

April 15, 2026

South Carolina General Assembly  
Ad Hoc Subcommittee of the Senate Committee on Labor, Commerce and Industry

Dear Chair Bennett and Members of the Subcommittee:

EPIC writes in support of S. 896, Chatbot Regulation, and S. 1037, Protecting Children from Chatbots. Chatbot use is increasing rapidly, and unfortunately, the harms this technology is causing are also skyrocketing. The Subcommittee should act swiftly to protect South Carolinians from chatbot-based harms. South Carolina has been a leader in protecting minors from online harms by enacting the South Carolina Age-Appropriate Design Code, and passing these bills would build on the state's existing protections by placing commonsense safeguards on chatbots.

The Electronic Privacy Information Center (EPIC) is an independent nonprofit research organization established in 1994 to protect privacy, freedom of expression, and democratic values in the information age.<sup>1</sup> EPIC has a long history of advocating for safe and responsible technology and for tech policy that protects the privacy and rights of all people, especially minors.

### **Chatbots are causing devastating harms to people of all ages.**

Chatbots are quickly gaining traction among people of all ages. Two-thirds of teens report having used a chatbot, and 30% of teens use chatbots every day.<sup>2</sup> The number of adults who have used ChatGPT doubled from mid-2023 to mid-2025, with over one-third of adults having used the chatbot.<sup>3</sup> Use of chatbots is causing devastating harms, including suicide, self-harm, violence against others, sexual exploitation and predation, financial scams, reputational injuries, and mental health harms like anxiety, depression, unhealthy emotional attachment, and AI psychosis.<sup>4</sup> Because chatbots are almost entirely unregulated, these harms will only grow. The Legislature should act now to force tech companies to act more responsibly and design chatbots that are safer for everyone.

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<sup>1</sup> EPIC, *About EPIC*, <https://epic.org/about/>.

<sup>2</sup> Michelle Faverio & Olivia Sidoti, *Teens, Social Media and AI Chatbots 2025*, Pew Research Ctr. (Dec. 9, 2025), <https://www.pewresearch.org/internet/2025/12/09/teens-social-media-and-ai-chatbots-2025/>.

<sup>3</sup> Olivia Sidoti & Colleen McClain, *34% of U.S. Adults Have Used ChatGPT, About Double the Share in 2023*, Pew Research Ctr. (June 25, 2025), <https://www.pewresearch.org/short-reads/2025/06/25/34-of-us-adults-have-used-chatgpt-about-double-the-share-in-2023/>.

<sup>4</sup> See, e.g., Kashmir Hill, *They Asked an A.I. Chatbot Questions. The Answers Sent Them Spiraling.*, N.Y. Times (June 13, 2025), <https://www.nytimes.com/2025/06/13/technology/chatgpt-ai-chatbots-conspiracies.html>; Noor Al-Sibai, *Psychiatrists Warn that Talking to AI Is Leading to Severe Mental Health Issues*, Futurism (Aug. 19, 2025), <https://futurism.com/psychiatrists-ai-mental-health-chatbots>; Nguyen, Meyer & Levine, *AI Sycophancy: Impacts, Harms & Questions*, Georgetown Law Inst. for Technology Law & Policy (Aug. 11, 2025), <https://www.law.georgetown.edu/tech-institute/research-insights/insights/ai-sycophancy-impacts-harms-questions/>.

## **Chatbots are the next chapter in Big Tech’s playbook of exploitation and data-driven harms.**

Just as Big Tech companies have a long history of exploiting people’s personal data to profile and target them with advertisements, as well as engaging in many other harmful practices, AI companies are using the same playbook in the chatbot context. This data exploitation begins at the development stage. Chatbots are powered by large-language models—algorithms that were trained using data that was scraped indiscriminately from across the internet without anyone’s knowledge or consent, including copyrighted and other protected work, as well as sensitive personal information.<sup>5</sup> And once deployed, AI companies continue to perpetuate data-driven harms through chatbots. Some of the biggest AI companies, including OpenAI and Meta, have already begun or announced plans to integrate their chatbots into their targeted advertising business streams.<sup>6</sup>

In addition to these harmful data practices, there are also data-driven harms unique to chatbots. For example, chatbot providers use personal information about users—including sensitive information such as whether someone is struggling with mental health issues, substance abuse, relationship or family problems, and more—to develop chatbots that are manipulative and incentivize unhealthy attachments. These companies will take the sensitive information that people have fed to chatbots and use it for profit—for example, a teenager who tells a chatbot that she is struggling with her body image and is engaging in disordered eating to lose weight may be fed a targeted advertisement for a GLP-1 or a fad diet. Allowing these chatbots to operate without guardrails on the use of personal data is setting the scene for this dangerous reality.

## **S. 896 and S. 1037 would together to protect South Carolinians of all ages from chatbot harms.**

The Subcommittee should advance both S. 896 and S. 1037 because these bills are the best way to address the harms and to make chatbots safer for people of all ages. These bills would restrict chatbot companies from engaging in the business practices that make chatbots particularly harmful, including:

- maximizing the time people spend interacting with chatbots;
- using manipulative design practices to profile people and influence them into developing unhealthy attachments to chatbots;
- targeting advertisements to people based on their most sensitive personal information;
- exploiting users’ personal data to use for unexpected and out-of-context purposes;

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<sup>5</sup> Lauren Leffer, *Your Personal Data Is Probably Being Used to Train Generative AI Models*, Scientific American (Oct. 19, 2023), <https://www.scientificamerican.com/article/your-personal-information-is-probably-being-used-to-train-generative-ai-models/>; Michael M. Grynbaum & Ryan Mac, *The Times Sues OpenAI and Microsoft over A.I. Use of Copyrighted Work*, N.Y. Times (Dec. 27, 2023), <https://www.nytimes.com/2023/12/27/business/media/new-york-times-open-ai-microsoft-lawsuit.html>.

<sup>6</sup> Maxwell Zeff, *Meta Plans to Sell Targeted Ads Based on Data in Your AI Chats*, TechCrunch (Oct. 1, 2025), <https://techcrunch.com/2025/10/01/meta-plans-to-sell-targeted-ads-based-on-data-in-your-ai-chats/>; Maxwell Zeff, *Ads Are Coming to ChatGPT. Here’s How They’ll Work*, Wired (Jan. 16, 2026), <https://www.wired.com/story/openai-testing-ads-us/>; Shira Ovide, *Here Comes the Advertising in AI Chatbots*, Wash. Post (Jan. 13, 2026), <https://www.washingtonpost.com/technology/2026/01/13/advertising-google-ai-mode-chatgpt/>.

- allowing chatbots to provide unlicensed medical, legal, or financial advice or tell users that it is a human; and
- using people’s personal data to train AI without their knowledge or consent.

These provisions in both bills would work together to require companies that develop chatbots and make them available to the public to be more responsible stewards of users’ personal data and to make chatbots safer and more privacy-protective by design.

Importantly, S. 896 also contains a robust liability and enforcement framework that would ensure companies can be held accountable for harms their chatbots cause. The bill provides a private right of action to South Carolina residents that are harmed by a chatbot, meaning parents will be able to sue if a chatbot causes their child to harm themselves. The bill also ensures that companies that choose to make a chatbot available to the public can be held accountable for their decision to release a product if it turns out not to be safe—the same way we treat companies that sell cars with airbags that do not deploy or appliances that randomly catch fire. S. 896 will ensure that chatbots are treated just like any other product that causes harm.

Big Tech companies are currently operating with very few rules and very little oversight, and they’ve proven time and time again that they cannot be trusted to self-regulate. Thus, it is essential that the Subcommittee advance these bills to set clear rules of the road for chatbot providers and to ensure South Carolina residents are protected from the harms of this unregulated technology.

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EPIC urges the Subcommittee to support S. 896 and S. 1037 because the harms caused by chatbots are an urgent problem. We cannot afford to wait to act on this issue; South Carolina residents are being actively harmed by chatbots every day. Passing these bills would build on the protections in the South Carolina Age-Appropriate Design Code to further protect residents, particularly minors, from chatbot harms, and it is essential that Big Tech’s exploitative and harmful practices are stopped as soon as possible.

Thank you for the opportunity to submit testimony and for your attention to this urgent problem. EPIC is happy to be a resource to the Legislature on these issues.

Sincerely,

/s/ Kara Williams

Kara Williams

EPIC Counsel