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118TH CONGRESS
2D SESSION**S. 4495****[Report No. 118–291]**

To enable safe, responsible, and agile procurement, development, and use of artificial intelligence by the Federal Government, and for other purposes.

 IN THE SENATE OF THE UNITED STATES

JUNE 11, 2024

Mr. PETERS (for himself and Mr. TILLIS) introduced the following bill; which was read twice and referred to the Committee on Homeland Security and Governmental Affairs

DECEMBER 16, 2024

Reported by Mr. PETERS, with an amendment

[Strike out all after the enacting clause and insert the part printed in *italic*]

A BILL

To enable safe, responsible, and agile procurement, development, and use of artificial intelligence by the Federal Government, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 ~~This Act may be cited as the “Promoting Responsible~~
5 ~~Evaluation and Procurement to Advance Readiness for~~

1 Enterprise-wide Deployment for Artificial Intelligence
2 Act” or the “PREPARED for AI Act”.

3 **SEC. 2. DEFINITIONS.**

4 In this Act:

5 (1) **ADVERSE INCIDENT.**—The term “adverse
6 incident” means any incident or malfunction of arti-
7 ficial intelligence that directly or indirectly leads
8 to—

9 (A) harm impacting rights or safety, as de-
10 scribed in section 7(a)(2)(D);

11 (B) the death of an individual or damage
12 to the health of an individual;

13 (C) material or irreversible disruption of
14 the management and operation of critical infra-
15 structure, as described in section
16 7(a)(2)(D)(i)(H)(cc);

17 (D) material damage to property or the en-
18 vironment;

19 (E) loss of a mission-critical system or
20 equipment;

21 (F) failure of the mission of an agency;

22 (G) the denial of a benefit, payment, or
23 other service to an individual or group of indi-
24 viduals who would have otherwise been eligible;

1 (H) the denial of an employment, contract,
2 grant, or similar opportunity that would have
3 otherwise been offered; or

4 (I) another consequence, as determined by
5 the Director with public notice.

6 (2) AGENCY.—The term “agency”—

7 (A) has the meaning given that term in
8 section 3502(1) of title 44, United States Code;
9 and

10 (B) includes each of the independent regu-
11 latory agencies described in section 3502(5) of
12 title 44, United States Code.

13 (3) ARTIFICIAL INTELLIGENCE.—The term “ar-
14 tificial intelligence”—

15 (A) has the meaning given that term in
16 section 5002 of the National Artificial Intel-
17 ligence Initiative Act of 2020 (15 U.S.C. 9401);
18 and

19 (B) includes the artificial systems and
20 techniques described in paragraphs (1) through
21 (5) of section 238(g) of the John S. McCain
22 National Defense Authorization Act for Fiscal
23 Year 2019 (Public Law 115–232; 10 U.S.C.
24 4061 note prec.).

1 (4) BIOMETRIC DATA.—The term “biometric
2 data” means data resulting from specific technical
3 processing relating to the unique physical, physio-
4 logical, or behavioral characteristics of an individual,
5 including facial images, dactyloscopic data, physical
6 movement and gait, breath, voice, DNA, blood type,
7 and expression of emotion, thought, or feeling.

8 (5) COMMERCIAL TECHNOLOGY.—The term
9 “commercial technology”—

10 (A) means a technology, process, or meth-
11 od, including research or development; and

12 (B) includes commercial products, commer-
13 cial services, and other commercial items, as de-
14 fined in the Federal Acquisition Regulation, in-
15 cluding any addition or update thereto by the
16 Federal Acquisition Regulatory Council.

17 (6) COUNCIL.—The term “Council” means the
18 Chief Artificial Intelligence Officers Council estab-
19 lished under section 5(a).

20 (7) DEPLOYER.—The term “deployer” means
21 an entity that operates or provides artificial intel-
22 ligence, whether developed internally or by a third-
23 party developer.

1 (8) DEVELOPER.—The term “developer” means
2 an entity that designs, codes, produces, or owns arti-
3 ficial intelligence.

4 (9) DIRECTOR.—The term “Director” means
5 the Director of the Office of Management and Budget.
6 et.

7 (10) IMPACT ASSESSMENT.—The term “impact
8 assessment” means a structured process for consid-
9 ering the implications of a proposed artificial intel-
10 ligence use case.

11 (11) OPERATIONAL DESIGN DOMAIN.—The
12 term “operational design domain” means a set of
13 operating conditions for an automated system.

14 (12) PROCURE OR OBTAIN.—The term “procure
15 or obtain” means—

16 (A) to acquire through contract actions
17 awarded pursuant to the Federal Acquisition
18 Regulation, including through interagency
19 agreements, multi-agency use, and purchase
20 card transactions;

21 (B) to acquire through contracts and
22 agreements awarded through other special pro-
23 curement authorities, including through other
24 transactions and commercial solutions opening
25 authorities; or

1 (C) to obtain through other means, includ-
2 ing through open source platforms or freeware.

3 (13) RELEVANT CONGRESSIONAL COMMIT-
4 TEES.—The term “relevant congressional commit-
5 tees” means the Committee on Homeland Security
6 and Governmental Affairs of the Senate and the
7 Committee on Oversight and Accountability of the
8 House of Representatives.

9 (14) RISK.—The term “risk” means the com-
10 bination of the probability of an occurrence of harm
11 and the potential severity of that harm.

12 (15) USE CASE.—The term “use case” means
13 the ways and context in which artificial intelligence
14 is operated to perform a specific function.

15 **SEC. 3. IMPLEMENTATION OF REQUIREMENTS.**

16 (a) AGENCY IMPLEMENTATION.—Not later than 1
17 year after the date of enactment of this Act, the Director
18 shall ensure that agencies have implemented the require-
19 ments of this Act.

20 (b) ANNUAL BRIEFING.—Not later than 180 days
21 after the date of enactment of this Act, and annually
22 thereafter, the Director shall brief the appropriate Con-
23 gressional committees on implementation of this Act and
24 related considerations.

1 **SEC. 4. PROCUREMENT OF ARTIFICIAL INTELLIGENCE.**

2 ~~(a) GOVERNMENT-WIDE REQUIREMENTS.—~~

3 ~~(1) IN GENERAL.—~~Not later than 1 year after
4 the date of enactment of this Act, the Federal Ac-
5 quisition Regulatory Council shall review Federal
6 Acquisition Regulation acquisition planning, source
7 selection, and other requirements and update the
8 Federal Acquisition Regulation as needed to ensure
9 that agency procurement of artificial intelligence in-
10 cludes—

11 ~~(A)~~ a requirement to address the outcomes
12 of the risk evaluation and impact assessments
13 required under section 8(a);

14 ~~(B)~~ a requirement for consultation with an
15 interdisciplinary team of agency experts prior
16 to, and throughout, as necessary, procuring or
17 obtaining artificial intelligence; and

18 ~~(C)~~ any other considerations determined
19 relevant by the Federal Acquisition Regulatory
20 Council.

21 ~~(2) INTERDISCIPLINARY TEAM OF EXPERTS.—~~

22 The interdisciplinary team of experts described in
23 paragraph ~~(1)(B)~~ may—

24 ~~(A)~~ vary depending on the use case and
25 the risks determined to be associated with the
26 use case; and

1 ~~(B)~~ include technologists, information se-
 2 curity personnel, domain experts, privacy offi-
 3 cers, data officers, civil rights and civil liberties
 4 officers, contracting officials, legal counsel, cus-
 5 tomer experience professionals, and others.

6 ~~(3)~~ ACQUISITION PLANNING.—The acquisition
 7 planning updates described in paragraph ~~(1)~~ shall
 8 include considerations for, at minimum, as appro-
 9 priate depending on the use case—

- 10 ~~(A)~~ data ownership and privacy;
- 11 ~~(B)~~ data information security;
- 12 ~~(C)~~ interoperability requirements;
- 13 ~~(D)~~ data and model assessment processes;
- 14 ~~(E)~~ scope of use;
- 15 ~~(F)~~ ongoing monitoring techniques;
- 16 ~~(G)~~ type and scope of artificial intelligence
 17 audits;
- 18 ~~(H)~~ environmental impact; and
- 19 ~~(I)~~ safety and security risk mitigation tech-
 20 niques, including a plan for how adverse event
 21 reporting can be incorporated, pursuant to sec-
 22 tion ~~5~~(g).

23 ~~(b)~~ REQUIREMENTS FOR HIGH RISK USE CASES.—

24 ~~(1)~~ IN GENERAL.—

1 (A) ESTABLISHMENT.—Beginning on the
2 date that is 1 year after the date of enactment
3 of this Act, the head of an agency may not pro-
4 cure or obtain artificial intelligence for a high
5 risk use case, as defined in section 7(a)(2)(D),
6 prior to establishing and incorporating certain
7 terms into relevant contracts, agreements, and
8 employee guidelines for artificial intelligence, in-
9 cluding—

10 (i) a requirement that the use of the
11 artificial intelligence be limited to its oper-
12 ational design domain;

13 (ii) requirements for safety, security,
14 and trustworthiness, including—

15 (I) a reporting mechanism
16 through which agency personnel are
17 notified by the deployer of any ad-
18 verse incident;

19 (II) a requirement, in accordance
20 with section 5(g), that agency per-
21 sonnel receive from the deployer a no-
22 tification of any adverse incident, an
23 explanation of the cause of the ad-
24 verse incident, and any data directly
25 connected to the adverse incident in

1 order to address and mitigate the
2 harm; and

3 (III) that the agency has the
4 right to temporarily or permanently
5 suspend use of the artificial intel-
6 ligence if—

7 (aa) the risks of the artifi-
8 cial intelligence to rights or safe-
9 ty become unacceptable, as deter-
10 mined under the agency risk clas-
11 sification system pursuant to sec-
12 tion 7; or

13 (bb) on or after the date
14 that is 180 days after the publi-
15 cation of the most recently up-
16 dated version of the framework
17 developed and updated pursuant
18 to section 22(A)(e) of the Na-
19 tional Institute of Standards and
20 Technology Act (15 U.S.C.
21 278h-1(e)), the deployer is found
22 not to comply with such most re-
23 cent update;

24 (iii) requirements for quality, rel-
25 evance, sourcing and ownership of data, as

1 appropriate by use case, and applicable un-
2 less the head of the agency waives such re-
3 quirements in writing, including—

4 (I) retention of rights to Govern-
5 ment data and any modification to the
6 data including to protect the data
7 from unauthorized disclosure and use
8 to subsequently train or improve the
9 functionality of commercial products
10 offered by the deployer, any relevant
11 developers, or others; and

12 (II) a requirement that the
13 deployer and any relevant developers
14 or other parties isolate Government
15 data from all other data, through
16 physical separation, electronic separa-
17 tion via secure copies with strict ac-
18 cess controls, or other computational
19 isolation mechanisms;

20 (iv) requirements for evaluation and
21 testing of artificial intelligence based on
22 use case, to be performed on an ongoing
23 basis; and

24 (v) requirements that the deployer
25 and any relevant developers provide docu-

1 mentation, as determined necessary and
2 requested by the agency, in accordance
3 with section 8(b).

4 (B) REVIEW.—The Senior Procurement
5 Executive, in coordination with the Chief Artificial
6 Intelligence Officer, shall consult with tech-
7 nologists, information security personnel, do-
8 main experts, privacy officers, data officers,
9 civil rights and civil liberties officers, con-
10 tracting officials, legal counsel, customer experi-
11 ence professionals, and other relevant agency
12 officials to review the requirements described in
13 clauses (i) through (v) of subparagraph (A) and
14 determine whether it may be necessary to incor-
15 porate additional requirements into relevant
16 contracts or agreements.

17 (C) REGULATION.—The Federal Acquisi-
18 tion Regulatory Council shall revise the Federal
19 Acquisition Regulation as necessary to imple-
20 ment the requirements of this subsection.

21 (2) RULES OF CONSTRUCTION.—This Act shall
22 supersede any requirements that conflict with this
23 Act under the guidance required to be produced by
24 the Director pursuant to section 7224(d) of the Ad-
25 vancing American AI Act (40 U.S.C. 11301 note).

1 **SEC. 5. INTERAGENCY GOVERNANCE OF ARTIFICIAL INTEL-**
2 **LIGENCE.**

3 (a) CHIEF ARTIFICIAL INTELLIGENCE OFFICERS
4 COUNCIL.—Not later than 60 days after the date of enact-
5 ment of this Act, the Director shall establish a Chief Arti-
6 ficial Intelligence Officers Council.

7 (b) DUTIES.—The duties of the Council shall in-
8 clude—

9 (1) coordinating agency development and use of
10 artificial intelligence in agency programs and oper-
11 ations, including practices relating to the design, op-
12 eration, risk management, and performance of artifi-
13 cial intelligence;

14 (2) sharing experiences, ideas, best practices,
15 and innovative approaches relating to artificial intel-
16 ligence; and

17 (3) assisting the Director, as necessary, with re-
18 spect to—

19 (A) the identification, development, and co-
20 ordination of multi-agency projects and other
21 initiatives, including initiatives to improve Gov-
22 ernment performance;

23 (B) the management of risks relating to
24 developing, obtaining, or using artificial intel-
25 ligence, including by developing a common tem-
26 plate to guide agency Chief Artificial Intel-

1 intelligence Officers in implementing a risk classi-
2 fication system that may incorporate best prac-
3 tices, such as those from—

4 (i) the most recently updated version
5 of the framework developed and updated
6 pursuant to section ~~22A(c)~~ of the National
7 Institute of Standards and Technology Act
8 (~~15 U.S.C. 278h-1(e)~~); and

9 (ii) the report published by the Gov-
10 ernment Accountability Office entitled “Ar-
11 tificial Intelligence: An Accountability
12 Framework for Federal Agencies and
13 Other Entities” (~~GAO-21-519SP~~), pub-
14 lished on June 30, 2021;

15 (C) promoting the development and use of
16 efficient, effective, common, shared, or other
17 approaches to key processes that improve the
18 delivery of services for the public; and

19 (D) soliciting and providing perspectives
20 on matters of concern, including from and to—

21 (i) interagency councils;

22 (ii) Federal Government entities;

23 (iii) private sector, public sector, non-
24 profit, and academic experts;

- 1 (iv) State, local, Tribal, territorial,
2 and international governments; and
3 (v) other individuals and entities, as
4 determined relevant by the Council.

5 (e) MEMBERSHIP OF THE COUNCIL.—

6 (1) CO-CHAIRS.—The Council shall have 2 co-
7 chairs, which shall be—

8 (A) the Director; and

9 (B) an individual selected by a majority of
10 the members of the Council.

11 (2) MEMBERS.—Other members of the Council
12 shall include—

13 (A) the Chief Artificial Intelligence Officer
14 of each agency; and

15 (B) the senior official for artificial intel-
16 ligence of the Office of Management and Budget.
17 et.

18 (d) STANDING COMMITTEES; WORKING GROUPS.—

19 The Council shall have the authority to establish standing
20 committees, including an executive committee, and work-
21 ing groups.

22 (e) COUNCIL STAFF.—The Council may enter into an
23 interagency agreement with the Administrator of General
24 Services for shared services for the purpose of staffing the
25 Council.

1 (f) DEVELOPMENT, ADAPTATION, AND DOCUMENTA-
2 TION.—

3 (1) GUIDANCE.—Not later than 90 days after
4 the date of enactment of this Act, the Director, in
5 consultation with the Council, shall issue guidance
6 relating to—

7 (A) developments in artificial intelligence
8 and implications for management of agency
9 programs;

10 (B) the agency impact assessments de-
11 scribed in section 8(a) and other relevant im-
12 pact assessments as determined appropriate by
13 the Director, including the appropriateness of
14 substituting pre-existing assessments, including
15 privacy impact assessments, for purposes of an
16 artificial intelligence impact assessment;

17 (C) documentation for agencies to require
18 from deployers of artificial intelligence;

19 (D) a model template for the explanations
20 for use case risk classifications that each agen-
21 cy must provide under section 8(a)(4); and

22 (E) other matters, as determined relevant
23 by the Director.

24 (2) ANNUAL REVIEW.—The Director, in con-
25 sultation with the Council, shall periodically, but not

1 less frequently than annually, review and update, as
2 needed, the guidelines issued under paragraph (1).

3 ~~(g) INCIDENT REPORTING.—~~

4 ~~(1) IN GENERAL.—~~Not later than 180 days
5 after the date of enactment of this Act, the Director,
6 in consultation with the Council, shall develop proce-
7 dures for ensuring that—

8 ~~(A) adverse incidents involving artificial in-~~
9 ~~telligence procured, obtained, or used by agen-~~
10 ~~cies are reported promptly to the agency by the~~
11 ~~developer or deployer, or to the developer or~~
12 ~~deployer by the agency, whichever first becomes~~
13 ~~aware of the adverse incident; and~~

14 ~~(B) information relating to an adverse inci-~~
15 ~~dent described in subparagraph (A) is appro-~~
16 ~~priately shared among agencies.~~

17 ~~(2) SINGLE REPORT.—~~Adverse incidents also
18 qualifying for incident reporting under section 3554
19 of title 44, United States Code, or other relevant
20 laws or policies, may be reported under such other
21 reporting requirement and are not required to be ad-
22 ditionally reported under this subsection.

23 ~~(3) NOTICE TO DEPLOYER.—~~

24 ~~(A) IN GENERAL.—~~If an adverse incident
25 is discovered by an agency, the agency shall re-

1 port the adverse incident to the deployer and
 2 the deployer, in consultation with any relevant
 3 developers, shall take immediate action to re-
 4 solve the adverse incident and mitigate the po-
 5 tential for future adverse incidents.

6 (B) WAIVER.—

7 (i) IN GENERAL.—Unless otherwise
 8 required by law, the head of an agency
 9 may issue a written waiver that waives the
 10 applicability of some or all of the require-
 11 ments under subparagraph (A), with re-
 12 spect to a specific adverse incident.

13 (ii) WRITTEN WAIVER CONTENTS.—A
 14 written waiver under clause (i) shall in-
 15 clude justification for the waiver.

16 (iii) NOTICE.—The head of an agency
 17 shall forward advance notice of any waiver
 18 under this subparagraph to the Director,
 19 or the designee of the Director.

20 **SEC. 6. AGENCY GOVERNANCE OF ARTIFICIAL INTEL-**
 21 **LIGENCE.**

22 (a) IN GENERAL.—The head of an agency shall—

23 (1) ensure the responsible adoption of artificial
 24 intelligence, including by—

1 (A) articulating a clear vision of what the
2 head of the agency wants to achieve by devel-
3 oping, procuring or obtaining, or using artificial
4 intelligence;

5 (B) ensuring the agency develops, pro-
6 cures, obtains, or uses artificial intelligence that
7 follows the principles of trustworthy artificial
8 intelligence in government set forth under Exec-
9 utive Order 13960 (85 Fed. Reg. 78939; relat-
10 ing to promoting the use of trustworthy artifi-
11 cial intelligence in Federal Government) and
12 the principles for safe, secure, and trustworthy
13 artificial intelligence in government set forth
14 under section 2 of Executive Order 14110 (88
15 Fed. Reg. 75191; relating to the safe, secure,
16 and trustworthy development and use of artifi-
17 cial intelligence);

18 (C) testing, validating, and monitoring ar-
19 tificial intelligence and the use case-specific per-
20 formance of artificial intelligence, among oth-
21 ers, to—

22 (i) ensure all use of artificial intel-
23 ligence is appropriate to and improves the
24 effectiveness of the mission of the agency;

- 1 (ii) guard against bias in data collec-
2 tion, use, and dissemination;
- 3 (iii) ensure reliability, fairness, and
4 transparency; and
- 5 (iv) protect against impermissible dis-
6 crimination;
- 7 (D) developing, adopting, and applying a
8 suitable enterprise risk management framework
9 approach to artificial intelligence, incorporating
10 the requirements under this Act;
- 11 (E) continuing to develop a workforce
12 that—
- 13 (i) understands the strengths and
14 weaknesses of artificial intelligence, includ-
15 ing artificial intelligence embedded in
16 agency data systems and operations;
- 17 (ii) is aware of the benefits and risk
18 of artificial intelligence;
- 19 (iii) is able to provide human over-
20 sight for the design, implementation, and
21 end uses of artificial intelligence; and
- 22 (iv) is able to review and provide re-
23 dress for erroneous decisions made in the
24 course of artificial intelligence-assisted
25 processes; and

1 ~~(F)~~ ensuring implementation of the re-
2 quirements under section 8(a) for the identifica-
3 tion and evaluation of risks posed by the de-
4 ployment of artificial intelligence in agency use
5 cases;

6 ~~(2)~~ designate a Chief Artificial Intelligence Offi-
7 cer, whose duties shall include—

8 ~~(A)~~ ensuring appropriate use of artificial
9 intelligence;

10 ~~(B)~~ coordinating agency use of artificial in-
11 telligence;

12 ~~(C)~~ promoting artificial intelligence innova-
13 tion;

14 ~~(D)~~ managing the risks of use of artificial
15 intelligence;

16 ~~(E)~~ supporting the head of the agency with
17 developing the risk classification system re-
18 quired under section 7(a) and complying with
19 other requirements of this Act; and

20 ~~(F)~~ supporting agency personnel leading
21 the procurement and deployment of artificial in-
22 telligence to comply with the requirements
23 under this Act; and

24 ~~(3)~~ form and convene an Artificial Intelligence
25 Governance Board, as described in subsection (b);

1 which shall coordinate and govern artificial intel-
2 ligence issues across the agency.

3 (b) ARTIFICIAL INTELLIGENCE GOVERNANCE
4 BOARD.—

5 (1) LEADERSHIP.—Each Artificial Intelligence
6 Governance Board (referred to in this subsection as
7 “Board”) of an agency shall be chaired by the Dep-
8 uty Secretary of the agency or equivalent official and
9 vice-chaired by the Chief Artificial Intelligence Offi-
10 cer of the agency. Neither the chair nor the vice-
11 chair may assign or delegate these roles to other of-
12 ficials.

13 (2) REPRESENTATION.—The Board shall, at a
14 minimum, include representatives comprised of sen-
15 ior agency officials from operational components, if
16 relevant, program officials responsible for imple-
17 menting artificial intelligence, and officials respon-
18 sible for information technology, data, privacy, civil
19 rights and civil liberties, human capital, procure-
20 ment, finance, legal counsel, and customer experi-
21 ence.

22 (3) EXISTING BODIES.—An agency may rely on
23 an existing governance body to fulfill the require-
24 ments of this subsection if the body satisfies or is

1 adjusted to satisfy the leadership and representation
2 requirements of paragraphs (1) and (2).

3 (c) DESIGNATION OF CHIEF ARTIFICIAL INTEL-
4 LIGENCE OFFICER.—The head of an agency may des-
5 ignate as Chief Artificial Intelligence Officer an existing
6 official within the agency, including the Chief Technology
7 Officer, Chief Data Officer, Chief Information Officer, or
8 other official with relevant or complementary authorities
9 and responsibilities, if such existing official has expertise
10 in artificial intelligence and meets the requirements of this
11 section.

12 (d) EFFECTIVE DATE.—Beginning on the date that
13 is 120 days after the date of enactment of this Act, an
14 agency shall not develop or procure or obtain artificial in-
15 telligence prior to completing the requirements under
16 paragraphs (2) and (3) of subsection (a).

17 **SEC. 7. AGENCY RISK CLASSIFICATION OF ARTIFICIAL IN-**
18 **TELLIGENCE USE CASES FOR PROCUREMENT**
19 **AND USE.**

20 (a) RISK CLASSIFICATION SYSTEM.—

21 (1) DEVELOPMENT.—The head of each agency
22 shall be responsible for developing, not later than 1
23 year after the date of enactment of this Act, a risk
24 classification system for agency use cases of artifi-

1 eial intelligence, without respect to whether artificial
2 intelligence is embedded in a commercial product.

3 ~~(2) REQUIREMENTS.—~~

4 ~~(A) RISK CLASSIFICATIONS.—The risk~~
5 ~~classification system under paragraph (1) shall,~~
6 ~~at a minimum, include unacceptable, high, me-~~
7 ~~dium, and low risk classifications.~~

8 ~~(B) FACTORS FOR RISK CLASSIFICA-~~
9 ~~TIONS.—In developing the risk classifications~~
10 ~~under subparagraph (A), the head of the agency~~
11 ~~shall consider the following:~~

12 ~~(i) MISSION AND OPERATION.—The~~
13 ~~mission and operations of the agency.~~

14 ~~(ii) SCALE.—The seriousness and~~
15 ~~probability of adverse impacts.~~

16 ~~(iii) SCOPE.—The breadth of applica-~~
17 ~~tion, such as the number of individuals af-~~
18 ~~ected.~~

19 ~~(iv) OPTIONALITY.—The degree of~~
20 ~~choice that an individual, group, or entity~~
21 ~~has as to whether to be subject to the ef-~~
22 ~~fects of artificial intelligence.~~

23 ~~(v) STANDARDS AND FRAMEWORKS.—~~
24 ~~Standards and frameworks for risk classi-~~
25 ~~fication of use cases that support demo-~~

1 eratic values, such as the standards and
2 frameworks developed by the National In-
3 stitute of Standards and Technology, the
4 International Standards Organization, and
5 the Institute of Electrical and Electronics
6 Engineers.

7 (C) CLASSIFICATION VARIANCE.—

8 (i) CERTAIN LOWER RISK USE
9 CASES.—The risk classification system
10 may allow for an operational use case to be
11 categorized under a lower risk classifica-
12 tion, even if the use case is a part of a
13 larger area of the mission of the agency
14 that is categorized under a higher risk
15 classification.

16 (ii) CHANGES BASED ON TESTING OR
17 NEW INFORMATION.—The risk classifica-
18 tion system may allow for changes to the
19 risk classification of an artificial intel-
20 ligence use case based on the results from
21 procurement process testing or other infor-
22 mation that becomes available.

23 (D) HIGH RISK USE CASES.—

24 (i) IN GENERAL.—High risk classi-
25 fication shall, at a minimum, apply to use

1 cases for which the outputs of the sys-
 2 tem—

3 (I) are presumed to serve as a
 4 principal basis for a decision or action
 5 that has a legal, material, binding, or
 6 similarly significant effect, with re-
 7 spect to an individual or community,
 8 or—

9 (aa) civil rights, civil lib-
 10 erties, or privacy;

11 (bb) equal opportunities, in-
 12 cluding in access to education,
 13 housing, insurance, credit, em-
 14 ployment, and other programs
 15 where civil rights and equal op-
 16 portunity protections apply; or

17 (cc) access to or the ability
 18 to apply for critical government
 19 resources or services, including
 20 healthcare, financial services,
 21 public housing, social services,
 22 transportation, and essential
 23 goods and services; or

24 (II) are presumed to serve as a
 25 principal basis for a decision that sub-

1 substantially impacts the safety of, or has
2 the potential to substantially impact
3 the safety of—

4 (aa) the well-being of an in-
5 dividual or community, including
6 loss of life, serious injury, bodily
7 harm, biological or chemical
8 harms, occupational hazards,
9 harassment or abuse, or mental
10 health;

11 (bb) the environment, in-
12 cluding irreversible or significant
13 environmental damage;

14 (cc) critical infrastructure,
15 including the critical infrastruc-
16 ture sectors defined in Presi-
17 dential Policy Directive 21, enti-
18 tled “Critical Infrastructure Se-
19 curity and Resilience” (dated
20 February 12, 2013) (or any suc-
21 cessor directive) and the infra-
22 structure for voting and pro-
23 tecting the integrity of elections;
24 or

1 (dd) strategic assets or re-
2 sources, including high-value
3 property and information marked
4 as sensitive or classified by the
5 Federal Government and con-
6 trolled unclassified information.

7 (ii) ADDITIONS.—The head of each
8 agency shall add other use cases to the
9 high risk category, as appropriate.

10 (E) MEDIUM AND LOW RISK USE CASES.—
11 If a use case is not high risk, as described in
12 subparagraph (D), the head of an agency shall
13 have the discretion to define the risk classifica-
14 tion.

15 (F) UNACCEPTABLE RISK.—If an agency
16 identifies, through testing, adverse incident, or
17 other means or information available to the
18 agency, that a use or outcome of an artificial
19 intelligence use case is a clear threat to human
20 safety or rights that cannot be adequately or
21 practicably mitigated, the agency shall identify
22 the risk classification of that use case as unac-
23 ceptable risk.

24 (3) TRANSPARENCY.—The risk classification
25 system under paragraph (1) shall be published on a

1 public-facing website, with the methodology used to
2 determine different risk levels and examples of par-
3 ticular use cases for each category in language that
4 is easy to understand to the people affected by the
5 decisions and outcomes of artificial intelligence.

6 (b) **EFFECTIVE DATE.**—This section shall take effect
7 on the date that is 180 days after the date of enactment
8 of this Act, on and after which an agency that has not
9 complied with the requirements of this section may not
10 develop, procure or obtain, or use artificial intelligence
11 until the agency complies with such requirements.

12 **SEC. 8. AGENCY REQUIREMENTS FOR USE OF ARTIFICIAL**
13 **INTELLIGENCE.**

14 (a) **RISK EVALUATION PROCESS.**—

15 (1) **IN GENERAL.**—Not later than 180 days
16 after the effective date in section 7(b), the Chief Ar-
17 tificial Intelligence Officer of each agency, in coordi-
18 nation with the Artificial Intelligence Governance
19 Board of the agency, shall develop and implement a
20 process for the identification and evaluation of risks
21 posed by the deployment of artificial intelligence in
22 agency use cases to ensure an interdisciplinary and
23 comprehensive evaluation of potential risks and de-
24 termination of risk classifications under such sec-
25 tion.

1 (2) PROCESS REQUIREMENTS.—The risk eval-
2 uation process described in paragraph (1), shall in-
3 clude, for each artificial intelligence use case—

4 (A) identification of the risks and benefits
5 of the artificial intelligence use case;

6 (B) a plan to periodically review the artifi-
7 cial intelligence use case to examine whether
8 risks have changed or evolved and to update the
9 corresponding risk classification as necessary;

10 (C) a determination of the need for tar-
11 geted impact assessments to further evaluate
12 specific risks of the artificial intelligence use
13 case within certain impact areas, which shall in-
14 clude privacy, security, civil rights and civil lib-
15 erties, accessibility, environmental impact,
16 health and safety, and any other impact area
17 relating to high risk classification under section
18 7(a)(2)(D) as determined appropriate by the
19 Chief Artificial Intelligence Officer; and

20 (D) if appropriate, consultation with and
21 feedback from affected communities and the
22 public on the design, development, and use of
23 the artificial intelligence use case.

24 (3) REVIEW.—

1 (A) **EXISTING USE CASES.**—With respect
2 to each use case that an agency is planning, de-
3 veloping, or using on the date of enactment of
4 this Act, not later than 1 year after such date,
5 the Chief Artificial Intelligence Officer of the
6 agency shall identify and review the use case to
7 determine the risk classification of the use case,
8 pursuant to the risk evaluation process under
9 paragraphs (1) and (2).

10 (B) **NEW USE CASES.**—

11 (i) **IN GENERAL.**—Beginning on the
12 date of enactment of this Act, the Chief
13 Artificial Intelligence Officer of an agency
14 shall identify and review any artificial in-
15 telligence use case that the agency will
16 plan, develop, or use and determine the
17 risk classification of the use case, pursuant
18 to the risk evaluation process under para-
19 graphs (1) and (2), before procuring or ob-
20 taining, developing, or using the use case.

21 (ii) **DEVELOPMENT.**—For any use
22 case described in clause (i) that is devel-
23 oped by the agency, the agency shall per-
24 form an additional risk evaluation prior to

1 deployment in a production or operational
2 environment.

3 (4) RATIONALE FOR RISK CLASSIFICATION.—

4 Risk classification of an artificial intelligence use
5 case shall be accompanied by an explanation from
6 the agency of how the risk classification was deter-
7 mined, which shall be included in the artificial intel-
8 ligence use case inventory of the agency, and written
9 referencing the model template developed by the Di-
10 rector under section 5(f)(1)(D).

11 (b) MODEL CARD DOCUMENTATION REQUIRE-
12 MENTS.—

13 (1) IN GENERAL.—Beginning on the date that
14 is 180 days after the date of enactment of this Act,
15 any time during developing, procuring or obtaining,
16 or using artificial intelligence, an agency shall re-
17 quire, as determined necessary by the Chief Artifi-
18 cial Intelligence Officer, that the deployer and any
19 relevant developer submit documentation about the
20 artificial intelligence, including—

21 (A) a description of the architecture of the
22 artificial intelligence, highlighting key param-
23 eters, design choices, and the machine learning
24 techniques employed;

1 (B) information on the training of the arti-
2 ficial intelligence, including computational re-
3 sources utilized;

4 (C) an account of the source of the data,
5 size of the data, any licenses under which the
6 data is used, collection methods and dates of
7 the data, and any preprocessing of the data un-
8 dertaken, including human or automated refine-
9 ment, review, or feedback;

10 (D) information on the management and
11 collection of personal data, outlining data pro-
12 tection and privacy measures adhered to in
13 compliance with applicable laws;

14 (E) a description of the methodologies
15 used to evaluate the performance of the artifi-
16 ficial intelligence, including key metrics and out-
17 comes; and

18 (F) an estimate of the energy consumed by
19 the artificial intelligence during training and in-
20 ference.

21 (2) **ADDITIONAL DOCUMENTATION FOR MEDIUM**
22 **AND HIGH RISK USE CASES.**—Beginning on the date
23 that is 270 days after the date of enactment of this
24 Act, with respect to use cases categorized as medium
25 risk or higher, an agency shall require that the

1 deployer of artificial intelligence, in consultation
2 with any relevant developers, submit (including
3 proactively, as material updates of the artificial in-
4 telligence occur) the following documentation:

5 (A) MODEL ARCHITECTURE.—Detailed in-
6 formation on the model or models used in the
7 artificial intelligence, including model date,
8 model version, model type, key parameters (in-
9 cluding number of parameters), interpretability
10 measures, and maintenance and updating poli-
11 cies.

12 (B) ADVANCED TRAINING DETAILS.—A de-
13 tailed description of training algorithms, meth-
14 odologies, optimization techniques, computa-
15 tional resources, and the environmental impact
16 of the training process.

17 (C) DATA PROVENANCE AND INTEGRITY.—
18 A detailed description of the training and test-
19 ing data, including the origins, collection meth-
20 ods, preprocessing steps, and demographic dis-
21 tribution of the data, and known discriminatory
22 impacts and mitigation measures with respect
23 to the data.

24 (D) PRIVACY AND DATA PROTECTION.—
25 Detailed information on data handling prac-

1 tices, including compliance with legal standards,
2 anonymization techniques, data security meas-
3 ures, and whether and how permission for use
4 of data is obtained.

5 (E) RIGOROUS TESTING AND OVER-
6 SIGHT.—A comprehensive disclosure of per-
7 formance evaluation metrics, including accu-
8 racy, precision, recall, and fairness metrics, and
9 test dataset results.

10 (F) NIST ARTIFICIAL INTELLIGENCE RISK
11 MANAGEMENT FRAMEWORK.—Documentation
12 demonstrating compliance with the most re-
13 cently updated version of the framework devel-
14 oped and updated pursuant to section 22A(e) of
15 the National Institute of Standards and Tech-
16 nology Act (15 U.S.C. 278h–1(e)).

17 (3) REVIEW OF REQUIREMENTS.—Not later
18 than 1 year after the date of enactment of this Act,
19 the Comptroller General shall conduct a review of
20 the documentation requirements under paragraphs
21 (1) and (2) to—

22 (A) examine whether agencies and
23 deployers are complying with the requirements
24 under those paragraphs; and

1 (B) make findings and recommendations to
2 further assist in ensuring safe, responsible, and
3 efficient artificial intelligence.

4 (4) SECURITY OF PROVIDED DOCUMENTA-
5 TION.—The head of each agency shall ensure that
6 appropriate security measures and access controls
7 are in place to protect documentation provided pur-
8 suant to this section.

9 (c) INFORMATION AND USE PROTECTIONS.—Infor-
10 mation provided to an agency under subsection (b)(3) is
11 exempt from disclosure under section 552 of title 5,
12 United States Code (commonly known as the “Freedom
13 of Information Act”) and may be used by the agency, con-
14 sistent with otherwise applicable provisions of Federal law,
15 solely for—

16 (1) assessing the ability of artificial intelligence
17 to achieve the requirements and objectives of the
18 agency and the requirements of this Act; and

19 (2) identifying—

20 (A) adverse effects of artificial intelligence
21 on the rights or safety factors identified in sec-
22 tion 7(a)(2)(D);

23 (B) cyber threats, including the sources of
24 the cyber threats; and

25 (C) security vulnerabilities.

1 (d) ~~PRE-DEPLOYMENT REQUIREMENTS FOR HIGH~~
2 ~~RISK USE CASES.~~—Beginning on the date that is 1 year
3 after the date of enactment of this Act, the head of an
4 agency shall not deploy or use artificial intelligence for a
5 high risk use case prior to—

6 (1) collecting documentation of the artificial in-
7 telligence, source, and use case in agency software
8 and use case inventories;

9 (2) testing of the artificial intelligence in an
10 operational, real-world setting with privacy, civil
11 rights, and civil liberty safeguards to ensure the ar-
12 tificial intelligence is capable of meeting its objec-
13 tives;

14 (3) establishing appropriate agency rules of be-
15 havior for the use case, including required human
16 involvement in, and user-facing explainability of, de-
17 cisions made in whole or part by the artificial intel-
18 ligence, as determined by the Chief Artificial Intel-
19 ligence Officer in coordination with the program
20 manager or equivalent agency personnel; and

21 (4) establishing appropriate agency training
22 programs, including documentation of completion of
23 training prior to use of artificial intelligence, that
24 educate agency personnel involved with the applica-
25 tion of artificial intelligence in high risk use cases on

1 the capacities and limitations of artificial intel-
2 ligence, including training on—

3 (A) monitoring the operation of artificial
4 intelligence in high risk use cases to detect and
5 address anomalies, dysfunctions, and unex-
6 pected performance in a timely manner to miti-
7 gate harm;

8 (B) lessening reliance or over-reliance on
9 the output produced by artificial intelligence in
10 a high risk use case, particularly if artificial in-
11 telligence is used to make decisions impacting
12 individuals;

13 (C) accurately interpreting the output of
14 artificial intelligence, particularly considering
15 the characteristics of the system and the inter-
16 pretation tools and methods available;

17 (D) when to not use, disregard, override,
18 or reverse the output of artificial intelligence;

19 (E) how to intervene or interrupt the oper-
20 ation of artificial intelligence;

21 (F) limiting the use of artificial intelligence
22 to its operational design domain; and

23 (G) procedures for reporting incidents in-
24 volving misuse, faulty results, safety and secu-
25 rity issues, and other problems with use of arti-

1 ficial intelligence that does not function as in-
2 tended.

3 (c) ~~ONGOING MONITORING OF ARTIFICIAL INTEL-~~
4 ~~LIGENCE IN HIGH RISK USE CASES.~~—The Chief Artificial
5 Intelligence Officer of each agency shall—

6 (1) establish a reporting system, consistent with
7 section 5(g), and suspension and shut-down proto-
8 cols for defects or adverse impacts of artificial intel-
9 ligence, and conduct ongoing monitoring, as deter-
10 mined necessary by use case;

11 (2) oversee the development and implementa-
12 tion of ongoing testing and evaluation processes for
13 artificial intelligence in high risk use cases to ensure
14 continued mitigation of the potential risks identified
15 in the risk evaluation process;

16 (3) implement a process to ensure that risk
17 mitigation efforts for artificial intelligence are re-
18 viewed not less than annually and updated as nec-
19 essary to account for the development of new
20 versions of artificial intelligence and changes to the
21 risk profile; and

22 (4) adhere to pre-deployment requirements
23 under subsection (d) in each case in which a low or
24 medium risk artificial intelligence use case becomes
25 a high risk artificial intelligence use case.

1 (f) EXEMPTION FROM REQUIREMENTS FOR SELECT
2 USE CASES.—The Chief Artificial Intelligence Officer of
3 each agency—

4 (1) may designate select, low risk use cases, in-
5 cluding current and future use cases, that do not
6 have to comply with all or some of the requirements
7 in this Act; and

8 (2) shall publicly disclose all use cases exempted
9 under paragraph (1) with a justification for each ex-
10 empted use case.

11 (g) EXCEPTION.—The requirements under sub-
12 sections (a) and (b) shall not apply to an algorithm soft-
13 ware update, enhancement, derivative, correction, defect,
14 or fix for artificial intelligence that does not materially
15 change the compliance of the deployer with the require-
16 ments of those subsections, unless determined otherwise
17 by the agency Chief Artificial Intelligence Officer.

18 (h) WAIVERS.—

19 (1) IN GENERAL.—The head of an agency, on
20 a case by case basis, may waive 1 or more require-
21 ments under subsection (d) for a specific use case
22 after making a written determination, based upon a
23 risk assessment conducted by a human with respect
24 to the specific use case, that fulfilling the require-
25 ment or requirements prior to procuring or obtain-

1 ing, developing, or using artificial intelligence would
2 increase risks to safety or rights overall or would
3 create an unacceptable impediment to critical agency
4 operations.

5 (2) REQUIREMENTS; LIMITATIONS.—A waiver
6 under this subsection shall be—

7 (A) in the national security interests of the
8 United States, as determined by the head of the
9 agency;

10 (B) submitted to the relevant congressional
11 committees not later than 15 days after the
12 head of the agency grants the waiver; and

13 (C) limited to a duration of 1 year, at
14 which time the head of the agency may renew
15 the waiver and submit the renewed waiver to
16 the relevant congressional committees.

17 (i) INFRASTRUCTURE SECURITY.—The head of an
18 agency, in consultation with the agency Chief Artificial In-
19 telligence Officer, Chief Information Officer, Chief Data
20 Officer, and other relevant agency officials, shall reevalu-
21 ate infrastructure security protocols based on the artificial
22 intelligence use cases and associated risks to infrastruc-
23 ture security of the agency.

24 (j) COMPLIANCE DEADLINE.—Not later than 270
25 days after the date of enactment of this Act, the require-

1 ments of subsections (a) through (i) of this section shall
2 apply with respect to artificial intelligence that is already
3 in use on the date of enactment of this Act.

4 **SEC. 9. PROHIBITION ON SELECT ARTIFICIAL INTEL-**
5 **LIGENCE USE CASES.**

6 No agency may develop, procure or obtain, or use ar-
7 tificial intelligence for—

8 (1) mapping facial biometric features of an in-
9 dividual to assign corresponding emotion and poten-
10 tially take action against the individual;

11 (2) categorizing and taking action against an
12 individual based on biometric data of the individual
13 to deduce or infer race, political opinion, religious or
14 philosophical beliefs, trade union status, sexual ori-
15 entation, or other personal trait;

16 (3) evaluating, classifying, rating, or scoring
17 the trustworthiness or social standing of an indi-
18 vidual based on multiple data points and time occur-
19 rences related to the social behavior of the individual
20 in multiple contexts or known or predicted personal
21 or personality characteristics in a manner that may
22 lead to discriminatory outcomes; or

23 (4) any other use found by the agency to pose
24 an unacceptable risk under the risk classification
25 system of the agency, pursuant to section 7.

1 **SEC. 10. AGENCY PROCUREMENT INNOVATION LABS.**

2 (a) IN GENERAL.—An agency subject to the Chief Fi-
3 nancial Officers Act of 1990 (31 U.S.C. 901 note; Public
4 Law 101–576) that does not have a Procurement Innova-
5 tion Lab on the date of enactment of this Act should con-
6 sider establishing a lab or similar mechanism to test new
7 approaches, share lessons learned, and promote best prac-
8 tices in procurement, including for commercial technology,
9 such as artificial intelligence, that is trustworthy and best-
10 suited for the needs of the agency.

11 (b) FUNCTIONS.—The functions of the Procurement
12 Innovation Lab or similar mechanism should include—

13 (1) providing leadership support as well as ca-
14 pability and capacity to test, document, and help
15 agency programs adopt new and better practices
16 through all stages of the acquisition lifecycle, begin-
17 ning with project definition and requirements devel-
18 opment;

19 (2) providing the workforce of the agency with
20 a clear pathway to test and document new acquisi-
21 tion practices and facilitate fresh perspectives on ex-
22 isting practices;

23 (3) helping programs and integrated project
24 teams successfully execute emerging and well-estab-
25 lished acquisition practices to achieve better results;
26 and

1 (4) promoting meaningful collaboration among
 2 offices that are responsible for requirements develop-
 3 ment, contracting officers, and others, including fi-
 4 nancial and legal experts, that share in the responsi-
 5 bility for making a successful procurement.

6 (c) **STRUCTURE.**—An agency should consider placing
 7 the Procurement Innovation Lab or similar mechanism as
 8 a supporting arm of the Chief Acquisition Officer or Sen-
 9 ior Procurement Executive of the agency and shall have
 10 wide latitude in structuring the Procurement Innovation
 11 Lab or similar mechanism and in addressing associated
 12 personnel staffing issues.

13 **SEC. 11. MULTI-PHASE COMMERCIAL TECHNOLOGY TEST**
 14 **PROGRAM.**

15 (a) **TEST PROGRAM.**—The head of an agency may
 16 procure commercial technology through a multi-phase test
 17 program of contracts in accordance with this section.

18 (b) **PURPOSE.**—A test program established under
 19 this section shall—

20 (1) provide a means by which an agency may
 21 post a solicitation, including for a general need or
 22 area of interest, for which the agency intends to ex-
 23 plore commercial technology solutions and for which
 24 an offeror may submit a bid based on existing com-
 25 mercial capabilities of the offeror with minimal

1 modifications or a technology that the offeror is de-
2 veloping for commercial purposes; and

3 (2) use phases, as described in subsection (e),
4 to minimize government risk and incentivize com-
5 petition.

6 (e) CONTRACTING PROCEDURES.—Under a test pro-
7 gram established under this section, the head of an agency
8 may acquire commercial technology through a competitive
9 evaluation of proposals resulting from general solicitation
10 in the following phases:

11 (1) PHASE 1 (VIABILITY OF POTENTIAL SOLU-
12 TION).—Selectees may be awarded a portion of the
13 total contract award and have a period of perform-
14 ance of not longer than 1 year to prove the merits,
15 feasibility, and technological benefit the proposal
16 would achieve for the agency.

17 (2) PHASE 2 (MAJOR DETAILS AND SCALED
18 TEST).—Selectees may be awarded a portion of the
19 total contract award and have a period of perform-
20 ance of not longer than 1 year to create a detailed
21 timeline, establish an agreeable intellectual property
22 ownership agreement, and implement the proposal
23 on a small scale.

24 (3) PHASE 3 (IMPLEMENTATION OR RECY-
25 CLE).—

1 (A) IN GENERAL.—Following successful
2 performance on phase 1 and 2, selectees may be
3 awarded up to the full remainder of the total
4 contract award to implement the proposal, de-
5 pending on the agreed upon costs and the num-
6 ber of contractors selected.

7 (B) FAILURE TO FIND SUITABLE SELECT-
8 EES.—If no selectees are found suitable for
9 phase 3, the agency head may determine not to
10 make any selections for phase 3, terminate the
11 solicitation and utilize any remaining funds to
12 issue a modified general solicitation for the
13 same area of interest.

14 (d) TREATMENT AS COMPETITIVE PROCEDURES.—
15 The use of general solicitation competitive procedures for
16 a test program under this section shall be considered to
17 be use of competitive procedures as defined in section 152
18 of title 41, United States Code.

19 (e) LIMITATION.—The head of an agency shall not
20 enter into a contract under the test program for an
21 amount in excess of \$25,000,000.

22 (f) GUIDANCE.—

23 (1) FEDERAL ACQUISITION REGULATORY COUN-
24 CIL.—The Federal Acquisition Regulatory Council
25 shall revise the Federal Acquisition Regulation as

1 necessary to implement this section, including re-
2 quirements for each general solicitation under a test
3 program to be made publicly available through a
4 means that provides access to the notice of the gen-
5 eral solicitation through the System for Award Man-
6 agement or subsequent government-wide point of
7 entry, with classified solicitations posted to the ap-
8 propriate government portal.

9 (2) AGENCY PROCEDURES.—The head of an
10 agency may not award contracts under a test pro-
11 gram until the agency issues guidance with proce-
12 dures for use of the authority. The guidance shall be
13 issued in consultation with the relevant Acquisition
14 Regulatory Council and shall be publicly available.

15 (g) SUNSET.—The authority for a test program
16 under this section shall terminate on the date that is 5
17 years after the date the Federal Acquisition Regulation
18 is revised pursuant to subsection (f)(1) to implement the
19 program.

20 **SEC. 12. RESEARCH AND DEVELOPMENT PROJECT PILOT**
21 **PROGRAM.**

22 (a) PILOT PROGRAM.—The head of an agency may
23 carry out research and prototype projects in accordance
24 with this section.

1 (b) PURPOSE.—A pilot program established under
2 this section shall provide a means by which an agency
3 may—

4 (1) carry out basic, applied, and advanced re-
5 search and development projects; and

6 (2) carry out prototype projects that address—

7 (A) a proof of concept, model, or process,
8 including a business process;

9 (B) reverse engineering to address obsoles-
10 cence;

11 (C) a pilot or novel application of commer-
12 cial technologies for agency mission purposes;

13 (D) agile development activity;

14 (E) the creation, design, development, or
15 demonstration of operational utility; or

16 (F) any combination of items described in
17 subparagraphs (A) through (E).

18 (c) CONTRACTING PROCEDURES.—Under a pilot pro-
19 gram established under this section, the head of an agency
20 may carry out research and prototype projects—

21 (1) using small businesses to the maximum ex-
22 tent practicable;

23 (2) using cost sharing arrangements where
24 practicable;

1 (3) tailoring intellectual property terms and
2 conditions relevant to the project and commercializa-
3 tion opportunities; and

4 (4) ensuring that such projects do not duplicate
5 research being conducted under existing agency pro-
6 grams.

7 (d) TREATMENT AS COMPETITIVE PROCEDURES.—
8 The use of research and development contracting proce-
9 dures under this section shall be considered to be use of
10 competitive procedures, as defined in section 152 of title
11 41, United States Code.

12 (e) TREATMENT AS COMMERCIAL TECHNOLOGY.—
13 The use of research and development contracting proce-
14 dures under this section shall be considered to be use of
15 commercial technology, as defined in section 2.

16 (f) FOLLOW-ON PROJECTS OR PHASES.—A follow-on
17 contract provided for in a contract opportunity announced
18 under this section may, at the discretion of the head of
19 the agency, be awarded to a participant in the original
20 project or phase if the original project or phase was suc-
21 cessfully completed.

22 (g) LIMITATION.—The head of an agency shall not
23 enter into a contract under the pilot program for an
24 amount in excess of \$10,000,000.

25 (h) GUIDANCE.—

1 (1) FEDERAL ACQUISITION REGULATORY COUN-
2 CIL.—The Federal Acquisition Regulatory Council
3 shall revise the Federal Acquisition Regulation re-
4 search and development contracting procedures as
5 necessary to implement this section, including re-
6 quirements for each research and development
7 project under a pilot program to be made publicly
8 available through a means that provides access to
9 the notice of the opportunity through the System for
10 Award Management or subsequent government-wide
11 point of entry, with classified solicitations posted to
12 the appropriate government portal.

13 (2) AGENCY PROCEDURES.—The head of an
14 agency may not award contracts under a pilot pro-
15 gram until the agency, in consultation with the rel-
16 evant Acquisition Regulatory Council issues and
17 makes publicly available guidance on procedures for
18 use of the authority.

19 (i) REPORTING.—Contract actions entered into under
20 this section shall be reported to the Federal Procurement
21 Data System, or any successor system.

22 (j) SUNSET.—The authority for a pilot program
23 under this section shall terminate on the date that is 5
24 years from the date the Federal Acquisition Regulation

1 is revised pursuant to subsection (h)(1) to implement the
2 program.

3 **SEC. 13. DEVELOPMENT OF TOOLS AND GUIDANCE FOR**
4 **TESTING AND EVALUATING ARTIFICIAL IN-**
5 **TELLIGENCE.**

6 (a) **AGENCY REPORT REQUIREMENTS.**—In a manner
7 specified by the Director, the Chief Artificial Intelligence
8 Officer shall identify and annually submit to the Council
9 a report on obstacles encountered in the testing and eval-
10 uation of artificial intelligence, specifying—

11 (1) the nature of the obstacles;

12 (2) the impact of the obstacles on agency oper-
13 ations, mission achievement, and artificial intel-
14 ligence adoption;

15 (3) recommendations for addressing the identi-
16 fied obstacles, including the need for particular re-
17 sources or guidance to address certain obstacles; and

18 (4) a timeline that would be needed to imple-
19 ment proposed solutions.

20 (b) **COUNCIL REVIEW AND COLLABORATION.**—

21 (1) **ANNUAL REVIEW.**—Not less frequently than
22 annually, the Council shall conduct a review of agen-
23 cy reports under subsection (a) to identify common
24 challenges and opportunities for cross-agency col-
25 laboration.

1 (2) DEVELOPMENT OF TOOLS AND GUID-
2 ANCE.—

3 (A) IN GENERAL.—Not later than 2 years
4 after the date of enactment of this Act, the Di-
5 rector, in consultation with the Council, shall
6 convene a working group to—

7 (i) develop tools and guidance to as-
8 sist agencies in addressing the obstacles
9 that agencies identify in the reports under
10 subsection (a);

11 (ii) support interagency coordination
12 to facilitate the identification and use of
13 relevant voluntary standards, guidelines,
14 and other consensus-based approaches for
15 testing and evaluation and other relevant
16 areas; and

17 (iii) address any additional matters
18 determined appropriate by the Director.

19 (B) WORKING GROUP MEMBERSHIP.—The
20 working group described in subparagraph (A)
21 shall include Federal interdisciplinary per-
22 sonnel, such as technologists, information secu-
23 rity personnel, domain experts, privacy officers,
24 data officers, civil rights and civil liberties offi-
25 cers, contracting officials, legal counsel, cus-

1 former experience professionals, and others, as
2 determined by the Director.

3 ~~(3) INFORMATION SHARING.—~~The Director, in
4 consultation with the Council, shall establish a
5 mechanism for sharing tools and guidance developed
6 under paragraph ~~(2)~~ across agencies.

7 ~~(c) CONGRESSIONAL REPORTING.—~~

8 ~~(1) IN GENERAL.—~~Each agency shall submit
9 the annual report under subsection ~~(a)~~ to relevant
10 congressional committees.

11 ~~(2) CONSOLIDATED REPORT.—~~The Director, in
12 consultation with the Council, may suspend the re-
13 quirement under paragraph ~~(1)~~ and submit to the
14 relevant congressional committees a consolidated re-
15 port that conveys government-wide testing and eval-
16 uation challenges, recommended solutions, and
17 progress toward implementing recommendations
18 from prior reports developed in fulfillment of this
19 subsection.

20 ~~(d) SUNSET.—~~The requirements under this section
21 shall terminate on the date that is 10 years after the date
22 of enactment of this Act.

23 **SEC. 14. UPDATES TO ARTIFICIAL INTELLIGENCE USE CASE**
24 **INVENTORIES.**

25 ~~(a) AMENDMENTS.—~~

1 (1) ~~ADVANCING AMERICAN AI ACT.~~—The Ad-
2 vancing American AI Act (Public Law 117–263; 40
3 U.S.C. 11301 note) is amended—

4 (A) in section 7223(3), by striking the pe-
5 riod and inserting “and in section 5002 of the
6 National Artificial Intelligence Initiative Act of
7 2020 (15 U.S.C. 9401).”; and

8 (B) in section 7225, by striking subsection
9 (d).

10 (2) ~~EXECUTIVE ORDER 13960.~~—The provisions
11 of section 5 of Executive Order 13960 (85 Fed. Reg.
12 78939; relating to promoting the use of trustworthy
13 artificial intelligence in Federal Government) that
14 exempt classified and sensitive use cases from agen-
15 cy inventories of artificial intelligence use cases shall
16 cease to have legal effect.

17 (b) ~~COMPLIANCE.~~—

18 (1) ~~IN GENERAL.~~—The Director shall ensure
19 that agencies submit artificial intelligence use case
20 inventories and that the inventories comply with ap-
21 plicable artificial intelligence inventory guidance.

22 (2) ~~ANNUAL REPORT.~~—The Director shall sub-
23 mit to the relevant congressional committees an an-
24 nual report on agency compliance with artificial in-
25 telligence inventory guidance.

1 (e) DISCLOSURE.—

2 (1) IN GENERAL.—The artificial intelligence in-
3 ventory of each agency shall publicly disclose—

4 (A) whether artificial intelligence was de-
5 veloped internally by the agency or procured ex-
6 ternally, without excluding any use case on
7 basis that the use case is “sensitive” solely be-
8 cause it was externally procured;

9 (B) data provenance information, including
10 identifying the source of the training data of
11 the artificial intelligence, including internal gov-
12 ernment data, public data, commercially held
13 data, or similar data;

14 (C) the level of risk at which the agency
15 has classified the artificial intelligence use case
16 and a brief explanation for how the determina-
17 tion was made;

18 (D) a list of targeted impact assessments
19 conducted pursuant to section 7(a)(2)(C); and

20 (E) the number of artificial intelligence use
21 cases excluded from public reporting as being
22 “sensitive.”

23 (2) UPDATES.—

24 (A) IN GENERAL.—When an agency up-
25 dates the public artificial intelligence use case

1 inventory of the agency, the agency shall dis-
2 close the date of the modification and make
3 change logs publicly available and accessible.

4 (B) GUIDANCE.—The Director shall issue
5 guidance to agencies that describes how to ap-
6 propriately update artificial intelligence use case
7 inventories and clarifies how sub-agencies and
8 regulatory agencies should participate in the ar-
9 tificial intelligence use case inventorying proc-
10 ess.

11 (d) CONGRESSIONAL REPORTING.—The head of each
12 agency shall submit to the relevant congressional commit-
13 tees a copy of the annual artificial intelligence use case
14 inventory of the agency, including—

15 (1) the use cases that have been identified as
16 “sensitive” and not for public disclosure; and

17 (2) a classified annex of classified use cases.

18 (e) GOVERNMENT TRENDS REPORT.—Beginning 1
19 year after the date of enactment of this Act, and annually
20 thereafter, the Director, in coordination with the Council,
21 shall issue a report, based on the artificial intelligence use
22 cases reported in use case inventories, that describes
23 trends in the use of artificial intelligence in the Federal
24 Government.

25 (f) COMPTROLLER GENERAL.—

1 (1) **REPORT REQUIRED.**—Not later than 1 year
 2 after the date of enactment of this Act, and annually
 3 thereafter, the Comptroller General of the United
 4 States shall submit to relevant congressional com-
 5 mittees a report on whether agencies are appro-
 6 priately classifying use cases.

7 (2) **APPROPRIATE CLASSIFICATION.**—The
 8 Comptroller General of the United States shall ex-
 9 amine whether the appropriate level of disclosure of
 10 artificial intelligence use cases by agencies should be
 11 included on the High Risk List of the Government
 12 Accountability Office.

13 **SECTION 1. SHORT TITLE.**

14 *This Act may be cited as the “Promoting Responsible*
 15 *Evaluation and Procurement to Advance Readiness for En-*
 16 *terprise-wide Deployment for Artificial Intelligence Act” or*
 17 *the “PREPARED for AI Act”.*

18 **SEC. 2. DEFINITIONS.**

19 *In this Act:*

20 (1) **ADVERSE OUTCOME.**—*The term “adverse out-*
 21 *come” means any behavior or malfunction, such as a*
 22 *hallucination, algorithmic bias, or inconsistent out-*
 23 *put, of artificial intelligence that leads to—*

24 *(A) harm impacting rights or safety, as de-*
 25 *scribed in section 7(a)(3);*

1 (B) the death of an individual or damage to
2 the health of an individual;

3 (C) material or irreversible disruption of
4 the management and operation of critical infra-
5 structure, as described in section
6 7(a)(3)(A)(ii)(III);

7 (D) material damage to property or the en-
8 vironment;

9 (E) loss of a mission-critical system or
10 equipment;

11 (F) failure of the mission of an agency;

12 (G) the wrongful denial of a benefit, pay-
13 ment, or other service to an individual or group
14 of individuals who would have otherwise been el-
15 igible;

16 (H) the denial of an employment, contract,
17 grant, or similar opportunity that would have
18 otherwise been offered; or

19 (I) another consequence, as determined by
20 the Director with public notice.

21 (2) AGENCY.—The term “agency”—

22 (A) means each agency described in section
23 3502(1) of title 44, United States Code; and

1 (B) does not include each of the independent
2 regulatory agencies described in section 3502(5)
3 of title 44, United States Code.

4 (3) *ARTIFICIAL INTELLIGENCE*.—The term “arti-
5 ficial intelligence”—

6 (A) has the meaning given that term in sec-
7 tion 5002 of the National Artificial Intelligence
8 Initiative Act of 2020 (15 U.S.C. 9401); and

9 (B) includes the artificial systems and tech-
10 niques described in paragraphs (1) through (5)
11 of section 238(g) of the John S. McCain National
12 Defense Authorization Act for Fiscal Year 2019
13 (Public Law 115–232; 10 U.S.C. 4061 note
14 prec.).

15 (4) *BIOMETRIC DATA*.—The term “biometric
16 data” means data resulting from specific technical
17 processing relating to the unique physical, physio-
18 logical, or behavioral characteristics of an individual,
19 including facial images, dactyloscopic data, physical
20 movement and gait, breath, voice, DNA, blood type,
21 and expression of emotion, thought, or feeling.

22 (5) *COMMERCIAL TECHNOLOGY*.—The term
23 “commercial technology”—

24 (A) means a technology, process, or method,
25 including research or development; and

1 (B) includes commercial products, commer-
2 cial services, and other commercial items, as de-
3 fined in the Federal Acquisition Regulation, in-
4 cluding any addition or update thereto by the
5 Federal Acquisition Regulatory Council.

6 (6) COUNCIL.—The term “Council” means the
7 Chief Artificial Intelligence Officers Council estab-
8 lished under section 5(a).

9 (7) DEPLOYER.—The term “deployer” means an
10 entity that operates, whether for the entity itself or on
11 behalf of a third party, artificial intelligence, whether
12 developed internally or by a third-party developer.

13 (8) DEVELOPER.—The term “developer” means
14 an entity that designs, codes, or produces artificial
15 intelligence, including materially modifying artificial
16 intelligence designed, coded, or produced by another
17 entity.

18 (9) DIRECTOR.—The term “Director” means the
19 Director of the Office of Management and Budget.

20 (10) GOVERNMENT DATA.—The term “Govern-
21 ment data” means data collected, processed, main-
22 tained, disseminated, or managed by an agency, in-
23 cluding data reported to an agency.

24 (11) IMPACT ASSESSMENT.—The term “impact
25 assessment” means a structured process for consid-

1 *ering and evaluating the implications of a proposed*
2 *artificial intelligence use case.*

3 (12) *RELEVANT CONGRESSIONAL COMMITTEES.*—

4 *The term “relevant congressional committees” means*
5 *the Committee on Homeland Security and Govern-*
6 *mental Affairs of the Senate and the Committee on*
7 *Oversight and Accountability of the House of Rep-*
8 *resentatives.*

9 (13) *RISK.*—*The term “risk” means the com-*
10 *bination of the probability of an occurrence of harm*
11 *and the potential severity of that harm.*

12 (14) *USE CASE.*—*The term “use case” means the*
13 *ways and context in which artificial intelligence is*
14 *deployed to achieve a specific objective.*

15 **SEC. 3. IMPLEMENTATION OF REQUIREMENTS.**

16 (a) *AGENCY IMPLEMENTATION.*—*The Director shall fa-*
17 *cilitate the implementation of the requirements of this Act,*
18 *including through the issuance of binding or nonbinding*
19 *guidance, as the Director determines appropriate.*

20 (b) *ANNUAL BRIEFING.*—*Not later than 180 days after*
21 *the date of enactment of this Act, and annually thereafter,*
22 *the Director shall brief the appropriate Congressional com-*
23 *mittees on implementation of this Act and related consider-*
24 *ations.*

1 **SEC. 4. PROCUREMENT OF ARTIFICIAL INTELLIGENCE.**

2 (a) *GOVERNMENT-WIDE REQUIREMENTS.*—

3 (1) *IN GENERAL.*—Not later than 15 months
4 after the date of enactment of this Act, the Federal
5 Acquisition Regulatory Council shall review Federal
6 Acquisition Regulation acquisition planning, source
7 selection, and other requirements and update the Fed-
8 eral Acquisition Regulation as needed for agency pro-
9 curement of artificial intelligence, including—

10 (A) a requirement to address the outcomes
11 of the risk evaluation and impact assessments re-
12 quired under section 7(a);

13 (B) a requirement for an interdisciplinary
14 approach that includes consultation with agency
15 experts prior to, and throughout, as necessary,
16 procuring or obtaining artificial intelligence;
17 and

18 (C) any other considerations determined rel-
19 evant by the Federal Acquisition Regulatory
20 Council.

21 (2) *HARMONIZATION.*—The Federal Acquisition
22 Regulation review described in paragraph (1) shall
23 determine the extent to which existing requirements
24 and procedures need to be revised or supplemented to
25 address risks and opportunities specific to procure-
26 ment of artificial intelligence.

1 (3) *INTERDISCIPLINARY APPROACH.*—*The inter-*
2 *disciplinary approach described in paragraph (1)(B)*
3 *may—*

4 (A) *vary depending on the use case and the*
5 *risks determined to be associated with the use*
6 *case; and*

7 (B) *include, as practicable, technologists,*
8 *information security personnel, domain experts,*
9 *privacy officers, data officers, civil rights and*
10 *civil liberties officers, contracting officials, legal*
11 *counsel, customer experience professionals, and*
12 *others.*

13 (4) *ACQUISITION PLANNING.*—*The updates de-*
14 *scribed in paragraph (1) shall, at a minimum, in-*
15 *clude—*

16 (A) *data ownership and privacy;*

17 (B) *data information security;*

18 (C) *interoperability requirements;*

19 (D) *data and model assessment processes;*

20 (E) *scope of use;*

21 (F) *ongoing monitoring and evaluation*
22 *techniques;*

23 (G) *environmental impact;*

1 (H) cybersecurity minimum standards, in-
2 cluding regular vulnerability testing and
3 patching and cybersecurity monitoring;

4 (I) risk mitigation techniques, including a
5 plan for minimizing the likelihood of adverse
6 outcomes and reporting adverse outcomes, pursu-
7 ant to section 5(h); and

8 (J) developer and deployer disclosure re-
9 quirements necessary to comply with the require-
10 ments of this Act.

11 (b) *REQUIREMENTS FOR HIGH RISK ARTIFICIAL IN-*
12 *TELLIGENCE USE CASES.—*

13 (1) *ESTABLISHMENT.—Beginning on the date*
14 *that is 1 year after the date of enactment of this Act,*
15 *the head of an agency may not procure or obtain ar-*
16 *tificial intelligence for a high risk use case, as de-*
17 *scribed in section 7(a)(3), prior to establishing and*
18 *incorporating certain terms into relevant contracts*
19 *and agreements for an artificial intelligence use case,*
20 *including—*

21 (A) a requirement to disclose to the agency
22 the purpose for which the artificial intelligence
23 was intended to be used and any potential risks
24 from the use of the artificial intelligence;

1 (B) requirements for safety, security, pri-
2 vacy, and trustworthiness, including—

3 (i) a reporting mechanism through
4 which agency personnel are notified of an
5 adverse outcome involving artificial intel-
6 ligence procured or obtained by the agency;

7 (ii) a requirement, in accordance with
8 section 5(h), that agency personnel receive a
9 notification of an adverse outcome involving
10 artificial intelligence procured or obtained
11 by the agency, and, at a minimum, an ex-
12 planation of the cause of the adverse out-
13 come and any data directly connected to the
14 adverse outcome;

15 (iii) that the agency may consider tem-
16 porarily or permanently suspending use of
17 the artificial intelligence, with minimal im-
18 pact on unrelated services, if the risks of the
19 artificial intelligence to rights or safety out-
20 weigh the benefits of the use case; and

21 (iv) a requirement that the deployer
22 and any relevant developer utilize the most
23 recently updated version of the framework
24 developed and updated pursuant to section
25 22(A)(c) of the National Institute of Stand-

1 *ards and Technology Act (15 U.S.C. 278h-*
2 *1(c));*

3 *(C) requirements to disclose to the agency*
4 *sufficient descriptive information relating to the*
5 *ownership of data, as appropriate by use case,*
6 *including—*

7 *(i) requirements for retention of rights*
8 *to Government data and any modification*
9 *to Government data, including to protect*
10 *Government data from unauthorized disclo-*
11 *sure and use to subsequently train or im-*
12 *prove the functionality of commercial prod-*
13 *ucts offered by the deployer, any relevant*
14 *developers, or others; and*

15 *(ii) a requirement that the deployer, if*
16 *the deployer is not the agency, and any rel-*
17 *evant developers or other parties isolate*
18 *non-public Government data from all other*
19 *data through methods, such as physical sep-*
20 *aration, electronic separation via secure*
21 *copies with strict access controls, or other*
22 *computational isolation mechanisms;*

23 *(D) requirements for evaluation and testing*
24 *of artificial intelligence based on use case, to be*
25 *performed on an ongoing basis; and*

1 (E) requirements to provide documentation,
2 as determined necessary and requested by the
3 agency, in accordance with section 7(b).

4 (2) *REVIEW.*—*The Senior Procurement Execu-*
5 *tive, in coordination with the Chief Artificial Intel-*
6 *ligence Officer, shall, as practicable, consult with tech-*
7 *nologists, information security and cybersecurity per-*
8 *sonnel, domain experts, privacy officers, data officers,*
9 *civil rights and civil liberties officers, contracting offi-*
10 *cial, legal counsel, customer experience professionals,*
11 *program evaluation officers, and other relevant agen-*
12 *cy officials to review the requirements described in*
13 *subparagraphs (A) through (E) of paragraph (1) and*
14 *determine whether it may be necessary to incorporate*
15 *additional requirements into relevant contracts or*
16 *agreements.*

17 (3) *REGULATION.*—*The Federal Acquisition Reg-*
18 *ulatory Council shall revise the Federal Acquisition*
19 *Regulation as necessary to implement the require-*
20 *ments of this subsection.*

21 **SEC. 5. INTERAGENCY GOVERNANCE OF ARTIFICIAL INTEL-**
22 **LIGENCE.**

23 (a) *CHIEF ARTIFICIAL INTELLIGENCE OFFICERS*
24 *COUNCIL.*—*Not later than 60 days after the date of enact-*

1 *ment of this Act, the Director shall establish a Chief Artifi-*
2 *cial Intelligence Officers Council.*

3 *(b) DUTIES.—The duties of the Council shall include—*

4 *(1) coordinating agency development and use of*
5 *artificial intelligence in agency programs and oper-*
6 *ations, including practices relating to the design, op-*
7 *eration, risk management, and performance of artifi-*
8 *cial intelligence;*

9 *(2) sharing experiences, ideas, best practices, and*
10 *innovative approaches relating to artificial intel-*
11 *ligence;*

12 *(3) identifying, developing, and coordinating*
13 *multi-agency projects and other initiatives;*

14 *(4) harmonizing agency management of risks re-*
15 *lating to developing, obtaining, or using artificial in-*
16 *telligence, including by developing a common tem-*
17 *plate to guide agency Chief Artificial Intelligence Of-*
18 *ficers in implementing a risk evaluation process that*
19 *may incorporate best practices, such as those from—*

20 *(A) the most recently updated version of the*
21 *framework developed and updated pursuant to*
22 *section 22A(c) of the National Institute of Stand-*
23 *ards and Technology Act (15 U.S.C. 278h–1(c));*
24 *and*

1 (B) the report published by the Government
2 Accountability Office entitled “Artificial Intel-
3 ligence: An Accountability Framework for Fed-
4 eral Agencies and Other Entities” (GAO-21-
5 519SP), published on June 30, 2021;

6 (5) promoting the development and use of secure,
7 common, shared, or other approaches to key processes
8 that improve the delivery of services for the public;

9 (6) soliciting and providing perspectives on mat-
10 ters of concern, including from and to—

11 (A) interagency councils;

12 (B) Federal Government entities;

13 (C) private sector, public sector, nonprofit,
14 and academic experts;

15 (D) State, local, Tribal, territorial, and
16 international governments; and

17 (E) other individuals and entities, as deter-
18 mined relevant by the Council;

19 (7) working with the Chief Acquisition Officers
20 Council—

21 (A) to ensure contractors, including small
22 businesses, have the benefit of integrity, fairness,
23 competition, openness, and efficiency in accord-
24 ance with the statutory functions of the Chief Ac-

1 *quisition Officers Council, as described in section*
2 *1312 of title 41, United States Code; and*

3 *(B) which shall establish a working group*
4 *for the purpose described in subparagraph (A)*
5 *and related purposes; and*

6 *(8) any other matters determined by the Council*
7 *to be relevant.*

8 *(c) MEMBERSHIP OF THE COUNCIL.—*

9 *(1) LEADERS.—*

10 *(A) CHAIR.—The Director shall serve as*
11 *Chair of the Council.*

12 *(B) VICE CHAIR.—The Council shall have a*
13 *Vice Chair, who shall be an individual selected*
14 *by a majority of the members of the Council.*

15 *(C) ADDITIONAL ROLES.—The Council may*
16 *establish additional leadership roles, at the dis-*
17 *cretion of the Council.*

18 *(2) MEMBERS.—Other members of the Council*
19 *shall include—*

20 *(A) the Chief Artificial Intelligence Officer*
21 *of each agency; and*

22 *(B) the senior official for artificial intel-*
23 *ligence of the Office of Management and Budget.*

24 *(d) STANDING COMMITTEES; WORKING GROUPS.—The*
25 *Council shall have the authority to establish standing com-*

1 *mittees, including an executive committee, and working*
2 *groups.*

3 *(e) COUNCIL STAFF.—The Council may enter into an*
4 *interagency agreement with the Administrator of General*
5 *Services for shared services for the purpose of staffing the*
6 *Council.*

7 *(f) REPORTS.—*

8 *(1) IN GENERAL.—Not later than 3 years after*
9 *the date of enactment of this Act, the Comptroller*
10 *General of the United States shall submit to the rel-*
11 *evant congressional committees a report that—*

12 *(A) identifies, to the extent practicable,*
13 *ways to improve coordination with other coun-*
14 *cils throughout the Federal Government; and*

15 *(B) recommends ways to improve the utility*
16 *of the Council for the public and other agencies.*

17 *(2) CONSOLIDATION.—In fulfilling the require-*
18 *ment under paragraph (1), the Comptroller General*
19 *of the United States may, if desired, consolidate the*
20 *report under that paragraph with another report con-*
21 *cerning interagency coordination.*

22 *(g) DEVELOPMENT, ADAPTATION, AND DOCUMENTA-*
23 *TION.—*

1 (1) *GUIDANCE.*—Not later than 1 year after the
2 date of enactment of this Act, the Director shall issue
3 guidance on—

4 (A) *how to conduct the agency impact as-*
5 *sessments described in section 7(a) and other rel-*
6 *evant impact assessments as determined appro-*
7 *priate by the Director, including the appro-*
8 *priateness of adapting pre-existing assessments,*
9 *including privacy and security impact assess-*
10 *ments, for purposes of an artificial intelligence*
11 *impact assessment;*

12 (B) *development of a model template for the*
13 *risk classification explanations that each agency*
14 *must provide under section 7(a)(6);*

15 (C) *development of a model template for*
16 *procurement of artificial intelligence intended to*
17 *help agencies use consistent terms, definitions,*
18 *and documentation requirements; and*

19 (D) *additional matters relating to the im-*
20 *plementation of this Act, as determined relevant*
21 *by the Director.*

22 (2) *BIENNIAL REVIEW.*—The Director shall peri-
23 odically, but not less frequently than biennially, re-
24 view and update, as needed, the guidance issued
25 under paragraph (1).

1 (h) *ADVERSE OUTCOME REPORTING.*—

2 (1) *IN GENERAL.*—Not later than 1 year after
3 the date of enactment of this Act, the Director shall
4 develop procedures for ensuring that, at a min-
5 imum—

6 (A) *adverse outcomes involving artificial in-*
7 *telligence procured or obtained or used by agen-*
8 *cies are reported promptly to the relevant agency*
9 *or agencies by the developer or deployer, if the*
10 *deployer is not the agency, or to the developer or*
11 *deployer by the relevant agency, whichever first*
12 *becomes aware of the adverse outcome; and*

13 (B) *information relating to an adverse out-*
14 *come described in subparagraph (A) is appro-*
15 *priately shared among agencies.*

16 (2) *SINGLE REPORT.*—Adverse outcomes also
17 *qualifying for incident reporting under section 3554*
18 *of title 44, United States Code, or other relevant laws*
19 *or policies, may be reported under such other report-*
20 *ing requirement and are not required to be addition-*
21 *ally reported under this subsection.*

22 (3) *NOTICE TO DEVELOPERS AND DEPLOYERS.*—

23 (A) *IN GENERAL.*—If and upon discovery of
24 an adverse outcome by an agency, the agency
25 shall—

1 (i) report the adverse outcome to the
2 deployer, if the deployer is not the agency,
3 and any relevant developers; and

4 (ii) in consultation with any relevant
5 deployers and developers, take action to re-
6 solve the adverse outcome and mitigate the
7 potential for future adverse outcomes.

8 (B) WAIVER.—

9 (i) IN GENERAL.—Unless otherwise re-
10 quired by law, the head of an agency may
11 issue a written waiver that waives the ap-
12 plicability of some or all of the requirements
13 under subparagraph (A), with respect to a
14 specific adverse outcome.

15 (ii) WRITTEN WAIVER CONTENTS.—A
16 written waiver under clause (i) shall in-
17 clude justification for the waiver.

18 (iii) NOTICE.—The head of an agency
19 shall forward advance notice of any waiver
20 under this subparagraph to the Director.

21 **SEC. 6. AGENCY GOVERNANCE OF ARTIFICIAL INTEL-**
22 **LIGENCE.**

23 (a) IN GENERAL.—The head of an agency shall—

24 (1) ensure the responsible adoption of artificial
25 intelligence, including by—

1 (A) requiring the development or revision of
2 relevant agency policies and directives;

3 (B) testing, verifying, validating, and mon-
4 itoring artificial intelligence and the use case-
5 specific performance of artificial intelligence,
6 proportionate to risk level, to minimize the like-
7 lihood of adverse outcomes by—

8 (i) ensuring the use of artificial intel-
9 ligence is appropriate to and improves the
10 effectiveness of the mission of the agency;

11 (ii) guarding against bias in data col-
12 lection, use, and dissemination;

13 (iii) ensuring reliability, fairness, and
14 transparency; and

15 (iv) protecting against impermissible
16 discrimination;

17 (C) continuing to hire, train, and develop a
18 workforce that—

19 (i) understands the risks and benefits
20 of artificial intelligence, including artificial
21 intelligence embedded in agency systems
22 and operations;

23 (ii) is able to provide human oversight
24 for the design, implementation, and end
25 uses of artificial intelligence; and

1 (iii) is able to review and provide re-
2 dress for erroneous decisions made in the
3 course of artificial intelligence-assisted proc-
4 esses; and

5 (D) ensuring implementation of the agency
6 requirements under this Act;

7 (2) designate a Chief Artificial Intelligence Offi-
8 cer, whose duties shall include—

9 (A) ensuring appropriate use of artificial
10 intelligence;

11 (B) coordinating agency use of artificial in-
12 telligence;

13 (C) promoting artificial intelligence innova-
14 tion;

15 (D) managing the risks of use of artificial
16 intelligence;

17 (E) minimizing the likelihood of adverse
18 outcomes;

19 (F) supporting the head of the agency with
20 developing the risk evaluation process required
21 under section 7(a) and complying with other re-
22 quirements of this Act;

23 (G) supporting agency personnel leading the
24 procurement and deployment of artificial intel-

1 *ligence to comply with the requirements under*
 2 *this Act; and*

3 *(H) coordinating with other responsible offi-*
 4 *cial and appropriate stakeholders with respect*
 5 *to the duties described in subparagraphs (A)*
 6 *through (G), as appropriate; and*

7 *(3) form and convene an Artificial Intelligence*
 8 *Governance Board, if required by subsection (c),*
 9 *which shall coordinate and govern artificial intel-*
 10 *ligence issues across the agency.*

11 *(b) DESIGNATION OF CHIEF ARTIFICIAL INTEL-*
 12 *LIGENCE OFFICER.—The head of an agency may designate*
 13 *as Chief Artificial Intelligence Officer an existing official*
 14 *within the agency, including the Chief Technology Officer,*
 15 *Chief Data Officer, Chief Information Officer, or other offi-*
 16 *cial with relevant or complementary authorities and re-*
 17 *sponsibilities, if such existing official has expertise in artifi-*
 18 *cial intelligence and meets the requirements of this section.*

19 *(c) ARTIFICIAL INTELLIGENCE GOVERNANCE*
 20 *BOARD.—*

21 *(1) LEADERSHIP.—Each agency identified in*
 22 *section 901(b) of title 31, United States Code, shall es-*
 23 *tablish an Artificial Intelligence Governance Board*
 24 *(referred to in this subsection as “Board”) that shall*
 25 *be chaired by the deputy head of the agency or equiv-*

1 *alent official and vice-chaired by the Chief Artificial*
2 *Intelligence Officer of the agency. Neither the chair*
3 *nor the vice-chair may assign or delegate these roles*
4 *to other officials.*

5 (2) *REPRESENTATION.—The Board shall, at a*
6 *minimum, include representatives consisting of—*

7 (A) *senior agency officials from operational*
8 *components, if relevant;*

9 (B) *program officials responsible for imple-*
10 *menting artificial intelligence; and*

11 (C) *officials responsible for information*
12 *technology, data, cybersecurity, privacy, statis-*
13 *tics, civil rights and civil liberties, human cap-*
14 *ital, procurement, finance, legal counsel, agency*
15 *management, program evaluation, and customer*
16 *experience.*

17 (3) *EXISTING BODIES.—An agency may rely on*
18 *an existing governance body to fulfill the requirements*
19 *of this subsection if the body satisfies or is adjusted*
20 *to satisfy the leadership and representation require-*
21 *ments of paragraphs (1) and (2).*

22 (d) *EFFECTIVE DATE.—Beginning on the date that is*
23 *120 days after the date of enactment of this Act, an agency*
24 *shall not develop, procure, or obtain artificial intelligence*

1 *prior to completing the requirements under paragraphs (2)*
2 *and (3) of subsection (a).*

3 **SEC. 7. AGENCY REQUIREMENTS FOR USE OF ARTIFICIAL**
4 **INTELLIGENCE.**

5 *(a) RISK EVALUATION PROCESS.—*

6 *(1) IN GENERAL.—Not later than 180 days after*
7 *the date of enactment of this Act, the Chief Artificial*
8 *Intelligence Officer of each agency, in coordination*
9 *with the Artificial Intelligence Governance Board of*
10 *the agency, shall develop and implement a process for*
11 *identifying when the use of artificial intelligence by*
12 *the agency meets the classification of high risk, as de-*
13 *scribed in paragraph (3).*

14 *(2) PROCESS REQUIREMENTS.—The risk evalua-*
15 *tion process described in paragraph (1), shall include,*
16 *for each artificial intelligence use case—*

17 *(A) identification of the purpose, expected*
18 *benefits, and potential risks of the artificial in-*
19 *telligence use case;*

20 *(B) a plan to periodically review the artifi-*
21 *cial intelligence use case to examine whether the*
22 *expected benefits and potential risks identified*
23 *under subparagraph (A) have changed or*
24 *evolved; and*

1 (C) if a high risk determination has been
2 made, the need for targeted impact assessments,
3 beyond those required under any other provision
4 of law, to further evaluate specific risks of the ar-
5 tificial intelligence use case in coordination with
6 other responsible officials within certain impact
7 areas, which shall include privacy, security, civil
8 rights and civil liberties, accessibility, environ-
9 mental impact, health and safety, and any other
10 impact area relating to high risk classification
11 under paragraph (3) as determined appropriate
12 by the Chief Artificial Intelligence Officer.

13 (3) HIGH RISK USE CASES.—

14 (A) IN GENERAL.—High risk classification
15 shall, at a minimum, apply to use cases for
16 which the outputs serve as a principal basis
17 for—

18 (i) a decision or action that has a
19 legal, material, binding, or similarly sig-
20 nificant effect, with respect to an individual
21 or community, on—

22 (I) civil rights, civil liberties, or
23 privacy;

24 (II) access to education, housing,
25 insurance, credit, employment, and

1 *other programs where civil rights and*
2 *equal opportunity protections apply; or*

3 *(III) access to or the ability to*
4 *apply for critical government resources*
5 *or services, including healthcare, finan-*
6 *cial services, public housing, social*
7 *services, transportation, and essential*
8 *goods and services; or*

9 *(ii) a decision that substantially im-*
10 *pacts the safety of, or has the potential to*
11 *substantially impact the safety of—*

12 *(I) an individual or community,*
13 *including loss of life, serious injury,*
14 *bodily harm, biological or chemical*
15 *harms, occupational hazards, harass-*
16 *ment or abuse, or mental health;*

17 *(II) the environment, including*
18 *irreversible or significant environ-*
19 *mental damage;*

20 *(III) critical infrastructure, in-*
21 *cluding the critical infrastructure sec-*
22 *tors defined in National Security*
23 *Memorandum 22 (NSM-22) (dated*
24 *April 30, 2024) (or any successor di-*
25 *rective) and the infrastructure for vot-*

1 *ing and protecting the integrity of elec-*
2 *tions; or*

3 *(IV) strategic assets or resources,*
4 *including high-value property and in-*
5 *formation marked as sensitive or clas-*
6 *sified by the Federal Government.*

7 *(B) CLASSIFICATION VARIANCE.—*

8 *(i) VARIANCE WITHIN A MISSION*
9 *AREA.—The risk evaluation process under*
10 *this paragraph may allow for a particular*
11 *operational use case to not be classified as*
12 *high risk, even if the use case is a part of*
13 *a larger area of the mission of the agency*
14 *that is thought to be high risk, if the oper-*
15 *ational use case is determined not to be*
16 *high risk based on the required risk evalua-*
17 *tion under paragraph (1).*

18 *(ii) CHANGES BASED ON TESTING OR*
19 *NEW INFORMATION.—The risk evaluation*
20 *process under this paragraph may allow for*
21 *changes to the risk classification of an arti-*
22 *ficial intelligence use case based on the re-*
23 *sults from testing during the procurement*
24 *process or other information that becomes*
25 *available.*

1 (4) *REVIEW.*—Not later than 1 year after the
2 date of enactment of this Act, the Chief Artificial In-
3 telligence Officer of the agency shall—

4 (A) *certify whether each existing use case*
5 *presents a high risk; and*

6 (B) *identify and review any use cases the*
7 *agency is planning, developing, procuring, or ob-*
8 *taining to determine whether each such use cases*
9 *presents a high risk.*

10 (5) *DEVELOPMENT.*—For any artificial intel-
11 ligence that is developed by the agency, the agency
12 shall ensure a risk evaluation is conducted prior to
13 deployment in a production or operational environ-
14 ment that is fit for the intended use.

15 (6) *RATIONALE FOR RISK CLASSIFICATION.*—

16 (A) *IN GENERAL.*—A high risk classification
17 of an artificial intelligence use case shall be ac-
18 companied by an explanation from the agency,
19 that a reasonable person would consider suffi-
20 cient to understand, of how the classification was
21 determined, which shall be included in the artifi-
22 cial intelligence use case inventory of the agency.

23 (B) *TEMPLATE.*—A risk classification ex-
24 planation under subparagraph (A) shall utilize
25 the model template developed by the Director

1 *under section 5(g)(1)(B) if the explanation is*
2 *written after the date that such model template*
3 *has become available.*

4 ***(b) DOCUMENTATION REQUIREMENTS.—***

5 ***(1) DOCUMENTATION FOR HIGH RISK USE***
6 ***CASES.—Beginning on the date that is 1 year after***
7 ***the date of enactment of this Act, prior to developing,***
8 ***procuring or obtaining, or using artificial intelligence***
9 ***to be used in a high risk use case, an agency shall***
10 ***require the deployer, if the deployer is not the agency,***
11 ***in consultation with any relevant developers, to sub-***
12 ***mit the following documentation:***

13 ***(A) A description of the types of data***
14 ***sources used to train the artificial intelligence,***
15 ***whether the data is from licensed material, and***
16 ***an identification of the specific issues related to***
17 ***safety, bias, and fairness, that may be expected***
18 ***to arise from the use of the data, and any miti-***
19 ***gation techniques used, if applicable.***

20 ***(B) A description of the methodologies used***
21 ***to evaluate the performance of the artificial in-***
22 ***telligence for its intended use.***

23 ***(C) Documentation demonstrating imple-***
24 ***mentation of risk evaluation and management***
25 ***measures, including the evaluation and manage-***

1 *ment of safety, bias, and fairness risks, as appro-*
2 *priate.*

3 *(D) Information on the collection, manage-*
4 *ment, and protection of data, in compliance with*
5 *applicable laws.*

6 *(E) Documentation of the known limita-*
7 *tions of the artificial intelligence, and if applica-*
8 *ble, supplementary guidelines on how the artifi-*
9 *cial intelligence is intended to be used.*

10 (2) *SUFFICIENCY OF DOCUMENTATION.*—*The*
11 *Chief Artificial Intelligence Officer of an agency shall*
12 *determine the sufficiency of the documentation pro-*
13 *vided in meeting the requirements under paragraph*
14 *(1).*

15 (3) *UPDATES.*—*An agency shall require that a*
16 *deployer, if the deployer is not the agency, in con-*
17 *sultation with any relevant developers, submit up-*
18 *dates to the documentation required under paragraph*
19 *(1), if and when there are any material changes to*
20 *the information in such documentation.*

21 (4) *REVIEW OF REQUIREMENTS.*—*Not later than*
22 *2 years after the date of enactment of this Act, the*
23 *Comptroller General of the United States shall con-*
24 *duct a review of the documentation requirements*
25 *under paragraphs (1) and (3) to—*

1 (A) examine whether agencies, third-party
2 deployers, and developers are complying with the
3 requirements under those paragraphs, and make
4 associated findings and recommendations; and

5 (B) make general findings and rec-
6 ommendations to further assist in ensuring safe,
7 responsible, and efficient agency procurement
8 and use of artificial intelligence.

9 (5) SECURITY OF PROVIDED DOCUMENTATION.—

10 The head of each agency shall ensure that appropriate
11 security measures and access controls are in place to
12 protect documentation provided pursuant to this sec-
13 tion.

14 (c) INFORMATION AND USE PROTECTIONS.—Informa-
15 tion provided to an agency under subsection (b) may be
16 used by the agency, consistent with otherwise applicable
17 provisions of Federal law, solely for—

18 (1) assessing the ability of artificial intelligence
19 to achieve the requirements and objectives of the agen-
20 cy and the requirements of this Act; and

21 (2) identifying—

22 (A) adverse effects of artificial intelligence
23 on the rights or safety factors identified in sub-
24 section (a)(3);

1 (B) *cyber threats, including the sources of*
2 *the cyber threats; and*

3 (C) *security vulnerabilities.*

4 (d) *PRE-DEPLOYMENT REQUIREMENTS FOR HIGH*
5 *RISK ARTIFICIAL INTELLIGENCE USE CASES.—Beginning*
6 *on the date that is 18 months after the date of enactment*
7 *of this Act, the head of an agency shall not deploy or use*
8 *artificial intelligence for a high risk use case prior to—*

9 (1) *complying with the requirements of sub-*
10 *section (a);*

11 (2) *obtaining documentation of the artificial in-*
12 *telligence described in subsection (b)(2), source, and*
13 *use case in agency software and use case inventories;*

14 (3) *testing the artificial intelligence in an oper-*
15 *ational, real-world setting with privacy, security,*
16 *civil rights, and civil liberty safeguards to ensure the*
17 *artificial intelligence is capable of meeting its objec-*
18 *tives, and to determine, to the maximum extent prac-*
19 *ticable, the likelihood and impact of adverse outcomes*
20 *occurring during use;*

21 (4) *establishing appropriate agency rules of be-*
22 *havior for the use case, including required human in-*
23 *volvement in, and reasonable plain-language notice*
24 *about, decisions made in whole or part by the artifi-*
25 *cial intelligence, as determined by the Chief Artificial*

1 *Intelligence Officer in coordination with the program*
2 *manager or equivalent agency personnel;*

3 *(5) if appropriate, consultation with and collec-*
4 *tion of feedback from affected communities and the*
5 *public on the design, development, and use of the high*
6 *risk use case;*

7 *(6) establishing appropriate agency training*
8 *programs, including documentation of completion of*
9 *training prior to use of artificial intelligence, that*
10 *educate agency personnel involved with the applica-*
11 *tion of artificial intelligence in high risk use cases on*
12 *the capacities and limitations of artificial intel-*
13 *ligence, including training on—*

14 *(A) monitoring, detecting, and reporting*
15 *anomalies, dysfunctions, and unexpected per-*
16 *formance in a timely manner;*

17 *(B) reducing over-reliance on the output*
18 *produced by artificial intelligence in a high risk*
19 *use case, particularly if artificial intelligence is*
20 *used to make decisions impacting individuals;*

21 *(C) accurately interpreting the output of ar-*
22 *tificial intelligence, particularly considering the*
23 *characteristics of the system and the interpreta-*
24 *tion tools and methods available;*

1 (D) when to not use, disregard, override, or
2 reverse the output of artificial intelligence;

3 (E) how to intervene or interrupt the oper-
4 ation of artificial intelligence;

5 (F) limiting the use of artificial intelligence
6 to its intended purpose; and

7 (G) procedures for reporting adverse out-
8 comes, as determined under section 5(h), and
9 other problems that may arise with artificial in-
10 telligence that does not function as intended; and

11 (7) determining whether the benefits of the use
12 case outweigh the risks by—

13 (A) evaluating the information learned from
14 completing the requirements under paragraphs
15 (2) and (3); and

16 (B) assessing whether the requirements
17 under paragraphs (2) through (6) have been ac-
18 complished and known risks have been effectively
19 mitigated.

20 (e) DETERMINATIONS.—

21 (1) REQUESTS FOR DETERMINATION INFORMA-
22 TION.—The head of an agency shall make available to
23 the relevant congressional committees or the Director,
24 upon request, a determination under subsection (d)(7)
25 and the respective supporting documentation.

1 (2) *REEVALUATION.*—*If it is determined under*
2 *subsection (d)(7) that the benefits of a use case do not*
3 *outweigh the risks and the risks cannot be effectively*
4 *mitigated, the agency may decide to reevaluate the*
5 *use case indefinitely or until appropriate measures*
6 *under the requirements in paragraphs (2) through (6)*
7 *of that subsection are established.*

8 (f) *ONGOING MONITORING OF ARTIFICIAL INTEL-*
9 *LIGENCE IN HIGH RISK USE CASES.*—*Beginning on the*
10 *date that is 1 year after the date of enactment of this Act,*
11 *the Chief Artificial Intelligence Officer of each agency*
12 *shall—*

13 (1) *establish a reporting system, consistent with*
14 *section 5(h), and suspension and shut-down protocols*
15 *for defects or adverse outcomes of artificial intel-*
16 *ligence, and conduct ongoing monitoring, as deter-*
17 *mined necessary by use case;*

18 (2) *oversee the development and implementation*
19 *of ongoing testing and evaluation processes for artifi-*
20 *cial intelligence in high risk use cases to ensure con-*
21 *tinued mitigation of the potential risks identified in*
22 *the risk evaluation process; and*

23 (3) *implement a process to ensure that risk miti-*
24 *gation efforts for artificial intelligence are reviewed*
25 *not less than annually and updated as necessary to*

1 *account for the development of new versions of artificial intelligence and changes to the risk profile.*

2
3 *(g) CHANGED RISKS.—In the process of complying*
4 *with subsections (d) and (f), an agency shall determine*
5 *whether an intended use case should be paused, stopped per-*
6 *manently, or continued if new information changes the*
7 *risks associated with the use case or requires new testing*
8 *and monitoring procedures under those subsections.*

9 *(h) EXCEPTION.—The requirements under subsections*
10 *(a) and (b) shall not apply to an algorithm software up-*
11 *date, enhancement, derivative, correction, defect, or fix for*
12 *artificial intelligence that does not materially change the*
13 *compliance of the deployer with the requirements of those*
14 *subsections, unless determined otherwise by the agency Chief*
15 *Artificial Intelligence Officer.*

16 *(i) WAIVERS.—*

17 *(1) IN GENERAL.—The head of an agency, or 1*
18 *or more deputy heads of an agency designated by the*
19 *head of the agency, may waive 1 or more require-*
20 *ments under subsection (d) for a specific use case*
21 *after making a written determination, based upon a*
22 *risk assessment conducted by a human, that fulfilling*
23 *the requirement or requirements would increase risks*
24 *to safety or rights overall, would create an unaccept-*
25 *able impediment to critical agency operations, or*

1 *would not be in the national security interests of the*
2 *United States.*

3 (2) *REQUIREMENTS.*—*A waiver under para-*
4 *graph (1) shall—*

5 (A) *include, at a minimum, the reasons for*
6 *the waiver and a plan to bring the specific use*
7 *case into compliance with subsection (d) before*
8 *the end of the waiver, pursuant to paragraph*
9 *(4); and*

10 (B) *be submitted to the relevant congress-*
11 *sional committees and the Director not later*
12 *than 15 days after the head of the agency grants*
13 *the waiver.*

14 (3) *REVIEW.*—*The Director shall review the*
15 *waiver and relevant documentation to determine*
16 *whether the waiver was improperly granted.*

17 (4) *DURATION.*—*A waiver under paragraph (1)*
18 *shall be limited to a duration of 1 year, at which*
19 *time, if the agency is unable to bring the specific use*
20 *case into compliance with subsection (d), the agency*
21 *shall cease use or deployment of the use case until the*
22 *use case can be brought into compliance with that*
23 *subsection.*

24 (j) *INFRASTRUCTURE SECURITY.*—*The head of an*
25 *agency, in consultation with the agency Chief Artificial In-*

1 *telligence Officer, Chief Information Officer, Chief Data Of-*
 2 *ficer, and other relevant agency officials, shall reevaluate*
 3 *infrastructure security protocols based on the artificial in-*
 4 *telligence use cases and associated risks to infrastructure*
 5 *security of the agency.*

6 *(k) COMPLIANCE DEADLINE.—Not later than 270 days*
 7 *after the date of enactment of this Act, the requirements*
 8 *of subsections (a) through (j) of this section shall apply with*
 9 *respect to artificial intelligence that is already in use on*
 10 *the date of enactment of this Act.*

11 **SEC. 8. PROHIBITION ON SELECT ARTIFICIAL INTEL-**
 12 **LIGENCE USE CASES.**

13 *No agency may develop, procure, obtain, or use artifi-*
 14 *cial intelligence for—*

15 *(1) mapping facial biometric features of an indi-*
 16 *vidual to assign corresponding emotion and poten-*
 17 *tially take action against the individual;*

18 *(2) categorizing and taking action against an*
 19 *individual based on biometric data of the individual*
 20 *to deduce or infer race, political opinion, religious or*
 21 *philosophical beliefs, trade union status, sexual ori-*
 22 *entation, or other personal trait, with the exception of*
 23 *deducing or inferring age in the context of inves-*
 24 *tigating child sexual abuse; or*

1 (3) *evaluating, classifying, rating, or scoring the*
2 *trustworthiness or social standing of an individual*
3 *based on multiple data points and time occurrences*
4 *related to the social behavior of the individual in*
5 *multiple contexts or known or predicted personal or*
6 *personality characteristics in a manner that may*
7 *lead to discriminatory outcomes.*

8 **SEC. 9. AGENCY PROCUREMENT INNOVATION LABS.**

9 (a) *IN GENERAL.*—*Each agency identified in 901(b)*
10 *of title 31, United States Code, that does not have a Pro-*
11 *curement Innovation Lab on the date of enactment of this*
12 *Act should consider establishing a lab or similar mechanism*
13 *to test new approaches, share lessons learned, and promote*
14 *best practices in procurement, including for commercial*
15 *technology, such as artificial intelligence, that is trust-*
16 *worthy and best-suited for the needs of the agency.*

17 (b) *FUNCTIONS.*—*The functions of the Procurement In-*
18 *novation Lab or similar mechanism should include—*

19 (1) *providing leadership support as well as ca-*
20 *pability and capacity to test, document, and help*
21 *agency programs adopt new and better practices*
22 *through all stages of the acquisition lifecycle, begin-*
23 *ning with project definition and requirements devel-*
24 *opment;*

1 *phase test program of contracts in accordance with this sec-*
2 *tion.*

3 (b) *PURPOSE.*—*A test program established under this*
4 *section shall—*

5 (1) *provide a means by which an agency may*
6 *post a solicitation, including for a general need or*
7 *area of interest, for which the agency intends to ex-*
8 *plore commercial technology solutions and for which*
9 *an offeror may submit a bid based on existing com-*
10 *mmercial capabilities of the offeror with minimal modi-*
11 *fications or a technology that the offeror is developing*
12 *for commercial purposes; and*

13 (2) *use phases, as described in subsection (c), to*
14 *minimize government risk and incentivize competi-*
15 *tion.*

16 (c) *CONTRACTING PROCEDURES.*—*Under a test pro-*
17 *gram established under this section, the head of an agency*
18 *may acquire commercial technology through a competitive*
19 *evaluation of proposals resulting from general solicitation*
20 *in the following phases:*

21 (1) *PHASE 1 (VIABILITY OF POTENTIAL SOLU-*
22 *TION).*—*Selectees may be awarded a portion of the*
23 *total contract award and have a period of perform-*
24 *ance of not longer than 1 year to prove the merits,*

1 *feasibility, and technological benefit the proposal*
2 *would achieve for the agency.*

3 (2) *PHASE 2 (MAJOR DETAILS AND SCALED*
4 *TEST).*—*Selectees may be awarded a portion of the*
5 *total contract award and have a period of perform-*
6 *ance of not longer than 1 year to create a detailed*
7 *timeline, establish an agreeable intellectual property*
8 *ownership agreement, and implement the proposal on*
9 *a small scale.*

10 (3) *PHASE 3 (IMPLEMENTATION OR RECYCLE).*—

11 (A) *IN GENERAL.*—*Following successful per-*
12 *formance on phase 1 and 2, selectees may be*
13 *awarded up to the full remainder of the total*
14 *contract award to implement the proposal, de-*
15 *pending on the agreed upon costs and the num-*
16 *ber of contractors selected.*

17 (B) *FAILURE TO FIND SUITABLE SELECT-*
18 *EES.*—*If no selectees are found suitable for phase*
19 *3, the agency head may determine not to make*
20 *any selections for phase 3, terminate the sollicita-*
21 *tion and utilize any remaining funds to issue a*
22 *modified general solicitation for the same area of*
23 *interest.*

24 (d) *TREATMENT AS COMPETITIVE PROCEDURES.*—*The*
25 *use of general solicitation competitive procedures for a test*

1 *program under this section shall be considered to be use of*
2 *competitive procedures as defined in section 152 of title 41,*
3 *United States Code.*

4 (e) *LIMITATION.—The head of an agency shall not*
5 *enter into a contract under the test program for an amount*
6 *in excess of \$25,000,000.*

7 (f) *GUIDANCE.—*

8 (1) *FEDERAL ACQUISITION REGULATORY COUN-*
9 *CIL.—The Federal Acquisition Regulatory Council*
10 *shall revise the Federal Acquisition Regulation as*
11 *necessary to implement this section, including re-*
12 *quirements for each general solicitation under a test*
13 *program to be made publicly available through a*
14 *means that provides access to the notice of the general*
15 *solicitation through the System for Award Manage-*
16 *ment or subsequent government-wide point of entry,*
17 *with classified solicitations posted to the appropriate*
18 *government portal.*

19 (2) *AGENCY PROCEDURES.—The head of an*
20 *agency may not award contracts under a test pro-*
21 *gram until the agency issues guidance with proce-*
22 *dures for use of the authority. The guidance shall be*
23 *issued in consultation with the relevant Acquisition*
24 *Regulatory Council and shall be publicly available.*

1 (g) *SUNSET.*—*The authority for a test program under*
 2 *this section shall terminate on the date that is 5 years after*
 3 *the date the Federal Acquisition Regulation is revised pur-*
 4 *suant to subsection (f)(1) to implement the program.*

5 **SEC. 11. RESEARCH AND DEVELOPMENT PROJECT PILOT**
 6 **PROGRAM.**

7 (a) *PILOT PROGRAM.*—*The head of an agency may,*
 8 *if desired, carry out research and prototype projects in ac-*
 9 *cordance with this section.*

10 (b) *PURPOSE.*—*A pilot program established under this*
 11 *section shall provide a means by which an agency may—*

12 (1) *carry out basic, applied, and advanced re-*
 13 *search and development projects; and*

14 (2) *carry out prototype projects that address—*

15 (A) *a proof of concept, model, or process, in-*
 16 *cluding a business process;*

17 (B) *reverse engineering to address obsoles-*
 18 *cence;*

19 (C) *a pilot or novel application of commer-*
 20 *cial technologies for agency mission purposes;*

21 (D) *agile development activity;*

22 (E) *the creation, design, development, or*
 23 *demonstration of operational utility; or*

24 (F) *any combination of items described in*
 25 *subparagraphs (A) through (E).*

1 (c) *CONTRACTING PROCEDURES.*—Under a pilot pro-
2 gram established under this section, the head of an agency
3 may carry out research and prototype projects—

4 (1) *using small businesses to the maximum ex-*
5 *tent practicable;*

6 (2) *using cost sharing arrangements where prac-*
7 *ticable;*

8 (3) *tailoring intellectual property terms and con-*
9 *ditions relevant to the project and commercialization*
10 *opportunities; and*

11 (4) *ensuring that such projects do not duplicate*
12 *research being conducted under existing agency pro-*
13 *grams.*

14 (d) *TREATMENT AS COMPETITIVE PROCEDURES.*—The
15 use of research and development contracting procedures
16 under this section shall be considered to be use of competi-
17 tive procedures, as defined in section 152 of title 41, United
18 States Code.

19 (e) *TREATMENT AS COMMERCIAL TECHNOLOGY.*—The
20 use of research and development contracting procedures
21 under this section shall be considered to be use of commer-
22 cial technology.

23 (f) *FOLLOW-ON PROJECTS OR PHASES.*—A follow-on
24 contract provided for in a contract opportunity announced
25 under this section may, at the discretion of the head of the

1 *agency, be awarded to a participant in the original project*
2 *or phase if the original project or phase was successfully*
3 *completed.*

4 (g) *LIMITATION.—The head of an agency shall not*
5 *enter into a contract under the pilot program under this*
6 *section for an amount in excess of \$10,000,000.*

7 (h) *GUIDANCE.—*

8 (1) *FEDERAL ACQUISITION REGULATORY COUN-*
9 *CIL.—The Federal Acquisition Regulatory Council*
10 *shall revise the Federal Acquisition Regulation re-*
11 *search and development contracting procedures as*
12 *necessary to implement this section, including re-*
13 *quirements for each research and development project*
14 *under a pilot program to be made publicly available*
15 *through a means that provides access to the notice of*
16 *the opportunity through the System for Award Man-*
17 *agement or subsequent government-wide point of*
18 *entry, with classified solicitations posted to the ap-*
19 *propriate government portal.*

20 (2) *AGENCY PROCEDURES.—The head of an*
21 *agency may not award contracts under a pilot pro-*
22 *gram until the agency, in consultation with the rel-*
23 *evant Acquisition Regulatory Council issues and*
24 *makes publicly available guidance on procedures for*
25 *use of the authority.*

1 (i) *REPORTING.*—Contract actions entered into under
 2 this section shall be reported to the Federal Procurement
 3 Data System, or any successor system.

4 (j) *SUNSET.*—The authority for a pilot program under
 5 this section shall terminate on the date that is 5 years from
 6 the date the Federal Acquisition Regulation is revised pur-
 7 suant to subsection (h)(1) to implement the program.

8 **SEC. 12. DEVELOPMENT OF TOOLS AND GUIDANCE FOR**
 9 **TESTING AND EVALUATING ARTIFICIAL IN-**
 10 **TELLIGENCE.**

11 (a) *AGENCY REPORT REQUIREMENTS.*—In a manner
 12 specified by the Director, the Chief Artificial Intelligence
 13 Officer of each agency shall identify and annually submit
 14 to the Council a report on obstacles encountered in the test-
 15 ing and evaluation of artificial intelligence, specifying—

16 (1) *the nature of the obstacles;*

17 (2) *the impact of the obstacles on agency oper-*
 18 *ations, mission achievement, and artificial intel-*
 19 *ligence adoption;*

20 (3) *recommendations for addressing the identi-*
 21 *fied obstacles, including the need for particular re-*
 22 *sources or guidance to address certain obstacles; and*

23 (4) *a timeline that would be needed to imple-*
 24 *ment proposed solutions.*

25 (b) *COUNCIL REVIEW AND COLLABORATION.*—

1 (1) *ANNUAL REVIEW.*—Not less frequently than
2 *annually, the Council shall conduct a review of agen-*
3 *cy reports under subsection (a) to identify common*
4 *challenges and opportunities for cross-agency collabo-*
5 *ration.*

6 (2) *DEVELOPMENT OF TOOLS AND GUIDANCE.*—

7 (A) *IN GENERAL.*—Not later than 2 years
8 *after the date of enactment of this Act, the Direc-*
9 *tor, in consultation with the Council, shall con-*
10 *vene a working group to—*

11 (i) *develop tools and guidance to assist*
12 *agencies in addressing the obstacles that*
13 *agencies identify in the reports under sub-*
14 *section (a);*

15 (ii) *support interagency coordination*
16 *to facilitate the identification and use of*
17 *relevant voluntary standards, guidelines,*
18 *and other consensus-based approaches for*
19 *testing and evaluation and other relevant*
20 *areas; and*

21 (iii) *address any additional matters*
22 *determined appropriate by the Director.*

23 (B) *WORKING GROUP MEMBERSHIP.*—The
24 *working group described in subparagraph (A)*
25 *shall include Federal interdisciplinary personnel,*

1 *such as technologists, information security and*
2 *cybersecurity personnel, domain experts, privacy*
3 *officers, data officers, civil rights and civil lib-*
4 *erties officers, contracting officials, legal counsel,*
5 *customer experience professionals, program eval-*
6 *uation officers, and others, as determined by the*
7 *Director.*

8 (3) *INFORMATION SHARING.*—*The Director, in*
9 *consultation with the Council, shall establish a mech-*
10 *anism for sharing tools and guidance developed under*
11 *paragraph (2) across agencies.*

12 (c) *CONGRESSIONAL REPORTING.*—

13 (1) *IN GENERAL.*—*Each agency shall submit the*
14 *annual report under subsection (a) to the relevant*
15 *congressional committees.*

16 (2) *CONSOLIDATED REPORT.*—*The Director, in*
17 *consultation with the Council, may suspend the re-*
18 *quirement under paragraph (1) and submit to the rel-*
19 *evant congressional committees a consolidated report*
20 *that conveys government-wide testing and evaluation*
21 *challenges, recommended solutions, and progress to-*
22 *ward implementing recommendations from prior re-*
23 *ports developed in fulfillment of this subsection.*

24 (d) *EXTREMELY LOW RISK ARTIFICIAL INTELLIGENCE*
25 *USE CASES.*—*Not later than 2 years after the date of enact-*

1 *ment of this Act, the Chief Artificial Intelligence Officers*
 2 *Council shall submit to the Director and the relevant con-*
 3 *gressional committees a report outlining—*

4 (1) *a proposed framework for identifying ex-*
 5 *tremely low risk artificial intelligence use cases; and*

6 (2) *opportunities to facilitate the deployment*
 7 *and use of extremely low risk artificial intelligence.*

8 (e) *SUNSET.—The requirements under this section*
 9 *shall terminate on the date that is 10 years after the date*
 10 *of enactment of this Act.*

11 **SEC. 13. UPDATES TO ARTIFICIAL INTELLIGENCE USE CASE**

12 **INVENTORIES.**

13 (a) *AMENDMENTS.—*

14 (1) *ADVANCING AMERICAN AI ACT.—The Advanc-*
 15 *ing American AI Act (Public Law 117–263; 40*
 16 *U.S.C. 11301 note) is amended—*

17 (A) *in section 7223(3), by striking the pe-*
 18 *riod and inserting “and in section 5002 of the*
 19 *National Artificial Intelligence Initiative Act of*
 20 *2020 (15 U.S.C. 9401).”;* and

21 (B) *in section 7225, by striking subsection*

22 (d).

23 (2) *EXECUTIVE ORDER 13960.—The provisions of*
 24 *section 5 of Executive Order 13960 (85 Fed. Reg.*
 25 *78939; relating to promoting the use of trustworthy*

1 *artificial intelligence in Federal Government) that ex-*
2 *empt classified and sensitive use cases from agency*
3 *inventories of artificial intelligence use cases shall*
4 *cease to have legal effect.*

5 *(b) DISCLOSURE.—*

6 *(1) IN GENERAL.—The artificial intelligence in-*
7 *ventory of each agency shall publicly disclose, subject*
8 *to applicable laws and policies relating to the protec-*
9 *tion of privacy and classified and sensitive informa-*
10 *tion—*

11 *(A) whether artificial intelligence was devel-*
12 *oped internally by the agency or procured exter-*
13 *nally, without excluding any use case on basis*
14 *that the use case is “sensitive” solely because it*
15 *was externally procured;*

16 *(B) data provenance information for high*
17 *risk artificial intelligence use cases to identify*
18 *the types of sources of the training data of the*
19 *artificial intelligence, including internal govern-*
20 *ment data, public data, commercially held data,*
21 *or similar data;*

22 *(C) the level of risk at which the agency has*
23 *classified the artificial intelligence use case and*
24 *a brief explanation for how the determination*
25 *was made; and*

1 (D) *the number of artificial intelligence use*
2 *cases excluded from public reporting as being*
3 *classified or “sensitive”, and an unclassified*
4 *summary of each of these use cases.*

5 (2) *UPDATES.—*

6 (A) *IN GENERAL.—When an agency updates*
7 *the public artificial intelligence use case inven-*
8 *tory of the agency, the agency shall disclose the*
9 *date of the modification and make change logs*
10 *publicly available and accessible.*

11 (B) *GUIDANCE.—The Director shall issue*
12 *guidance to agencies that describes how to appro-*
13 *priately update artificial intelligence use case*
14 *inventories and clarifies how sub-agencies and*
15 *regulatory agencies should participate in the ar-*
16 *tificial intelligence use case inventorying process.*

17 (c) *CONGRESSIONAL REPORTING.—The head of each*
18 *agency shall, upon request, submit to the relevant congres-*
19 *sional committees a copy of the annual artificial intel-*
20 *ligence use case inventory of the agency, including—*

21 (1) *the use cases that have been identified as*
22 *“sensitive” and not for public disclosure; and*

23 (2) *a classified annex of classified use cases.*

24 (d) *COMPTROLLER GENERAL.—*

25 (1) *REPORTS REQUIRED.—*

1 (A) *APPROPRIATE CLASSIFICATION.*—Not
2 *later than 1 year after the date of enactment of*
3 *this Act, and annually thereafter for a period of*
4 *5 years, the Comptroller General of the United*
5 *States shall submit to relevant congressional*
6 *committees a report on whether agencies are ap-*
7 *propriately classifying use cases.*

8 (B) *GOVERNMENT TRENDS.*—Beginning 2
9 *years after the date of enactment of this Act, and*
10 *annually thereafter, the Comptroller General of*
11 *the United States, shall issue a report, based on*
12 *the artificial intelligence use cases reported in*
13 *use case inventories and other relevant informa-*
14 *tion, that describes trends in the use of artificial*
15 *intelligence by agencies and the impact of—*

16 (i) *such use on the Federal workforce*
17 *and any cost savings; and*

18 (ii) *this Act on Federal contractors*
19 *that are small business concerns, includ-*
20 *ing—*

21 (I) *small business concerns owned*
22 *and controlled by service-disabled vet-*
23 *erans (as defined in section 3 of the*
24 *Small Business Act (15 U.S.C. 632));*

1 (II) *qualified HUBZone small*
2 *business concerns (as defined in section*
3 *31(b) of the Small Business Act (15*
4 *U.S.C. 657(b)(1))*);

5 (III) *socially and economically*
6 *disadvantaged small business concerns*
7 *(as defined in section 8(a)(4) of the*
8 *Small Business Act (15 U.S.C.*
9 *637(a)(4))*), and

10 (IV) *small business concerns*
11 *owned and controlled by women (as de-*
12 *finied in section 3 of the Small Busi-*
13 *ness Act (15 U.S.C. 632))*.

14 (2) *APPROPRIATE CLASSIFICATION.—The Comp-*
15 *troller General of the United States shall determine*
16 *whether the appropriate level of disclosure of artificial*
17 *intelligence use cases by agencies should be included*
18 *on the High Risk List of the Government Account-*
19 *ability Office.*

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118TH CONGRESS
2^D SESSION

S. 4495

[Report No. 118-291]

A BILL

To enable safe, responsible, and agile procurement, development, and use of artificial intelligence by the Federal Government, and for other purposes.

DECEMBER 16, 2024

Reported with an amendment