

Department of Planning and Budget
2025 General Assembly Session
State Fiscal Impact Statement

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ORIGINAL

Bill Number: HB2046

Patron: Anthony

Bill Title: High-risk artificial intelligence; development, deployment, and use by public bodies; work group; report.

Bill Summary: Creates requirements for the development, deployment, and use of high-risk artificial intelligence systems, as defined in the bill, by public bodies. The bill directs the Chief Information Officer of the Commonwealth (CIO) to develop, publish, and maintain policies and procedures concerning the development, procurement, implementation, utilization, and ongoing assessment of systems that employ high-risk artificial intelligence systems that are consistent with the requirements created by the bill. The bill also requires the CIO to compile into a publicly available registry certain required monthly reports on initial and ongoing high-risk artificial intelligence system assessments and inventories of such systems used by public bodies. Under the bill, the Joint Commission on Technology and Science is required to establish an Artificial Intelligence Oversight Task Force to oversee the implementation of and compliance with the requirements for development, deployment, and use of high-risk artificial intelligence systems by public bodies.

Finally, bill directs the CIO to convene a work group to examine the impact on and the ability of local governments to comply with the requirements of the bill. The substantive requirements of the bill have a delayed effective date of July 1, 2026.

Budget Amendment Necessary: Yes

Items Impacted: 9, 81, 415

Explanation: This fiscal impact is preliminary. The Virginia Information Technology Agency (VITA), Virginia State Police (VSP) and the Joint Commission on Technology and Science (JCOTS) have all identified a fiscal impact from this legislation. There is also an indeterminate impact for all state agencies who develop, deploy, or integrate high-risk artificial intelligence (AI) systems.

Fiscal Summary: This legislation creates requirements for state agencies who develop, deploy, and use high-risk AI systems. The level to which agencies use these AI systems will vary from agency to agency, but it can be assumed that any agency who does use these systems will have additional administrative duties to meet the requirements of this bill. Additional personnel with a background in complex AI systems may be needed to fulfil the bill's requirements. The cost of these personnel is indeterminate at this time. VSP has stated they will need one employee to meet the new reporting requirements created by this legislation.

This bill directs VITA to develop, publish and maintain policies concerning high-risk AI technology, and to compile a monthly list of high-risk systems being used by public bodies. VITA does not currently have the capacity, or the personnel with the appropriate background to complete these duties and will require 3.5 additional personnel to meet these requirements.

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The bill requires the DWDA to work with VITA to assess the workforce impacts from the use of high-risk AI technology by state agencies, however DWDA has said they are able to absorb this impact.

Finally, this bill requires JCOTS to establish and oversee a taskforce that will develop policy recommendations. JCOTS does not have the capacity to absorb this impact and estimates they will need additional appropriation to convene this taskforce and produce the associated report.

General Fund Expenditure Impact:

<u>Agency</u>	<u>FY2025</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>
847 (JCOTS)	\$0	\$0	\$25,000	\$25,000	\$25,000	\$25,000
156 (VSP)	\$0	\$196,608	\$195,681	\$195,681	\$195,681	\$195,681
TOTAL	\$0	\$196,608	\$220,681	\$220,681	\$220,681	\$220,681

Nongeneral Fund Expenditure Impact:

<u>Agency</u>	<u>FY2025</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>
136 (VITA)	\$0	\$0	\$775,000	\$775,000	\$775,000	\$775,000
TOTAL	\$0	\$0	\$775,000	\$775,000	\$775,000	\$775,000

Position Impact:

<u>Agency</u>	<u>FY2025</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>
136 (VITA)	0	0	3.5	3.5	3.5	3.5
156 (VSP)	0	0	1.0	1.0	1.0	1.0
TOTAL	0	0	4.5	4.5	4.5	4.5

Fiscal Analysis: VITA requests 3.5 FTE positions, as follows: (1) Currently VITA does not have the personnel with enough expertise in artificial intelligence to meet the requirements of this bill; filling that gap will require two additional senior enterprise architecture employees to lead the work associated with this bill (development of new AI policies, procedures, and AI testing and validation approaches). Salary and benefits of these positions will total to \$250,000 per employee as this is a high demand and high skill job role. (2) VITA would also need to hire an additional customer account manager (CAM) to work with the additional communities of stakeholders that have been identified. Salary and benefits of this position will total up to \$175,000. (3) And VITA will need additional resources to support the added procurement and contracting requirements (developing the contract requirements and assisting stakeholders with the subject, like VITA does with cloud security terms). VITA will require an additional half position for AI sourcing, with salary and benefits totaling up to \$100,000.

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VSP will need one IT Specialist II to fulfill the requirements of this bill beginning April 2025. Salary and fringe for an IT Specialist II is estimated at \$48,505.34 during FY 25 and \$194,021.37 in succeeding full years. The employee will also need a VITA supplied computer that is estimated at \$543.00 in the first three months of year one, \$2,587.00 in FY 26, and \$1,660 in succeeding years.

JCOTS will need \$15,000 to contract with one of the task force members to produce the report and \$10,000 to host the meetings each year.

Other: Similar to SB1214