HOUSE BILL DRH10421-LR-104B

Short Title: AI Regulatory Reform Act.   (Public)

Sponsors: Representative Johnson.

Referred to:

1	A BILL TO BE ENTITLED
2	AN ACT AMENDING THE CRIMINAL LAWS TO CREATE THE OFFENSE OF
3	UNLAWFUL DISTRIBUTION OF A DEEPFAKE AND AMENDING THE CIVIL
4	PROCEDURE LAWS TO GRANT IMMUNITY FROM CIVIL LIABILITY TO
5	DEVELOPERS OF ARTIFICIAL INTELLIGENCE PRODUCTS USED BY LEARNED
6	PROFESSIONALS.
7	The General Assembly of North Carolina enacts:
8	**SECTION 1.(a)** Article 60 of Chapter 14 of the General Statutes is amended by
9	adding a new section to read:
10	"**§ 14-459. Unlawful distribution of a deepfake.**
11	(a) Definition. – For purposes of this section, the term "deepfake" means an image or
12	audio or video recording that has been created with the intent to deceive and that appears to depict
13	a natural person speaking or acting in a manner that the person did not actually speak or act.
14	(b) Offense. – It is unlawful for a person, without the affirmative consent of the depicted
15	individual, to knowingly do any of the following for the purpose of (i) harassing, extorting,
16	threatening, or causing physical, emotional, reputational, or economic harm to an individual
17	falsely depicted or (ii) injuring a candidate for elected office or influencing an election:
18	(1) Create a deepfake with an intent to distribute the deepfake.
19	(2) Distribute a deepfake.
20	(3) Solicit the creation of a deepfake with an intent to distribute the deepfake.
21	(c) Punishment. – A violation of this section is punishable as a Class 1 misdemeanor.
22	(d) Destruction of Deepfake. – In addition to any penalty or other damages, the court may
23	award the destruction of any deepfake made in violation of this section.
24	(e) Civil Action. – In addition to any other remedies at law or in equity, including an
25	order by the court to destroy any deepfake disclosed in violation of this section, any person
26	aggrieved by a violation of subsection (b) of this section, has a civil cause of action against any
27	person who creates or distributes the deepfake and is entitled to recover from the other person
28	any of the following:
29	(1) Actual damages, but not less than liquidated damages, to be computed at the
30	rate of one thousand dollars ($1,000) for each time the deepfake is
31	redistributed or in the amount of ten thousand dollars ($10,000), whichever is
32	higher.
33	(2) Punitive damages.
34	(3) A reasonable attorneys' fee and other litigation costs reasonably incurred.

1   (f)   Other Sanctions or Remedies Not Precluded. – A violation of this section is an offense
2 additional to other civil and criminal provisions and is not intended to repeal or preclude any
3 other sanctions or remedies."
4   **SECTION 1.(b)** This section becomes effective December 1, 2025, and applies to
5 offenses committed on or after that date.
6   **SECTION 2.(a)** Chapter 1 of the General Statutes is amended by adding a new
7 Article to read:
8   "Article 43G.
9   "Actions Pertaining to Artificial Intelligence.
10 "**§ 1-539.30. Definitions.**
11   The following definitions apply in this Article:
12   (1)   Artificial intelligence product or AI product. – Any algorithm, product,
13   software, or system that:
14   a.   Performs tasks that would typically require human intelligence, such
15   as reasoning, language processing, or decision making;
16   b.   Is designed to operate with some degree of autonomy;
17   c.   Uses techniques that enable the system to improve its performance
18   over time or through exposure to data; and
19   d.   Is marketed, distributed, licensed, or otherwise made available for use,
20   whether as a stand-alone product or as a component integrated into
21   other products or services.
22   (2)   Client. – Any person who engages the services of a learned professional and
23   who relies upon the learned professional's expertise, judgment, and advice
24   where the professional relationship with the learned professional is governed
25   by professional standards, codes of conduct, or regulations.
26   (3)   Developer. – Any person that:
27   a.   Creates, designs, programs, trains, modifies, or substantially
28   contributes to the creation or modification of an AI product;
29   b.   Exercises control over the AI product's design specifications,
30   functionality, capabilities, limitations, or intended uses;
31   c.   Tests, validates, documents, or certifies an AI product prior to its
32   release or deployment;
33   d.   Markets, distributes, licenses, or makes available an AI product under
34   their own name, brand, or trademark, regardless of whether they
35   created the original underlying technology; or
36   e.   Either creates an original AI product or is a secondary developer who
37   substantially modifies, retrains, or adapts an existing AI product for a
38   new use or market.
39   (4)   Error. – Any output, action, recommendation, or omission by an AI product
40   that produces objectively incorrect information. The term includes when an
41   AI product fails to perform a function or task that it expressly or implicitly
42   represents itself as capable of performing.
43   (5)   Learned professional. – Any individual who:
44   a.   Possesses specialized education, training, knowledge, or skill in a
45   recognized profession;
46   b.   Is licensed, certified, or otherwise authorized by an occupational
47   licensing board to practice in their field in this State;
48   c.   Is bound by professional standards, ethical obligations, and a duty of
49   care to clients;

1   d.   Exercises independent professional judgment when utilizing tools,
2   including AI products, in the course of rendering professional services;
3   and
4   e.   Is expected to possess sufficient knowledge to evaluate the
5   appropriateness, limitations, and risks of tools employed in their
6   professional practice, including artificial intelligence products, as they
7   pertain to a specific client matter.
8   "**§ 1-539.31. Immunity from civil liability for artificial intelligence developers.**
9   When a learned professional uses an artificial intelligence program or product in the course
10   of providing professional services to a client, the developer of the artificial intelligence product
11   is not liable for any errors and the learned professional is solely responsible for any damage to
12   the client resulting from errors generated by the artificial intelligence product.
13   "**§ 1-539.32. Other privileges and immunities.**
14   This Article does not affect any other immunities from civil liability established by the
15   General Statutes or available at common law."
16   **SECTION 2.(b)** This section becomes effective December 1, 2025, and applies to
17   acts or omissions occurring on or after that date.
18   **SECTION 3.** Except as otherwise provided, this act is effective when it becomes
19   law.