

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

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ORIGINAL

Bill Number: SB1214- S1

Patron: Aird

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 state public bodies. The bill also directs the Chief Information Officer of the Commonwealth 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 such requirements created by the bill. The bill directs the Chief Information Officer of the Commonwealth (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: 81, 415

Explanation: The Virginia Information Technology Agency (VITA), Virginia State Police (VSP) have both 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.

Responding public institutions of higher education (IHEs) indicate that there is a potential significant fiscal impact anticipated from the provisions of this bill due to various work conducted high-risk AI. The actual fiscal impact is indeterminate at this time.

This bill directs VITA to develop, publish and maintain policies concerning high-risk AI technology, and to convene a work group. VITA does not currently have the capacity, or the personnel with the appropriate background to complete these duties and will require 2.5 additional personnel to meet these requirements.

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>
156 (VSP)	\$0	\$196,608	\$195,681	\$195,681	\$195,681	\$195,681
TOTAL	\$0	\$196,608	\$195,681	\$195,681	\$195,681	\$195,681

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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	\$600,000	\$600,000	\$600,000	\$600,000
TOTAL	\$0	\$0	\$600,000	\$600,000	\$600,000	\$600,000

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	2.5	2.5	2.5	2.5
156 (VSP)	0	0	1.0	1.0	1.0	1.0
TOTAL	0	0	3.5	3.5	3.5	3.5

Fiscal Analysis: VITA requests 2.5 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 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 suggests an additional half position for AI sourcing, with salary and benefits totaling up to \$100,000.

VSP will need one IT Specialist II to fulfill the requirements of this bill beginning July 2025. Salary and fringe for an IT Specialist II is estimated at \$194,021.37. The employee will also need a VITA supplied computer that is estimated at \$2,587.00 in FY 26, and \$1,660 in succeeding years.

Other: Similar to HB2046. This fiscal impact statement is preliminary and based on feedback from public IHEs as of the date of publication.