

## California Passes Flurry of Year-End AI Legislation

In 2024, the California legislature passed 17 laws related to artificial intelligence (AI). These new laws cover various themes and industries, including but not limited to deepfakes, training data disclosures, health care, watermarking AI-generated content, and digital replicas of entertainers. Companies operating in California must carefully review these new laws to determine their applicability, while organizations across the United States should anticipate and prepare for comparable laws from other states in the future. This client alert discusses several AI-related bills signed by Governor Gavin Newsom in 2024 that are expected to affect the future deployment and use of AI.

### Deepfakes

California has enacted laws that are designed to prevent AI-generated deepfakes from affecting elections. AB-2655 requires large online platforms with at least one million California users to remove materially deceptive and digitally modified or created content (i.e., AI-generated content) related to elections, or to label such content with disclosures indicating that it has been manipulated and is not authentic, during specified periods before and after an election if the content is reported to the platform. It also requires platforms to provide an accessible way for residents to report such content. Furthermore, AB-2355 requires that political advertisements containing any image, audio, or video generated or substantially altered using AI must include a disclosure stating that the content has been altered. It is expected that courts will scrutinize the constitutionality of both bills on First Amendment grounds.

Governor Newsom has also signed bills related to addressing deepfake pornography. Specifically, AB-1831 expands the scope of existing California child pornography statutes to include matter that is digitally altered or generated by the use of AI. SB-981 requires social media platforms to have reporting systems in place to allow users to report deepfake nudes and to temporarily block such content during investigation and remove it permanently if confirmed.

### Training Data

Governor Newsom has signed AB-2013, which establishes disclosure requirements for developers of generative AI systems or services that are made available to California residents for use. This bill is set to take effect in 2026 and will require generative AI providers to disclose information about the datasets used to train their systems or services. Among other requirements, this bill requires a generative AI provider to disclose (i) the sources or owners of the datasets; (ii) a description of how the datasets further the intended purpose of the AI system or service; (iii) the number of data points included in the dataset; (iv) whether datasets include any data protected by copyright, trademark, or patent or whether the datasets are entirely in the public domain; and (v) the time period during which the data in the datasets were collected.

### Health Care

Governor Newsom has signed several bills relevant to the health care industry, focusing on protecting patient rights and regulating the use of AI in health care settings. AB-3030 requires health care providers (e.g., a health facility, clinic, physician's office, etc.) to inform patients when they use generative AI for communication, especially when the messages include clinical information. Additionally, SB-1120 requires that health care service plans or disability insurers utilizing AI, algorithms, or other software tools for utilization review or management, or working with entities that use such tools, must meet certain requirements. These requirements include ensuring that the AI, algorithm, or other software tool is based on a patient's medical or clinical history and individual circumstances as presented by the requesting health care provider, and that



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### Related Practice Areas

- Artificial Intelligence
- Business
- Privacy Litigation – Emerging Trends
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it does not replace the decision-making of health care providers.

## Watermarking AI-Generated Content

SB-942, the California AI Transparency Act, establishes several requirements for developers of large generative AI systems (those with over one million monthly visitors or users) that are publicly accessible within the geographic boundaries of California. This bill pertains to the transparency of AI content generated by their systems and is designed to assist the public in identifying AI-generated content more easily. The California AI Transparency Act imposes various obligations on covered generative AI providers, including (i) making an AI detection tool available at no cost to the user that meets certain criteria, including that the AI detection tool is publicly accessible; and (ii) providing users with the option to include provenance disclosures in the original content produced by the AI systems (e.g., information regarding the type of device, system, or service that was used to generate a piece of digital content), which are designed to help users verify the authenticity of digital content, indicating where it originated and if it has been modified using AI.

## Entertainment Industry

Two additional California laws introduce new standards that apply to the entertainment and media industry concerning AI, which help ensure that actors and their estates retain control over AI-generated digital recreations. AB-2602 provides that an agreement for the performance of personal or professional services which contains a provision allowing for the use of an AI-generated digital replica of an individual's voice or likeness is unenforceable if it does not include a reasonably specific description of the intended uses of the replica and the individual is not represented by legal counsel or by a labor union. Similarly, AB-1836 extends protections to deceased performers by prohibiting the production, distribution, or availability of AI-generated digital replicas of a deceased personality's voice or likeness in expressive audiovisual works or sound recordings without obtaining prior consent from the estate of the deceased individual.

## Impact to Businesses

California's recent enactment of AI legislation demonstrates the state's assertive stance in addressing both the potential benefits and risks associated with artificial intelligence. These newly enacted laws represent some of the most thorough and comprehensive AI-related laws currently in effect within the United States. Businesses operating in California or engaging with California residents should assess whether any of these new laws apply to them and implement measures to comply, if applicable.

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