

1 H.365

2 Introduced by Representatives Arsenault of Williston and Graning of Jericho

3 Referred to Committee on

4 Date:

5 Subject: Commerce and trade; consumer protection; social media and artificial
6 intelligence

7 Statement of purpose of bill as introduced: This bill proposes to require
8 providers of social media platforms and artificial intelligence systems to
9 register annually with the State and to agree to product safety and privacy
10 terms.

11 An act relating to the regulation of social media platforms and artificial
12 intelligence systems

13 It is hereby enacted by the General Assembly of the State of Vermont:

14 Sec. 1. PURPOSE

15 (a) Purpose. The purpose of this act is to:

16 (1) enhance the authority of the Attorney General to regulate providers
17 of social media platforms and artificial intelligence systems; and

18 (2) protect the health and safety of Vermonters by requiring providers of
19 social media platforms and artificial intelligence systems to:

20 (A) annually register with the Secretary of State; and

1 (B) agree to product safety and privacy terms.

2 Sec. 2. 9 V.S.A. chapter 118 is added to read:

3 CHAPTER 118. SOCIAL MEDIA PLATFORMS

4 § 4193a. DEFINITIONS

5 As used in this chapter:

6 (1) “Consumer” means an individual who is a resident of the State and
7 who uses a provider’s social media platform.

8 (2) “Dark pattern” means a user interface designed or manipulated with
9 the substantial effect of subverting or impairing user autonomy, decision-
10 making, or choice and includes any practice the Federal Trade Commission
11 refers to as a “dark pattern.”

12 (3) “Personal identifying information” means any information, including
13 sensitive information, that is linked or reasonably linkable to an identified or
14 identifiable consumer. The term does not include deidentified information or
15 publicly available information of a consumer.

16 (4) “Provider of a social media platform” and “provider” means a person
17 that operates a social media platform that is used by consumers.

18 (5) “Social media platform” means a website, mobile application, or
19 internet medium that:

1 (A) permits a person to become a registered user, establish an
2 account, or create a profile for the purpose of allowing users to create, share,
3 and view user-generated content through such an account or profile;

4 (B) enables one or more users to generate content that can be viewed
5 by other users of the medium; and

6 (C) primarily serves as a medium for users to interact with content
7 generated by other users of the medium.

8 § 4193b. ANNUAL REGISTRATION

9 (a) Annually, on or before January 31 following a year in which a person
10 meets the definition of a provider of a social media platform as defined in
11 section 4193a of this chapter, a person shall:

12 (1) register with the Secretary of State;

13 (2) pay a registration fee of \$100.00;

14 (3) provide the following information during registration:

15 (A) the name and primary physical, email, and internet addresses of
16 the person; and

17 (B) the most recent version of the privacy policy and terms and
18 conditions in use by the social media platform; and

19 (4) agree to the product safety and privacy terms as set forth in section
20 4193c of this chapter and by those set by the Attorney General through the
21 Attorney General's rulemaking authority pursuant to this chapter.

1 (b) A provider that fails to register and provide all required information
2 pursuant to subsection (a) of this section:

3 (1) is liable to the State for:

4 (A) a civil penalty of \$50.00 for each day, not to exceed a total of
5 \$10,000.00 for each year, it fails to register pursuant to this section;

6 (B) an amount equal to the fees due under this section during the
7 period it failed to register pursuant to this section; and

8 (C) other penalties imposed by law; and

9 (2) does not otherwise limit the provider's responsibility to comply with
10 the provisions required of providers set forth in this chapter.

11 (c) The Attorney General may maintain an action in the Civil Division of
12 the Superior Court to collect the penalties imposed in this section and to seek
13 appropriate injunctive relief.

14 § 4193c. PRODUCT SAFETY AND PRIVACY FOR MINORS

15 (a) A provider of a social media platform who knows, or by the exercise of
16 reasonable care should have known, that a consumer is a minor shall:

17 (1) Not use any design feature on a social media platform that the
18 provider knew, or by the exercise of reasonable care should have known, is
19 harmful to minors, including the encouragement of excessive or compulsive
20 use of a social media platform by a minor.

1 (2) Configure all default privacy settings for minors to a high level of
2 privacy.

3 (3) Not permit, by default, an unknown adult to contact a minor on its
4 platform without the minor first initiating that contact.

5 (4) Not, in its operation, discriminate against a minor based upon the
6 minor’s race, ethnicity, sex, disability, sexual orientation, gender identity,
7 gender expression, or national origin.

8 (5) Not use dark patterns.

9 (6) Use reasonable care to avoid any heightened risk of harm to a minor
10 caused by processing of personal data in the course of providing the social
11 media platform to minors.

12 (A) As used in this subdivision (6), “heightened risk of harm to a
13 minor” means processing the personal data of a minor in a manner that
14 presents a reasonably foreseeable risk of:

15 (i) unfair or deceptive treatment of, or unlawful disparate impact
16 on, a minor;

17 (ii) financial, physical, or reputational injury to a minor;

18 (iii) unintended disclosure of the personal data of a minor; or

19 (iv) any physical or other intrusion upon the solitude or seclusion,
20 or the private affairs or concerns, of a minor if the intrusion would be offensive
21 to a reasonable person.

1 (7) Limit the use of a minor’s personal identifying information to the
2 purpose for which the information was collected.

3 (8) Not process the personal data of a minor for the purposes of targeted
4 advertising or sell the personal data of a minor.

5 (b) Any intentional violation of this section by a provider of a social media
6 platform shall be considered be an unfair or deceptive act or practice in
7 commerce in violation of section 2453 of this title.

8 § 4193d. RULES

9 In addition to the rules otherwise required by this chapter, the Attorney
10 General may adopt any other rule the Attorney General deems necessary to
11 implement the purpose and policies of this chapter.

12 Sec. 3. 9 V.S.A. chapter 119 is added to read:

13 CHAPTER 119. ARTIFICIAL INTELLIGENCE

14 § 4194a. DEFINITIONS

15 As used in this chapter:

16 (1) “Algorithmic discrimination” means any condition in which the use
17 of an artificial intelligence system results in an unlawful differential treatment
18 or impact that disfavors an individual on the basis of the individual’s actual or
19 perceived age, color, disability, ethnicity, genetic information, limited
20 proficiency in the English language, national origin, race, religion,
21 reproductive health, sex, veteran status, or other classification protected under

1 the laws of this State or federal law.

2 (2) “Artificial intelligence system” and “system” means any machine-
3 based system that, for any explicit or implicit objective, infers from the inputs
4 the system receives how to generate outputs, including content, decisions,
5 predictions, or recommendations, that can influence physical or virtual
6 environments.

7 (3) “Consumer” means an individual who is a resident of the State and
8 who uses a provider’s artificial intelligence system.

9 (4) “Provider of an artificial intelligence system” and “provider” means
10 a person that operates an artificial intelligence system that is used by
11 consumers.

12 § 4194b. ANNUAL REGISTRATION

13 (a) Annually, on or before January 31 following a year in which a person
14 meets the definition of a provider of an artificial intelligence system as defined
15 in section 4194a of this chapter, a person shall:

16 (1) register with the Secretary of State;

17 (2) pay a registration fee of \$100.00; and

18 (3) provide the following information:

19 (A) the name and primary physical, email, and internet addresses of
20 the person;

1 (B) the most recent version of the privacy policy and terms and
2 conditions in use by the artificial intelligence system; and

3 (C) the data collection, storage, and security practices of the artificial
4 intelligence system;

5 (4) provide a description of the artificial intelligence model, including
6 its capacity, training data, intended use, design process and methodologies; and

7 (5) agree to the product safety and privacy terms as set forth in section
8 4194c of this chapter and by those set by the Attorney General through the
9 Attorney General's rulemaking authority pursuant to this chapter.

10 (b) A provider that fails to register and provide all required information
11 pursuant to subsection (a) of this section:

12 (1) is liable to the State for:

13 (A) a civil penalty of \$50.00 for each day, not to exceed a total of
14 \$10,000.00 for each year, it fails to register pursuant to this section;

15 (B) an amount equal to the fees due under this section during the
16 period it failed to register pursuant to this section; and

17 (C) other penalties imposed by law; and

18 (2) does not otherwise limit the provider's responsibility to comply with
19 the provisions required of providers set forth in this chapter.

1 (c) The Attorney General may maintain an action in the Civil Division of
2 the Superior Court to collect the penalties imposed in this section and to seek
3 appropriate injunctive relief.

4 § 4194c. PRODUCT SAFETY AND PRIVACY

5 (a) The provider of an artificial intelligence system shall:

6 (1) exercise reasonable care to protect consumers from any known or
7 foreseeable risks of algorithmic discrimination arising from the intended and
8 contracted uses of the system;

9 (2) clearly and conspicuously disclose to a consumer using an artificial
10 intelligence system that the consumer is interacting with an artificial
11 intelligence system;

12 (3) obtain informed consent from a consumer before collecting or using
13 a consumer's data;

14 (4) obtain, separate from the informed consent set forth in subdivision
15 (3) of this subsection, informed consent from a consumer before sharing or
16 selling a consumer's data; and

17 (5) implement reasonable security measures to protect the data of a
18 consumer used to train the model.

19 (b) Any intentional violation of this section by a provider of an artificial
20 intelligence system shall be considered be an unfair or deceptive act or practice
21 in commerce in violation of section 2453 of this title.

1 § 4194d. RULES

2 In addition to the rules otherwise required by this chapter, the Attorney
3 General may adopt any other rule the Attorney General deems necessary to
4 implement the purpose and policies of this chapter.

5 Sec. 4. EFFECTIVE DATE

6 This act shall take effect on July 1, 2025.