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HOUSE BILL NO. 797

Offered January 14, 2026

Prefiled January 13, 2026

A BILL to amend the Code of Virginia by adding a section numbered 2.2-2012.01 and by adding in Chapter 20.1 of Title 2.2 an article numbered 9, consisting of sections numbered 2.2-2034.2 through 2.2-2034.7, relating to Virginia Information Technologies Agency; artificial intelligence; independent verification organizations.

 Patron—Hayes

 Committee Referral Pending

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding a section numbered 2.2-2012.01 and by adding in Chapter 20.1 of Title 2.2 an article numbered 9, consisting of sections numbered 2.2-2034.2 through 2.2-2034.7, as follows:

§ 2.2-2012.01. Additional duties of the CIO relating to licensing of independent verification organizations of artificial intelligence.

The CIO shall have the power and duty to oversee the licensing of independent verification organizations (IVOs) of artificial intelligence pursuant to Article 9 (§ 2.2-2034.2 et seq.). The CIO shall promulgate regulations necessary or incidental to the licensing of such IVOs, which shall include:

- 1. Conflict of interest and funding transparency requirements, including reporting requirements regarding the IVOs' funding sources and revenue generation and self-audit requirements regarding the IVOs' board composition to ensure adequate independence from the artificial intelligence industry;*
- 2. Requirements for identifying additional IVO plan elements as needed to ensure acceptable levels of risk from IVO-verified artificial intelligence systems or applications;*
- 3. Provisions on circumstances mandating corrective action or loss of license;*
- 4. Requirements related to the structure and terms of the Artificial Intelligence Safety Advisory Council, including the procedures for appointing additional members; and*
- 5. Requirements related to IVO application procedures and required materials.*

Article 9.**Independent Verification Organizations of Artificial Intelligence.****§ 2.2-2034.2. Definitions.**

As used in this article, unless the context requires a different meaning:

"Artificial intelligence application" means a software program or system that uses artificial intelligence systems to perform tasks that typically require human intelligence.

"Artificial intelligence system" means any machine learning-based system that, for any explicit or implicit objective, infers from the inputs such system receives how to generate outputs, including content, decisions, predictions, and recommendations, that can influence physical or virtual environments. "Artificial intelligence system" does not include any artificial intelligence system or general purpose artificial intelligence model that is used for development, prototyping, and research activities before such artificial intelligence system or general purpose artificial intelligence model is made available to deployers or consumers.

"Deployer" means a person or entity that implements, integrates, or makes operational an artificial intelligence system or artificial intelligence application within the Commonwealth. "Deployer" includes a person or entity that makes an artificial intelligence system or artificial intelligence application available for use by others within the Commonwealth, whether directly or as part of a product or service.

"Developer" means a person or entity that develops an artificial intelligence system or artificial intelligence application that is deployed in the Commonwealth.

"Independent verification organization" or "IVO" means a person or entity licensed by the Virginia Information Technologies Agency (VITA) pursuant to this article to assess artificial intelligence systems' or applications' adherence to standards reflecting best practices for the prevention of personal injury and property damage.

"Security vendor" means a third-party entity engaged by an IVO or developer to evaluate the safety or security of an artificial intelligence system or application, including by using processes such as red teaming, risk detection, and risk mitigation.

§ 2.2-2034.3. Licensing of independent verification organizations.

A. Each person or entity seeking to act as an IVO within the Commonwealth shall obtain a license from VITA.

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59 B. An application for an IVO license shall be made by filing with VITA the information, materials, and
60 forms required by this article and the regulations promulgated by the CIO pursuant to § 2.2-2012.01, along
61 with a plan detailing all of the following information:

62 1. The risks with respect to which the applicant intends to verify that artificial intelligence systems or
63 artificial intelligence applications implement mitigation measures sufficient to achieve acceptable levels of
64 risk. For each such risk, the applicant shall submit (i) a proposed definition of acceptable levels of risk; (ii)
65 metrics that are measurable and can be used to determine whether the acceptable level of risk defined by the
66 IVO produces beneficial outcomes; (iii) target levels for the metrics, including data sources such levels are
67 based on and methods for measurement; and (iv) a description of the evaluation and reporting protocol to
68 determine whether verified models or applications meet the outcome metrics on an ongoing basis.

69 2. Proposed technical, operational, governance, and other mitigation requirements for developers or
70 deployers, including procedures for pre-development and post-development, to ensure acceptable levels of
71 risk, including ongoing monitoring of risks and assessment of mitigation efficacy.

72 3. Methodologies and sources used to evaluate the efficacy of mitigation requirements and updates to
73 such methodologies and sources as needed.

74 4. Benchmarks, technologies, and audit methodologies proposed to assess developer and deployer
75 adherence to mitigation requirements.

76 5. Approach to assessing continued good standing of a developer or deployer, including reviewing and
77 evaluating the developer's or deployer's maintenance of artificial intelligence governance plans and policies,
78 processes for risk monitoring and mitigation, whistleblower protections, and training for employees and third
79 parties.

80 6. Disclosure requirements for developers or deployers related to detected risks, incident reports, or
81 material changes to risk profiles, including both risks detected prior to verification and risks resulting from
82 fine-tuning or modifying an artificial intelligence system or artificial intelligence application after
83 verification.

84 7. Procedures for prescribing and verifying implementation of corrective actions to remedy an identified
85 failure by a developer or deployer to do any of the following: (i) achieve an acceptable level of risk with
86 respect to an artificial intelligence application or artificial intelligence system; (ii) comply with any other
87 mitigation requirements promulgated by the applicant; or (iii) comply with the developer's or deployer's
88 artificial intelligence governance plans and policy.

89 8. Standards and procedures for revoking verification for noncompliance with the applicant's mitigation
90 requirements, failure to achieve acceptable levels of risk, or noncompliance with the developer's or
91 deployer's artificial intelligence governance plans and policies.

92 9. Whether the applicant proposes market-specific verification and how plans are tailored to that
93 segment.

94 10. Coordination with federal and state authorities.

95 11. Personnel qualifications.

96 12. Governance policies, sources of funding, and policies ensuring independence.

97 13. Any other information required by VITA.

98 C. VITA may license an applicant as an IVO if (i) such applicant demonstrates independence from the
99 artificial intelligence industry and (ii) every element of the applicant's submitted plan is adequate to ensure
100 that artificial intelligence systems or artificial intelligence applications verified pursuant to such plan will
101 mitigate to an acceptable level one or more risks including as defined by the metrics the applicant proposes.
102 If verification is proposed by an applicant for a specific market segment, VITA shall evaluate the applicant's
103 submitted plan accordingly. If VITA finds that an applicant's plan adequately mitigates some, but not all, of
104 the proposed risks, the applicant shall be licensed to verify only those risks for which the plan is deemed
105 adequate.

106 D. An IVO issued to an applicant by VITA shall specify the risks the IVO is authorized to verify and any
107 market segments for which the license applies.

108 E. VITA shall establish reasonable application and renewal fees sufficient to offset administrative costs.
109 Such fees shall be payable to VITA and used for (i) application processing, (ii) audits of IVOs, (iii)
110 compensation of the Artificial Intelligence Safety Advisory Council, and (iv) general administration of this
111 article.

112 **§ 2.2-2034.4. License revocation.**

113 A. VITA shall revoke an IVO license if it determines any of the following:

114 1. The IVO's plan is materially misleading or inaccurate;

115 2. The IVO fails to adhere to its plan in a way that materially impairs its responsibilities, including failure
116 to adhere to the plan's procedures for ongoing monitoring of verified artificial intelligence systems or
117 applications and implementation of corrective action;

118 3. A material change compromises independence from the artificial intelligence industry;

119 4. Technological evolution renders methods obsolete for ensuring acceptable levels of the risk VITA has
120 designated the independent verification organization to verify; or

5. A verified model or application causes material harm of the type the IVO defines an acceptable level of risk in order to prevent.

B. If VITA determines the public interest so requires, it may allow an IVO to cure the basis for revocation before terminating the license.

§ 2.2-2034.5. Independent verification organization responsibilities; modifications to plans.

A. A licensed IVO shall implement the approved plan submitted pursuant to subsection B of § 2.2-2034.3, which includes verifying artificial intelligence systems or artificial intelligence applications. An IVO shall revoke verification of an artificial intelligence system or artificial intelligence application if a developer or deployer (i) fails to meet mitigation requirements, (ii) fails to cooperate with monitoring, (iii) violates governance policies, or (iv) fails to implement corrective actions.

B. An IVO may (i) update or modify the following aspects of the approved plan: (a) technical and operational requirements; (b) evaluation benchmarks; (c) audit methodologies; (d) governance plans; or (e) any other element of its plan in order to take advantage of improved technology; (ii) address previously discovered issues with its plan; or (iii) otherwise enhance the efficacy of its verification activities.

§ 2.2-2034.6. Annual reporting.

A. An IVO shall submit an annual report to VITA including:

1. Aggregated information on the capabilities of the artificial intelligence systems and artificial intelligence applications evaluated by the IVO, the observed societal risks and benefits associated with those capabilities, and the potential societal risks and benefits associated with those capabilities;

2. Adequacy of evaluation resources, technical capabilities, and mitigation measures to address observed and potential risks;

3. Aggregated results of verification assessments;

4. Aggregated and anonymized compliance with prescribed remediation;

5. Anonymized descriptions of any additional, significant risk the IVO observed while conducting its assessments, even if such risk is not one the IVO is licensed to verify;

6. A list of verified artificial intelligence systems;

7. A description of evaluation methods; and

8. Governance or funding changes affecting independence.

B. An IVO may redact trade secrets, sensitive business information, personally identifiable information, and other security-sensitive content.

C. Documentation used in reports shall be retained for 10 years. An IVO shall also retain all documentation relating to its assessment and verification of artificial intelligence systems or applications, including ongoing monitoring and any subsequent corrective action, for 10 years following the relevant activity.

D. VITA shall publish redacted versions of reports submitted by IVOs pursuant to this section online.

§ 2.2-2045.7. Artificial Intelligence Safety Advisory Council.

A. The Chief Information Officer shall establish and appoint members to the Artificial Intelligence Safety Advisory Council (the Council) for the purpose of advising and assisting VITA in licensing and auditing IVOs.

B. The membership of the Council shall not exceed 12 and shall include at least one citizen representative from a nongovernmental organization, educational and research institution, public policy institute, or consumer and business advocacy organization. All members of the Council shall be qualified to assess IVO plans. Members shall serve four year terms and no member may serve more than two consecutive terms. Members may be removed for inefficiency, neglect, or malfeasance. A majority of the members of the Council shall constitute a quorum. Members shall serve without compensation but shall be reimbursed for all reasonable and necessary expenses incurred in the performance of their duties as provided in § 2.2-2825.

C. Members of the Council shall (i) refrain from any action or occupation, gainful or not, that is incompatible with their duties, including employment by a developer or deployer of artificial intelligence; (ii) refrain from owning or acquiring any equity or other interest, directly or indirectly, in companies whose business consists in significant part of developing or deploying artificial intelligence; and (iii) observe a one-year post-employment restriction from any artificial intelligence firms or IVOs.

D. The Council shall keep a record of its proceedings, including any considerations relating to the issuance, refusal, renewal, or revocation of IVO licensure.