



1919 S. Eads St.
Arlington, VA 22202
703-907-7600
CTA.tech

August 12, 2025

The Honorable Gavin Newsom
Governor of California
State Capitol
1303 10th Street, Suite 1173
Sacramento, CA 95814

Dear Governor Newsom,

On behalf of the Consumer Technology Association (CTA), we are writing to urge your opposition to AB 1018, AB 853, SB 7, SB 53, and SB 503, which are currently being considered by California's legislature. Should these bills, which deal with the regulation of artificial intelligence (AI), reach your desk in their current form, we would ask you to issue a veto. The broad scope and heavy-handed nature of these bills would put California, and our nation's, global AI leadership in jeopardy.

We appreciate the long-term vision and balanced perspective that you, as Governor, have brought to the AI policy debate. CTA and our member companies firmly believe that AI should be developed responsibly – with safety, fairness, and accountability as guiding principles. We want to work with you, and legislators in California, to ensure that responsible AI development continues to be led by the U.S.

As North America's largest technology trade association, CTA represents more than 1200 American companies – many headquartered in California – that collectively support over 18 million U.S. jobs. Our members include the world's most dynamic innovators, from pioneering startups to global enterprises, and we are the organizers of CES®, the world's most powerful technology event.

CTA also produces a [U.S. Innovation Scorecard](#), highlighting which states best champion smart policies for tech startups across 11 distinct categories. Enactment into law of any one of the AI bills highlighted in this letter will likely lower California's ranking as a state friendly to innovation as we include new technologies like AI in future scorecards. Given that California is home to so many industry leaders and startups in the AI sector, enactment of these policies would also have negative national consequences.

Outlined here are the bills that CTA opposes:

AB 1018

AB 1018 claims to regulate high-risk AI applications, yet its sweeping definitions and expansive mandates would ensnare far more than its intended targets. The bill's vague terminology—including “high-risk artificial intelligence system,” “artificial intelligence system,” and “consequential decision”—would impose crushing compliance burdens on businesses far removed from high-risk AI use cases. Small enterprises, startups, and even non-tech firms leveraging AI tools would suddenly face existential legal and financial risks. Colorado enacted a similar proposal into law in 2024 and has since that time been mired in an open-ended and contentious process to fix unintended consequences of the law. Introducing this kind of uncertainty and regulatory chaos to California would cripple the state's AI industry.

AB 853

AB 853 is well intentioned, but premature and structurally flawed. CTA supports meaningful transparency and accountability in AI-generated content. In fact, CTA is proud to have published ANSI/CTA-2125, a standard which can address content provenance and assurance by providing a foundation for detecting and labeling AI 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.

Enacting a bill like AB 853 at this time would saddle companies with compliance burdens ranging from extremely costly to technologically infeasible.

SB 7

SB 7 would saddle California businesses, including small businesses, in all sectors of the economy with unsustainable new costs. According to an analysis by the California Chamber of Commerce, the total cost burden in the state could be up to \$1 billion. By requiring significant additional staff time to address appeals of decisions made by automated systems, SB 7 would put a de-facto tax on every company that decides to use certain AI software to help their business run more efficiently. Because of the incredibly broad definitions used in the bill, these extra costs could end up impacting small businesses that elect to use AI software for tasks as simple as managing employee

schedules. That is not the kind of environment that will lead to economic and jobs growth in California.

SB 53

CTA strongly supported your decision to veto model-level AI regulation last session (SB 1047). At the time you said, “Given the stakes—protecting against actual threats without unnecessarily thwarting the promise of this technology to advance the public good—we must get this right.” We could not agree more. Unfortunately, despite meaningful engagement with industry by the bill sponsor, SB 53 still does not get it right.

Fundamentally CTA believes that regulation of this breadth, of a technology with so much national strategic importance, should be a federal issue. There is already problematic model-level legislation headed to the Governor’s desk in New York – which would threaten open-source models, enact unworkable compliance requirements, and require problematic 3rd party audits. A state patchwork of model-level regulation does not benefit consumers. It only serves to stifle the advancement, and availability, of AI models that are being deployed in countless beneficial ways – both for the public and economic good.

Specific to SB 53, CTA has major concerns about the 3rd party audit requirements that would be mandated under the bill. The feasibility, scope, and privacy risks associated with 3rd party audits were one of the problems with SB 1047. The fact that 3rd party audit requirements were recently added to SB 53 shows that the bill has moved in the wrong direction and would result in an unworkable compliance regime that would drive innovation out of California. We also have concerns about other provisions in SB 53 including competitive risks associated with the timing and scope of transparency reports, the arbitrary nature of measuring compute capability by cost, and the vague and overly broad definition of “catastrophic risk.”

SB 503

SB 503, as currently written, would put one of the most promising AI use cases – improving health outcomes – at risk. CTA is specifically opposed to the amendment added during the Committee on Privacy and Consumer Protection’s July 16 markup. This new language requiring third-party audits raises two significant issues. First, the third-party audit ecosystem is immature and lacks industry standards, so it may not be fully feasible for companies to comply. Second, the audit requirement would add significant costs for hospital systems and other healthcare providers in California. This would be particularly acute for small providers.

CTA supports the state’s commitment to responsible AI governance but opposes SB 503 as currently drafted, given the existence of legal and regulatory frameworks already applicable to AI use in healthcare. The California Attorney General’s [existing legal advisory](#) confirms that current state laws already apply to AI in healthcare, and federal laws such as HIPAA

and Section 1557 of the ACA provide strong safeguards for privacy, security, and bias mitigation. Adding overlapping or inconsistent requirements risks creating confusion and unintended barriers to health innovation. We respectfully urge the state to recognize and rely on established frameworks and expert guidance, including NIST's AI Risk Management Framework, [NIST SP 1270](#) on managing bias, and CTA's Artificial Intelligence in Health Care: Practices for Identifying and Managing Bias.

AI is already being used in many promising ways in the healthcare field, and it holds the potential to significantly improve health outcomes and cure diseases that have proven difficult to treat with current technologies. Additional cost roadblocks should not be put in front of these benefits.

CTA is deeply committed to maintaining, and fostering, the United States leadership in the responsible development of AI. California, as the home of many of the leading AI developers, has a big role to play in that outcome. We look forward to working with you to ensure that regulatory proposals do not inadvertently hamper that leadership or stymie the American public's access to the extraordinary benefits of AI technology.

Sincerely,



Gary Shapiro
CEO and Vice Chair
Consumer Technology Association



Kinsey Fabrizio
President
Consumer Technology Association