GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 2025

H.B. 934 Apr 10, 2025 HOUSE PRINCIPAL CLERK

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H HOUSE BILL DRH10421-LR-104B

Short Title: AI Regulatory Reform Act. (Public) Sponsors: Representative Johnson. Referred to:

1 A BILL TO BE ENTITLED

AN ACT AMENDING THE CRIMINAL LAWS TO CREATE THE OFFENSE OF UNLAWFUL DISTRIBUTION OF A DEEPFAKE AND AMENDING THE CIVIL PROCEDURE LAWS TO GRANT IMMUNITY FROM CIVIL LIABILITY TO DEVELOPERS OF ARTIFICIAL INTELLIGENCE PRODUCTS USED BY LEARNED PROFESSIONALS.

The General Assembly of North Carolina enacts:

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SECTION 1.(a) Article 60 of Chapter 14 of the General Statutes is amended by adding a new section to read:

"§ 14-459. Unlawful distribution of a deepfake.

- (a) <u>Definition. For purposes of this section, the term "deepfake" means an image or audio or video recording that has been created with the intent to deceive and that appears to depict a natural person speaking or acting in a manner that the person did not actually speak or act.</u>
- (b) Offense. It is unlawful for a person, without the affirmative consent of the depicted individual, to knowingly do any of the following for the purpose of (i) harassing, extorting, threatening, or causing physical, emotional, reputational, or economic harm to an individual falsely depicted or (ii) injuring a candidate for elected office or influencing an election:
 - (1) Create a deepfake with an intent to distribute the deepfake.
 - (2) <u>Distribute a deepfake.</u>
 - (3) Solicit the creation of a deepfake with an intent to distribute the deepfake.
 - (c) Punishment. A violation of this section is punishable as a Class 1 misdemeanor.
- (d) Destruction of Deepfake. In addition to any penalty or other damages, the court may award the destruction of any deepfake made in violation of this section.
- (e) <u>Civil Action. In addition to any other remedies at law or in equity, including an order by the court to destroy any deepfake disclosed in violation of this section, any person aggrieved by a violation of subsection (b) of this section, has a civil cause of action against any person who creates or distributes the deepfake and is entitled to recover from the other person any of the following:</u>
 - (1) Actual damages, but not less than liquidated damages, to be computed at the rate of one thousand dollars (\$1,000) for each time the deepfake is redistributed or in the amount of ten thousand dollars (\$10,000), whichever is higher.
 - (2) Punitive damages.
- (3) A reasonable attorneys' fee and other litigation costs reasonably incurred.



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(f) Oth	er Sanctions or Remedies Not Precluded. – A violation of this section is an offense
additional to o	ther civil and criminal provisions and is not intended to repeal or preclude any
other sanctions	or remedies."
SEC	CTION 1.(b) This section becomes effective December 1, 2025, and applies to
offenses comm	itted on or after that date.
SEC	CTION 2.(a) Chapter 1 of the General Statutes is amended by adding a new
Article to read:	
	"Article 43G.
	"Actions Pertaining to Artificial Intelligence.
' <u>§ 1-539.30. D</u>	
The follow:	ng definitions apply in this Article:
<u>(1)</u>	Artificial intelligence product or AI product Any algorithm, product,
	software, or system that:
	a. Performs tasks that would typically require human intelligence, such
	as reasoning, language processing, or decision making;
	b. Is designed to operate with some degree of autonomy;
	c. Uses techniques that enable the system to improve its performance
	over time or through exposure to data; and
	d. Is marketed, distributed, licensed, or otherwise made available for use,
	whether as a stand-alone product or as a component integrated into
	other products or services.
<u>(2)</u>	Client. – Any person who engages the services of a learned professional and
	who relies upon the learned professional's expertise, judgment, and advice
	where the professional relationship with the learned professional is governed
	by professional standards, codes of conduct, or regulations.
<u>(3)</u>	Developer. – Any person that:
	<u>a.</u> <u>Creates, designs, programs, trains, modifies, or substantially</u>
	contributes to the creation or modification of an AI product;
	b. Exercises control over the AI product's design specifications,
	functionality, capabilities, limitations, or intended uses;
	c. Tests, validates, documents, or certifies an AI product prior to its
	release or deployment;
	d. Markets, distributes, licenses, or makes available an AI product under
	their own name, brand, or trademark, regardless of whether they
	created the original underlying technology; or
	e. Either creates an original AI product or is a secondary developer who
	substantially modifies, retrains, or adapts an existing AI product for a
	new use or market.
<u>(4)</u>	Error. – Any output, action, recommendation, or omission by an AI product
	that produces objectively incorrect information. The term includes when an
	AI product fails to perform a function or task that it expressly or implicitly
	represents itself as capable of performing.
<u>(5)</u>	Learned professional. – Any individual who:
<u>127</u>	a. Possesses specialized education, training, knowledge, or skill in a
	recognized profession;
	b. Is licensed, certified, or otherwise authorized by an occupational
	licensing board to practice in their field in this State;
	c. Is bound by professional standards, ethical obligations, and a duty of

Page 2 DRH10421-LR-104B

care to clients;

1	<u>d.</u>	Exercises independent professional judgment when utilizing tools,
2		including AI products, in the course of rendering professional services;
3		and
4	<u>e.</u>	Is expected to possess sufficient knowledge to evaluate the
5		appropriateness, limitations, and risks of tools employed in their
6		professional practice, including artificial intelligence products, as they
7		pertain to a specific client matter.
8	"§ 1-539.31. Immunity	from civil liability for artificial intelligence developers.
9	When a learned profe	essional uses an artificial intelligence program or product in the course
10	of providing professiona	services to a client, the developer of the artificial intelligence product
11	is not liable for any error	rs and the learned professional is solely responsible for any damage to

"§ 1-539.32. Other privileges and immunities.

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18 19 This Article does not affect any other immunities from civil liability established by the General Statutes or available at common law."

the client resulting from errors generated by the artificial intelligence product.

SECTION 2.(b) This section becomes effective December 1, 2025, and applies to acts or omissions occurring on or after that date.

SECTION 3. Except as otherwise provided, this act is effective when it becomes law.

DRH10421-LR-104B Page 3