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June 20, 2025

The Honorable Thomas Umberg Chair, Senate Judiciary Committee 1021 O Street, Room 3240 Sacramento, CA 95814

Dear Chair Umberg, Vice Chair Niello, and Members of the Judiciary Committee,

The Consumer Technology Association (CTA) respectfully opposes AB 853. This bill, though well-intentioned, proposes a regulatory framework that is premature, misaligned with technical realities, and disruptive to California's leadership in innovation. We urge the Committee to reject this proposal.

CTA represents over 1200 companies across the technology sector—including many headquartered in California—that together support more than 18 million U.S. jobs. We organize CES®, the world's most powerful tech event, and publish the <u>U.S. Innovation Scorecard</u>, which ranks states based on their policy environments across 11 distinct innovation categories. Passage of AB 853 would diminish California's standing in that index—at precisely the moment the state must reaffirm its leadership in next-generation technologies like artificial intelligence (AI).

Al is not static—it is dynamic infrastructure that evolves at exponential velocity. Regulating at the application layer, before consensus has formed on the tooling, provenance standards, or technological feasibility, risks freezing innovation in place. That is the essential flaw of AB 853: it attempts to legislate before the tools for compliance are widely available, widely adopted, or even fully developed.

CTA supports meaningful transparency and accountability in Al-generated content. In fact, we've published ANSI/CTA-2125, a standard which can address content provenance and assurance by providing a foundation for detecting and labeling Al-generated media in a consistent way. But like all standards, it requires time, industry convergence, and implementation capacity. AB 853 ignores this timeline, imposing requirements without the supporting ecosystem.

Even more critically, AB 853 places liability on platforms, imaging firms, and hosting services—entities that did not generate the content and lack the capability to adequately track and identify content provenance. This is structurally flawed. You cannot require

compliance from actors who lack the technical access or control to fulfill the obligation. CTA members report that, under current draft language, compliance would range from extremely costly to technologically infeasible.

The result? A de facto innovation tax on California's tech ecosystem, particularly for startups and SMEs operating without the legal and engineering bandwidth of incumbent giants. This kind of regulatory asymmetry doesn't just chill innovation—it rewires incentives in favor of consolidation and stagnation.

We strongly encourage the Committee to pause, align regulatory objectives with technological reality, and ensure that any future framework is built on enforceable, scalable, and industry-backed standards.

Thank you for your leadership and your commitment to responsible AI policy. We look forward to working together to ensure California remains the global engine of innovation.

Sincerely,

CONSUMER TECHNOLOGY ASSOCIATION

<u>/s/ Michael Petricone</u> Michael Petricone

Senior Vice President, Government Affairs

/s/ J. David Grossman

J. David Grossman

Vice President, Policy & Regulatory Affairs