



August 22, 2024

The Honorable Gavin Newsom
Governor
State of California
Office of the Governor
State Capitol, First Floor
Sacramento, CA 95814

Re: Senate Bill 1047

Dear Governor Newsom:

The U.S. Chamber of Commerce opposes SB 1047, the “Safe and Secure Innovation for Frontier Artificial Intelligence Models Act” as drafted, and we urge you to veto it, should it pass the legislature.

The Chamber believes there is an important and appropriate role for government regulation of AI to mitigate potential risks associated with the technology. However, the requirements put forth in SB 1047 are premature, and would duplicate the federal efforts. We fear that if enacted, SB 1047 would stifle positive U.S. advancements of this emerging suite of technologies.

AI is foundational to America’s economic growth. McKinsey & Company estimates that generative AI will contribute between \$2.6 to \$4.4 trillion annually.¹ AI will be especially beneficial for small businesses. A recent Chamber report found that nearly one-third of California small businesses already leverage AI to increase their profitability, and sixty percent of small businesses have indicated they believe AI will help their businesses.²

If enacted, SB 1047 could hinder use of open-source AI models because of a potential new patchwork of regulations combined with developer requirements that will be perhaps impossible to comply with given the dynamic nature of open-source

¹McKinsey & Company “The economic potential of generative AI,” (June 2023) available at <https://www.mckinsey.com/~media/mckinsey/business%20functions/mckinsey%20digital/our%20insights/the%20economic%20potential%20of%20generative%20ai%20the%20next%20productivity%20frontier/the-economic-potential-of-generative-ai-the-next-productivity-frontier.pdf>

² U.S. Chamber Technology Engagement Center, “Empowering Small Business: The Impact of Technology on U.S Small Business (second edition),” available at <https://www.uschamber.com/assets/documents/The-Impact-of-Technology-on-Small-Business-Report-2023-Edition.pdf>

AI. We are especially concerned that SB 1047 would deter small businesses and startups³ from developing and implementing AI tools through open-source models that would allow them to compete against their larger counterparts. The Chamber highlighted the importance of open-source technology in our recent comments to NTIA, stating that open-source AI “technology allows developers to build, create, and innovate in various areas that will drive future economic growth...Access model weights can be a boon to driving safety and security improvements to artificial intelligence by providing greater transparency, allowing flaws to be quickly identified and patched⁴.”

We urge you to ensure that California does not rush through SB 1047 given the significant complexities associated with AI and the need to carefully address unintended consequences. Indeed, we share many of the same concerns as California Reps. Zoe Lofgren⁵ and Congressman Ro Khanna,⁶ who have raised concerns with the vast scope of SB 1047.

We urge you to veto the legislation if it is passed as drafted.

Sincerely,



Tom Quaadman
Executive Vice President
Chamber Technology Engagement Center
U.S. Chamber of Commerce

³ Forbes “The Rise of Open Artificial Intelligence: Open-Source Best Practices,” available at <https://www.forbes.com/sites/forbesbusinesscouncil/2024/03/08/the-rise-of-open-artificial-intelligence-open-source-best-practices/>

⁴U.S. Chamber, “Re: Request for Comment, National Telecommunications and Information Administration, Department of Commerce; Dual Use Foundation Artificial Intelligence Models Widely Available Model Weights (89 Fed. Reg. 14,059-14,063, February 26, 2024)” available at <https://americaninnovators.com/advocacy/u-s-chamber-files-comments-to-ntia-on-dual-used-foundation-open-models/>

⁵ Ranking Member House Committee on Science, Space, and Technology Zoe Lofgren, letter to state Senator Weiner, <https://lofgren.house.gov/sites/evo-subsites/lofgren.house.gov/files/evo-media-document/8.7.24%20to%20Senator%20Wiener.pdf>

⁶ U.S. Representative Ro Khanna. (2024, August 13). KHANNA STATEMENT ON SB 1047 AND THE PATH FORWARD ON ARTIFICIAL INTELLIGENCE [Press Release] <https://khanna.house.gov/media/press-releases/khanna-statement-sb-1047-and-path-forward-artificial-intelligence>