measure to address the growing influence of artificial intelligence in public and private decision-making. For Native Hawaiians, its protections must extend beyond technical compliance to include cultural understanding and Indigenous rights.

For these reasons, I urge the Committee to **pass HB2500**, with implementation guidance or amendments that recognize Native Hawaiian interests and include the Office of Hawaiian Affairs in relevant oversight and policy development.

Mahalo for the opportunity to testify.

Respectfully submitted,

Leimomi Khan

HB-2500
Submitted on: 2/4/2026 12:40:28 PM
Testimony for ECD on 2/6/2026 8:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Genaro Hale Gualdarama	Individual	Support	Written Testimony Only

Comments:

In support of bill HB2500.