



HOUSE BILL 934: AI Regulatory Reform Act.

This Bill Analysis
reflects the contents
of the bill as it was
presented in
committee.

2025-2026 General Assembly

Committee:	House Judiciary 3. If favorable, re-refer to Election Law. If favorable, re-refer to Rules, Calendar, and Operations of the House	Date:	May 6, 2025
Introduced by:	Reps. Johnson, Zenger, Hawkins, Alston	Prepared by:	Kara McCraw*
Analysis of:	PCS to First Edition H934-CSTC-4		Staff Attorney

OVERVIEW: House Bill 934 would establish a new Class 1 misdemeanor for the offense of unlawful distribution of a deepfake and a corresponding civil cause of action. This act would also provide that the developer of an artificial intelligence (AI) product is not liable for damages to the client of a "learned professional" resulting from errors generated by the AI product.

The PCS for HB 934 would clarify the definition of "deepfake" and exempt interactive computer services and provider or developer of any technology used in the creation of a deepfake from liability for the actions of an individual that commits an offense with the deepfake, and exempt interactive computer services from liability for the actions of learned professionals in the use of an AI product.

CURRENT LAW: In 2024, the General Assembly enacted several statutes to protect individuals against certain computer-generated images, primarily in the realm of obscene or sexual images.

- [G.S. 14-190.5A](#) provides criminal and civil penalties for the disclosure of private images, was amended in 2024 to include in the definition of "image": "A photograph, film, videotape, recording, live transmission, digital or computer-generated visual depiction, including a realistic visual depiction created, adapted, or modified by technological means, including algorithms or artificial intelligence, such that a reasonable person would believe the image depicts an identifiable individual . . ."
- [G.S. 14-202.7](#) criminalizes threatening to disclose or refusing to remove previously disclosed private images (sexual extortion) and includes in the definition images generated by artificial intelligence.
- [G.S. 14-190.17C](#) criminalizes obscene visual representation of sexual exploitation of a minor and the definition of "material" for that section was amended in 2024 to include AI-generated images ([G.S. 14-190.13](#)).

BILL ANALYSIS:

Section 1 of the PCS for House Bill 934 would define the term "deepfake" as "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." The definition would exclude works of artistic or newsworthy value, including commentary, criticism, satire, or parody.

Kara McCraw
Director



Legislative Analysis
Division
919-301-1269

House 934 PCS

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This section would make it a Class 1 misdemeanor for a person to, without the affirmative consent of the depicted individual, knowingly (i) create a deepfake with intent to distribute the deepfake, (ii) distribute a deepfake, or (iii) solicit the creation of a deepfake with the intent to distribute the deepfake for the purpose of harassing, extorting, threatening, or causing physical, emotional, reputational, or economic harm to an individual falsely depicted or injuring a candidate for elected office or influencing an election. A court could order the destruction of any deepfake made in violation of this section in addition to any other penalty or damages.

This section would exempt interactive computer services and providers or developers of any technology used in the creation of a deepfake from liability for the actions of an individual that commits an offense with the deepfake.

This section would also create a civil cause of action for any person aggrieved by the criminal acts provided above, and would allow the person to recover any of the following from a person who creates or distributes the deepfakes:

- Actual damages, but not less than liquidated damages, to be computed at the rate of \$1,000 for each time the deepfake is redistributed or in the amount of \$10,000, whichever is higher.
- Punitive damages.
- A reasonable attorney's fee and other litigation costs reasonably incurred.

This section would become effective December 1, 2025, and applies to offenses committed on or after that date.

Section 2 would immunize the developer of an AI product and interactive computer services from liability arising from errors generated by the AI product when a learned professional uses the AI product in providing professional services to a client. The learned professional would be solely liable for any damage to the client resulting from errors generated by the AI product.

For purposes of this section, a "learned professional" is a licensed professional, with specialized education or training in a recognized profession and is bound by professional standards and a duty of care to clients, who exercises independent judgment in utilizing tools in the course of providing professional services and is expected to possess sufficient knowledge to evaluate the appropriateness, limitations, and risks of tools employed in his or her professional practice, including AI products, as they pertain to a specific client matter.

This section would become effective December 1, 2025, and would apply to acts or omissions occurring on or after that date.

EFFECTIVE DATE: Except as otherwise provided, this act would be effective when it becomes law.

**Chris Saunders, Committee Counsel, substantially contributed to this summary.*