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Bill Analysis

Version: As Introduced

Primary Sponsors: Rep. Claggett

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SUMMARY

- Declares artificial intelligence (“AI”) systems to be nonsentient and an AI system is not a person and cannot have legal personhood.
- Prohibits AI systems from being married or having a domestic status, having a leadership position in a business entity, owning property, or bearing liability.
- Requires developers, manufacturers, and owners to prioritize safety in the design of AI systems.
- Holds users of AI systems liable for harm caused by the AI system.
- Provides circumstances in which the parent company, manufacturer, or developer of an AI system may be held liable for violations of the bill.

DETAILED ANALYSIS

Artificial intelligence status

The bill regulates artificial intelligence (“AI”) systems, defined as “any software, machine, or system capable of simulating humanlike cognitive functions, including learning or problem solving, and producing outputs based on data-driven algorithms, rules-based logic, or other computational methods, regardless of nonlegally defined classifications such as artificial general intelligence, artificial superintelligence, or generative artificial intelligence.”¹ The bill declares AI systems to be nonsentient entities for all legal purposes.² As such, AI systems may not be granted the status of or recognized as any of the following:

¹ R.C. 1357.01(A).

² R.C. 1357.02(A).

- A person or any form of legal personhood, nor be considered to possess consciousness, self-awareness, or similar traits of living beings;³
- A spouse, domestic partner, or have any personal legal status similar to marriage to a human or another AI system;⁴
- An officer, director, manager, or similar role within a corporation, partnership, or other legal entity;⁵
- An owner, controller, or title holder to any form of property. All such assets or interests associated with the AI must be attributed to the person responsible for the AI system's development, deployment, or operation.⁶

An attempt to grant marriage or domestic status or a leadership status in a business entity is void and has no legal effect. Under the bill, a "person" means a natural person or any entity recognized as having legal personhood under Ohio law, but does not include an AI system.⁷

Responsibility

The bill requires AI system developers (the party that designs, codes, and initially creates the AI system), manufacturers (the party that produces or supplies the AI system or apparatus for distribution or sale), and owners (the natural person, corporation, or other legally recognized entity that creates, controls, deploys, operates, or otherwise exercises authority over an AI system) to prioritize safety mechanisms designed to prevent or mitigate the risk of direct harm to individuals or property. The bill notes that this may include regular evaluations or risk assessments to identify dangerous or faulty outputs, especially if the AI engages in tasks with potential for significant harm. Additionally, the bill specifies that simply labeling an AI system as "aligned," "ethically trained," or "value locked" does not, on its own, diminish the owner's or developer's liability. In the event an AI system is involved in an incident resulting in significant bodily harm, death, or major property damage, the bill requires the AI system's owners or developers to notify the relevant authorities and comply with any subsequent investigation.⁸

Liability

The bill states that an AI system cannot bear liability, and any attempt to do so is void.⁹ Therefore, any direct or indirect harm caused by an AI system, whether the system is used as

³ R.C. 1357.02(B).

⁴ R.C. 1357.03.

⁵ R.C. 1357.04.

⁶ R.C. 1357.05.

⁷ R.C. 1357.01(F), 1357.03, and 1357.04.

⁸ R.C. 1357.01(B), (D), and (E), 1357.09, 1357.10, and 1357.12. The bill contains a definition of "emergent properties" but the term is nowhere used in the bill. R.C. 1357.01(C).

⁹ R.C. 1357.08.

intended or misused, is the responsibility of the user or owner of the system.¹⁰ If the owner of an AI system fails to maintain proper oversight and control over any AI system whose outputs or recommendations could reasonably be expected to impact human welfare, property, or public safety, the owner be found to be negligent or otherwise liable for the harm caused.¹¹ Additionally, the bill provides that the developer or manufacturer of an AI system may be held liable if the harm caused by the AI system is proximately caused by a defect in design, construction, or instructions for use of the AI system, consistent with principles of product liability. The bill provides, however, that mere misuse or intentional wrongdoing by the AI user or owner does not impute liability to the developer or manufacturer absent proof of negligence or design defects.¹²

Regarding the parent company, controlling entity, or key stakeholders of an AI system, the bill provides that they may only be held liable if the individual bringing an action demonstrates any of the following:

- An AI-related subsidiary, shell company, or limited liability entity was intentionally undercapitalized to evade financial responsibility for damages;
- A corporate structure was used to misrepresent, obscure, or deflect liability for AI-caused harm;
- A parent company, controlling entity, or key stakeholder exercised direct control over AI development, deployment, or risk decisions while attempting to shield itself from liability through layered corporate entities.

The bill also states that exemptions and releases from liability granted to corporations under Ohio law cannot be used to evade responsibility for direct harm caused by AI systems, particularly in cases of reckless, negligent, or deceptive conduct.¹³

HISTORY

Action	Date
Introduced	09-23-25

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¹⁰ R.C. 1357.06(A).

¹¹ R.C. 1357.07.

¹² R.C. 1357.06(B).

¹³ R.C. 1357.11.