



March 27, 2026
Senate Privacy, Digital Technologies, and Consumer Protection Committee
California State Capitol
1315 10th St.
Sacramento, CA 95814

RE: SB 867 – Companion Chatbots in Toys (Oppose Unless Amended)

Dear Chair Cabaldon, and Members of the Senate Privacy, Digital Technologies, and Consumer Protection Committee:

On behalf of the California Retailers Association, we respectfully register our **Oppose Unless Amended** position on **SB 867 (Padilla)**, a bill that would ban the manufacturing, sale, or exchange of any toy that includes a companion chatbot, as defined. We share the Legislature’s goal of protecting children in a rapidly evolving technological landscape. However, as currently drafted, the bill imposes liability on retailers without regard to whether they are aware that a product violates its provisions.

California retailers including those that operate online marketplaces with third-party sellers, are committed to consumer safety and invest significant resources in vetting products, enforcing seller standards, and removing non-compliant items. Despite these efforts, bad actors may attempt to circumvent safeguards. In this environment, retailers may not have immediate visibility into every product that could fall within a newly defined statutory category of AI enabled products, which is emerging and fast-changing.

As currently drafted, SB 867 does not account for whether a retailer is aware that a product violates the bill’s requirements. We respectfully request the addition of a “**knowingly**” standard for retailer liability to ensure that enforcement is appropriately tied to awareness. This amendment would strike a reasonable balance holding bad actors accountable while recognizing the practical realities facing retailers operating in good faith.

The “knowingly” standard is well established in California law and reflects a balanced approach between strict liability and intentional misconduct. It is commonly used across consumer protection, product safety, and data privacy frameworks, and helps ensure that enforcement targets truly culpable conduct. For example, under the Song-Beverly Consumer Warranty Act, enhanced penalties apply where a seller knowingly fails to comply, protecting good-faith actors from disproportionate liability for isolated or unintended violations.

Importantly, incorporating a knowledge standard will reduce the risk of frivolous litigation while encouraging continued investment in compliance systems. Retailers are committed to identifying and removing products that violate the law, but they must be afforded a reasonable opportunity to do so particularly as this technology continues to evolve.

For these reasons, we respectfully request SB 867 be amended to include a “knowingly” standard for retailer liability.

Sincerely,

Jacob Brint
Legislative and Regulatory Manager
California Retailers Association