



Submission of Feedback on the Draft Report of the Joint California Policy Working Group on AI Frontier Models

Submitted by: Software & Information Industry Association (SIIA)

April 8, 2025

SIIA appreciates the opportunity to provide feedback on the Draft Report of the Joint California Policy Working Group on AI Frontier Models. We commend the Co-Leads and contributors for producing a rigorous and thoughtful draft.

SIIA is the principal trade association representing the software and digital content industries, including companies that are at the forefront of developing and deploying AI technologies. Our nearly 400 members range from global enterprises to startups, spanning across industries such as education technology, financial information, publishing, and software development. For decades, SIIA has served as a trusted voice for innovation policy, advocating for balanced approaches that protect consumers while fostering technological progress. As AI continues to evolve and reshape the global economy, SIIA and our members are deeply invested in ensuring that governance frameworks both protect the public and support continued U.S. leadership in trustworthy AI development.

California is home to many of our member companies and the majority of the world's leading AI developers, making California a key driver of global technology innovation. As we noted in an op-ed in the *LA Times*¹, the way the state approaches AI governance will have national and international ripple effects. SIIA welcomes and applauds the effort to ground the state's AI policy approach in research, expert input, and ongoing stakeholder engagement.

SIIA Supports the Following Aspects of the Report

Acknowledgment of Practical Challenges in Adverse Event Reporting and Recognition of Institutional Capacity Limitations

SIIA appreciates the report's candid discussion of the implementation challenges associated with adverse event reporting (p. 29, Section 4.2). By identifying issues such as attribution difficulties, incentives for underreporting, and the risk of false positives or overbroad reporting regimes, the report demonstrates a mature understanding of the complexities involved in operationalizing such systems. We commend the Working Group for resisting oversimplified prescriptions and instead calling for carefully scoped, evidence-generating mechanisms that balance transparency with feasibility. This kind of pragmatic approach is essential to designing reporting structures that work in practice and do not unduly burden innovation or create confusion for developers and regulators alike.

SIIA also appreciates the report's recognition that institutional capacity—both within government and across the broader regulatory ecosystem—has a significant impact on the success of any adverse event reporting system (p. 29, Section 4.2). As the report notes, simply mandating reporting without ensuring the resources, infrastructure, and personnel to analyze and act on mandated reporting risks being

¹ Paul Lekas, [Will California Bill to Regulate AI Protect Consumers or Gut Tech?](#), *LA Times* (Aug. 8, 2024)

ineffective. SIIA agrees that improving institutional readiness—including building technical expertise, creating mechanisms for interagency coordination, building compute and other critical data infrastructure, and securing funding for these components—must be prioritized to enable the monitoring, execution, and oversight for any new mandates. Building this capacity is especially important to ensure that policy is not only principled, but also practical and enforceable in a fast-evolving technological landscape.

Balanced Framing of Innovation and Risk

We commend the report’s explicit recognition that policy must balance the transformative benefits of AI with its potential risks (p. 6, Section 1.1). The report thoughtfully acknowledges that innovation and safety are not mutually exclusive and that carefully designed policy can both protect consumers and unlock broad societal benefits. This framing aligns with SIIA’s long-standing advocacy for proportional, innovation-supportive governance.²

Recognition That Governance Should Incentivize and Reward Safety Practices

We appreciate the report’s assertion that policy can—and should—be designed to reward developers who voluntarily adopt robust safety and transparency practices (p. 16–17, Section 2.4). This framing encourages responsible competition and avoids dynamics that can stifle progress.

SIIA Recommendations and Considerations

Alignment and Integration Considerations with Federal and International Efforts

While the report references the EU AI Act, the previous Biden Administration’s Executive Order 14110, and G7 efforts (p. 7–8, Section 1.2), it does not fully emphasize the importance of prioritizing regulatory alignment across international and U.S. jurisdictions where possible. Without stronger calls for coordination with national and international frameworks and bodies—like the NIST AI RMF or the U.S. AI Safety Institute (or any successor body)—we are concerned about fragmentation and the potential to undermine protections, compliance, and competitiveness. As SIIA noted in its testimony to the Multistate AI Policy Working Group coordinated by the Future of Privacy Forum and led by Connecticut Senator James Maroney, in the absence of federal legislation, states should avoid creating a patchwork of inconsistent and divergent laws by aligning with existing frameworks, including the NIST AI Risk Management Framework. Clear, uniform definitions for terms like “developer,” “deployer,” “high-risk AI system,” and “consequential decision” are critical to implementing laws and providing consumers with useful services.³ Additionally, fragmentation of standards and requirements creates a difficult compliance environment which increases costs for companies operating in this space and could negatively impact innovation.

² [SIIA Blueprint for Government Oversight and Regulation of AI](#) (July 2023).

³ [Testimony of Bethany Abbate on Behalf of the Software & Information Industry Association](#), Multistate AI Policymaker Working Group (Jan. 27, 2025)

Room for Acknowledgment of Industry-Led Safety and Transparency Initiatives

While the report promotes mechanisms such as third-party evaluation (p. 23–24, Section 3.2), it does not acknowledge the existing body of voluntary actions already being taken by industry—including system cards, red-teaming, and safety frameworks. Recognizing and building upon these existing efforts could foster better collaboration and signal appreciation for responsible tech leadership. This recognition is particularly important given that accepted standards for conducting audits of AI models do not exist, standards for evaluating AI models more generally remain in development, and, as experts such as NIST have made clear, there is a dire need to further measurement science.

We strongly caution against policies that default towards mandatory third-party audit requirements, as this leaves room for significant and often unnecessary security and intellectual property risks. Requiring companies to share sensitive or proprietary information with external parties can increase exposure to misuse of critical information if it is not kept secure. Moreover, overly prescriptive audit mandates may be counterproductive for the purpose of maintaining safe and responsible AI systems, given that it creates a risk for resource diversion due to additional compliance burdens. A more flexible, risk-based approach to accountability would serve as a better approach for fostering accountability that promotes innovation and public trust.

Room for Additional Detail on Regulatory Thresholds

Although the report dedicates a full section to the topic of thresholds (p. 31–34, Section 5), it stops short of offering actionable recommendations. As a result, it risks leaving policymakers with limited guidance on how to craft thresholds that are empirically grounded, future-proof, and proportionate to risk.

Conclusion

SIIA commends the Joint California Policy Working Group for producing a robust, thoughtful draft report that will meaningfully contribute to the development of AI policy in California and beyond. We encourage the final version to maintain its commitment to evidence-based, innovation-supportive governance while refining its treatment of regulatory thresholds, transparency trade-offs, and policy alignment across jurisdictions. We thank the Co-Leads for the opportunity to submit these comments and welcome continued dialogue as California shapes its AI policy.

Respectfully submitted,

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