![Chamber of Progress logo]

CHAMBER OF PROGRESS

June 18, 2024

Chair Rebecca Bauer-Kahan
Assembly Committee on Privacy and
Consumer Protection
1020 N Street, Room 162
Sacramento, CA 95814

Vice Chair Joe Patterson
Assembly Committee on Privacy and
Consumer Protection
1020 N Street, Room 162
Sacramento, CA 95814

Dear Chair Bauer-Kahan, Vice Chair Patterson, and Members of the Committee on Privacy and Consumer Protection:

On behalf of Chamber of Progress – a tech industry association supporting public policies to build a more inclusive country in which all people benefit from technological advances – I write to express our continued opposition to SB 1047, the *Safe and Secure Innovation for Frontier Artificial Intelligence Models Act*.

The **amendments adopted this week do not improve the bill** and in several ways threaten to increase its harmful impact on California's tech economy.

SB 1047 is fundamentally mistargeted

As amended, SB 1047 would regulate theoretical future misuse of artificial intelligence (AI) tools. The revised bill sets a series of convoluted thresholds to determine which frontier AI models are covered. Covered model developers must then seek a "limited duty exemption," assert their safety against imagined future harms, and submit to extensive regulatory scrutiny by the Frontier Models Division. This is an unnecessary exercise in speculative fiction. If legislators are concerned about bad actors misusing AI tools they should write regulations to target those misuses directly.

The Frontier Models Division has an open-ended mandate to stifle AI innovation in California

SB 1047 proposes a complicated set of thresholds based on the cost of cloud computing resources used to train the model. Specifically if the cost "would exceed one hundred

million dollars ($100,000,000) if calculated using average market prices of cloud compute."

This is a deeply flawed approach that ignores the reality of the market for cloud computing. That market is highly competitive and cloud providers regularly offer custom pricing and significant discounts off the sticker price. Thus a model that costs significantly less than $100 million to train might, arguably, be covered when considering the undiscounted "market" price, which few, if any, customers pay.

Rather than resolve this ambiguity, the amended text now <u>empowers the Frontier Models Division to raise or lower thresholds at will</u>. SB 1047 leaves model developers at the whim of regulatory caprice. This level of regulatory uncertainty will stifle AI investment and innovation, driving developers out of state. **The worthy CalCompute project will never see the light of day**

CalCompute is a worthy project that would benefit California's innovation economy by establishing a public cloud computing resource for developers. Unfortunately, amendments to SB 1047 now simply direct the Department of Technology to commission consultants to study the feasibility of CalCompute. In a budget-constrained environment, CalCompute will likely never be built, eliminating the one redeeming feature of SB 1047.

In its absence, we are left with a bill that would subject AI model developers to needless, onerous, and capricious regulation without advancing the public interest.

For these reasons, we urge you to **oppose SB 1047.**

Sincerely,

Todd O'Boyle
Senior Director, Technology Policy