

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

H

2

HOUSE BILL 934
Committee Substitute Favorable 5/6/25

Short Title: AI Regulatory Reform Act.

(Public)

Sponsors:

Referred to:

April 14, 2025

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

The General Assembly of North Carolina enacts:

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

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

(a) Definitions. – For purposes of this section, the following definitions apply:

(1) Deepfake. – An image, audio recording, or video recording that is created with
the intent to deceive and is digitally altered or generated to inauthentically
depict a natural person speaking or acting in a manner that the person did not
actually speak or act, in such a manner that a reasonable person would not
know that the depiction is false. A work of artistic or newsworthy value,
including commentary, criticism, satire, or parody, is not a deepfake.

(2) Interactive computer service. – Any information service, system, or access
software provider that provides or enables computer access by multiple users
to a computer server, including specifically a service or system that provides
access to the internet and such systems operated or services offered by
libraries or educational institutions.

(b) Offense. – It is unlawful for a person, without the affirmative consent of the depicted
individual, to knowingly do any of the following for the purpose of (i) harassing, extorting,
threatening, or causing physical, emotional, reputational, or economic harm to an individual
falsely depicted or (ii) injuring a candidate for elected office or influencing an election:

(1) Create a deepfake with an intent to distribute the deepfake.

(2) Distribute a deepfake.

(3) Solicit the creation of a deepfake with an intent to distribute the deepfake.

(c) Punishment. – A violation of this section is punishable as a Class 1 misdemeanor.

(d) Civil Action. – In addition to any other remedies at law or in equity, including an
order by the court to destroy any deepfake disclosed in violation of this section, any person
aggrieved by a violation of subsection (b) of this section has a civil cause of action against any
person who creates or distributes the deepfake in violation of subsection (b) of this section and
is entitled to recover from the other person any of the following:



(1) Actual damages, but not less than liquidated damages, to be computed at the rate of one thousand dollars (\$1,000) for each time the deepfake is redistributed or in the amount of ten thousand dollars (\$10,000), whichever is higher.

(2) Punitive damages.

(3) A reasonable attorneys' fee and other litigation costs reasonably incurred.

(e) Exceptions. – The following entities shall not be liable for the actions of a person that uses that entity's service or technology in the commission of an offense under subsection (b) of this section:

(1) An interactive computer service.

(2) A provider or developer of any technology used in the creation of a deepfake.

(f) Other Sanctions or Remedies Not Precluded. – A violation of this section is an offense additional to other civil and criminal provisions and is not intended to repeal or preclude any other sanctions or remedies."

SECTION 1.(b) This section becomes effective December 1, 2025, and applies to offenses committed on or after that date.

SECTION 2.(a) Chapter 1 of the General Statutes is amended by adding a new Article to read:

"Article 43G.

"Actions Pertaining to Artificial Intelligence.

"§ 1-539.30. Definitions.

The following definitions apply in this Article:

(1) Artificial intelligence product or AI product. – Any algorithm, product, software, or system that:

a. Performs tasks that would typically require human intelligence, such as reasoning, language processing, or decision making;

b. Is designed to operate with some degree of autonomy;

c. Uses techniques that enable the system to improve its performance over time or through exposure to data; and

d. Is marketed, distributed, licensed, or otherwise made available for use, whether as a stand-alone product or as a component integrated into other products or services.

(2) Client. – Any person who engages the services of a learned professional and who relies upon the learned professional's expertise, judgment, and advice where the professional relationship with the learned professional is governed by professional standards, codes of conduct, or regulations.

(3) Developer. – Any person that meets any of the following:

a. Creates, designs, programs, trains, modifies, or substantially contributes to the creation or modification of an AI product.

b. Exercises control over the AI product's design specifications, functionality, capabilities, limitations, or intended uses.

c. Tests, validates, documents, or certifies an AI product prior to its release or deployment.

d. Markets, distributes, licenses, or makes available an AI product under their own name, brand, or trademark, regardless of whether they created the original underlying technology.

e. Either creates an original AI product or is a secondary developer who substantially modifies, retrains, or adapts an existing AI product for a new use or market.

(4) Error. – Any output, action, recommendation, or omission by an AI product that produces objectively incorrect information. The term includes when an

AI product fails to perform a function or task that it expressly or implicitly represents itself as capable of performing.

(5) Interactive computer service. – Any information service, system, or access software provider that provides or enables computer access by multiple users to a computer server, including specifically a service or system that provides access to the internet and such systems operated or services offered by libraries or educational institutions.

(6) Learned professional. – Any individual who meets all of the following:

- a. Possesses specialized education, training, knowledge, or skill in a recognized profession.
- b. Is licensed, certified, or otherwise authorized by an occupational licensing board to practice in their field in this State.
- c. Is bound by professional standards, ethical obligations, and a duty of care to clients.
- d. Exercises independent professional judgment when utilizing tools, including AI products, in the course of rendering professional services.
- e. Is expected to possess sufficient knowledge to evaluate the appropriateness, limitations, and risks of tools employed in their professional practice, including artificial intelligence products, as they pertain to a specific client matter.

"§ 1-539.31. Immunity from civil liability for artificial intelligence developers.

When a learned professional uses an artificial intelligence program or product in the course of providing professional services to a client, the learned professional is solely responsible for any damage to the client resulting from errors generated by the artificial intelligence product. The following entities shall not be liable for the actions of the learned professional in use of the artificial intelligence product:

- (1) The developer of the artificial intelligence product.
- (2) An interactive computer service.

"§ 1-539.32. Other privileges and immunities.

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

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

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