

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.